

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
COMMISSION FILE NUMBER: 001-31817

CEDAR SHOPPING CENTERS, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of incorporation or organization)

42-1241468
(I.R.S. Employer Identification Number)

44 South Bayles Avenue, Port Washington, NY
(Address of principal executive offices)

11050-3765
(Zip Code)

Registrant's telephone number, including area code: (516) 767-6492
Securities registered pursuant to Section 12(b) of the Act:

<i>Title of each class</i>	<i>Name of each exchange on which registered</i>
Common Stock, \$0.06 par value	New York Stock Exchange
8-7/8% Series A Cumulative Redeemable Preferred Stock, \$25.00 Liquidation Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Based on the closing sales price on June 30, 2008 of \$11.72 per share, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$508,248,000.

The number of shares outstanding of the registrant's Common Stock \$.06 par value was 44,854,992 on February 28, 2009.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement relating to its 2009 annual meeting of shareholders are incorporated herein by reference.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 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; the continuing availability of suitable acquisitions, and 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; changes in interest rates; the fact that returns from development, redevelopment and acquisition activities may not be at expected levels or at expected times; risks inherent in ongoing development and redevelopment projects including, but not limited to, cost overruns resulting from weather delays, changes in the nature and scope of development and redevelopment efforts, changes in governmental regulations related thereto, and market factors involved in the pricing of material and labor; the need to renew leases or re-let space upon the expiration of current leases; and the financial flexibility to repay or refinance debt obligations when due. The Company does not intend, and disclaims any duty or obligation, to update or revise any forward-looking statements set forth in this report to reflect any change in expectations, change in information, new information, future events or other circumstances on which such information may have been based. See Item 1A. “Risk Factors” elsewhere herein.

Part I.

Items 1 and 2. Business and Properties

General

Cedar Shopping Centers, Inc. (the “Company”), organized in 1984, is a fully-integrated real estate investment trust which focuses primarily on ownership, operation, development and redevelopment of supermarket-anchored shopping centers in mid-Atlantic and Northeast coastal states. At December 31, 2008, the Company had a portfolio of 121 operating properties totaling approximately 12.1 million square feet of gross leasable area (“GLA”), including 111 wholly-owned properties comprising approximately 10.9 million square feet and ten properties owned in joint venture comprising approximately 1.2 million square feet. The entire 121 property portfolio was approximately 92% leased at December 31, 2008; the 113 property “stabilized” portfolio (including properties wholly-owned and in joint venture) was approximately 95% leased at that date. The Company also owned 398 acres of land parcels, a significant portion of which is under development. In addition, the Company has a 76.3% interest in an unconsolidated joint venture which owns a single-tenant office property in Philadelphia, Pennsylvania.

The Company has elected to be taxed as a real estate investment trust (“REIT”) under applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”). To qualify as a REIT under those provisions, the Company must have a preponderant percentage of its assets invested in, and income derived from, real estate and related sources. The Company’s objectives are to provide to its shareholders a professionally-managed, diversified portfolio of commercial real estate investments (primarily supermarket-anchored shopping centers and drug store-anchored convenience centers), which will provide substantial cash flow, currently and in the future, taking into account an acceptable modest risk profile, and which will present opportunities for additional growth in income and capital appreciation.

The Company, organized as a Maryland corporation, has established an umbrella partnership structure through the contribution of substantially all of its assets to Cedar Shopping Centers Partnership L.P. (the “Operating Partnership”), organized as a limited partnership under the laws of Delaware. The Company conducts substantially all of its business through the Operating Partnership. At December 31, 2008, the Company owned 95.7% of the Operating Partnership and is its sole general partner. The approximately 2,017,000 limited Operating Partnership Units (“OP Units”) are economically equivalent to the Company’s common stock and are convertible into the Company’s common stock at the option of the holders on a one-to-one basis.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to long-term leases. The Company’s operating results therefore depend on the ability of its tenants to make the payments required by the terms of their leases. The Company focuses its investment activities on supermarket-anchored community shopping centers and drug store-anchored convenience centers. The Company believes that, because of the need of consumers to purchase food and other staple goods and services generally available at such centers, its type of “necessities”-based properties should provide relatively stable revenue flows even during difficult economic times.

The Company has historically sought opportunities to acquire properties suited for development and/or redevelopment, and, to a lesser extent than in the recent past, stabilized properties, where it can utilize its experience in shopping center construction, renovation, expansion, re-leasing and re-merchandising to achieve long-term cash flow growth and favorable investment returns. The Company expects to substantially reduce

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these activities in the foreseeable future in view of current economic conditions.

The Company, the Operating Partnership, their subsidiaries and affiliated partnerships are separate legal entities. For ease of reference, the terms “we”, “our”, “us”, “Company” and “Operating Partnership” (including their respective subsidiaries and affiliates) refer to the business and properties of all these entities, unless the context otherwise requires. The Company’s executive offices are located at 44 South Bayles Avenue, Port Washington, New York 11050-3765 (telephone 516-767-6492). The Company also currently maintains property management, construction management and/or leasing offices at several of its shopping-center properties. The Company’s website can be accessed at www.cedarshoppingcenters.com, where a copy of the Company’s Forms 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission (“SEC”) can be obtained free of charge. These SEC filings are added to the website as soon as reasonably practicable. The Company’s Code of Ethics, corporate governance guidelines and committee charters are also available on the website. Any such information is also available by written request to Investor Relations at the executive office address set forth above.

The Company’s executive offices at 44 South Bayles Avenue, Port Washington, New York, are located in an aggregate of 8,600 square feet which it leases under two leases from a partnership owned 29% by the Company’s Chairman; the terms of the leases expire over periods ending in March 2012. The Company believes that the terms of the leases are at market terms.

The Company’s Properties

The following tables summarize information relating to the Company’s properties as of December 31, 2008:

State	Number of properties	GLA (Sq. ft.)	Land	Buildings and improvements	Total cost	Accumulated depreciation	Net book value
Pennsylvania	46	5,955,000	\$126,822,000	\$ 636,343,000	\$ 763,165,000	\$ 78,134,000	\$ 685,031,000
Massachusetts	9	1,447,000	42,967,000	187,774,000	230,741,000	17,812,000	212,929,000
Connecticut	8	960,000	18,535,000	113,379,000	131,914,000	11,788,000	120,126,000
Virginia	13	816,000	28,878,000	101,651,000	130,529,000	11,593,000	118,936,000
Ohio	27	967,000	22,869,000	96,297,000	119,166,000	10,887,000	108,279,000
Maryland	7	677,000	15,736,000	68,750,000	84,486,000	6,037,000	78,449,000
New Jersey	4	968,000	13,802,000	71,423,000	85,225,000	7,251,000	77,974,000
New York	6	279,000	15,204,000	44,013,000	59,217,000	2,513,000	56,704,000
Michigan	1	78,000	2,443,000	9,779,000	12,222,000	982,000	11,240,000
Total operating portfolio	121	12,147,000	287,256,000	1,329,409,000	1,616,665,000	146,997,000	1,469,668,000
Projects under development and land held for future expansion and development	n/a	n/a	92,524,000	72,789,000	165,313,000	—	165,313,000
Total portfolio	121	12,147,000	\$379,780,000	\$1,402,198,000	\$1,781,978,000	\$146,997,000	\$1,634,981,000

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Tenant	Number of stores	GLA	Percentage of GLA	Annualized base rent	Annualized base rent per sq ft	Percentage of annualized base rents
Top ten tenants (a):						
Giant Foods (b)	19	1,136,000	9.4%	\$ 16,867,000	\$ 14.84	13.5%
Discount Drug Mart	18	454,000	3.7%	4,273,000	9.41	3.4%
Farm Fresh (b)	6	364,000	3.0%	3,768,000	10.35	3.0%
Stop & Shop (b)	5	325,000	2.7%	3,494,000	10.75	2.8%
CVS	14	150,000	1.2%	2,979,000	19.86	2.4%
Shaw's (b)	4	241,000	2.0%	2,676,000	11.10	2.1%
LA Fitness	4	168,000	1.4%	2,422,000	14.42	1.9%
Staples	7	151,000	1.2%	2,091,000	13.85	1.7%
Food Lion (b)	7	243,000	2.0%	1,921,000	7.91	1.5%
Burlington Coat Factory	2	306,000	2.5%	1,680,000	5.49	1.3%
Sub-total top ten tenants	86	3,538,000	29.1%	42,171,000	11.92	33.8%
Remaining tenants	1,130	7,677,000	63.2%	82,546,000	10.75	66.2%
Sub-total all tenants	1,216	11,215,000	92.3%	124,717,000	11.12	100.0%
Vacant space (c)	n/a	932,000	7.7%	n/a	n/a	n/a
Total (including vacant space)	1,216	12,147,000	100.0%	\$124,717,000	\$ 10.27	n/a

(a) Based on annualized base rent.

(b) Several of the tenants listed above share common ownership with other tenants including, without limitation, (1) Giant Foods and Stop & Shop, (2) Farm Fresh, Shaw's, Shop 'n Save (GLA of 53,000; annualized base rent of \$505,000), Shoppers Food Warehouse (GLA of 59,000, annualized base rent of \$939,000) and Acme (GLA of 172,000, annualized based rent of \$756,000), and (3) Food Lion and Hannaford (GLA of 43,000; annualized base rent of \$405,000).

(c) Includes vacant space at properties undergoing development and/or redevelopment activities.

Year of lease expiration (a)	Number of leases expiring	GLA expiring	Percentage of GLA expiring	Annualized expiring base rents	Annualized expiring base rents per sq ft	Percentage of annualized expiring base rents
Month-To-Month	89	211,000	1.9%	\$ 2,884,000	\$ 13.67	2.3%
2009	187	1,025,000	9.1%	10,102,000	9.86	8.1%
2010	183	1,344,000	12.0%	13,248,000	9.86	10.6%
2011	158	966,000	8.6%	10,580,000	10.95	8.5%
2012	152	799,000	7.1%	9,101,000	11.39	7.3%
2013	134	794,000	7.1%	9,458,000	11.91	7.6%
2014	57	835,000	7.4%	7,070,000	8.47	5.7%
2015	47	527,000	4.7%	5,550,000	10.53	4.5%
2016	37	539,000	4.8%	5,473,000	10.15	4.4%
2017	33	497,000	4.4%	6,252,000	12.58	5.0%
2018	40	813,000	7.2%	8,900,000	10.95	7.1%
Thereafter	99	2,865,000	25.6%	36,099,000	12.60	28.9%
	1,216	11,215,000	100.0%	124,717,000	11.12	100.0%
Vacant space (a)	n/a	932,000	n/a	n/a	n/a	n/a
Total portfolio (b)	1,216	12,147,000	n/a	\$124,717,000	\$ 10.27	n/a

(a) Includes vacant space at properties undergoing development and/or redevelopment activities.

(b) At December 31, 2008, the Company had a portfolio of 121 operating properties totaling approximately 12.1 million sq. ft. of GLA, including 111 wholly-owned properties comprising approximately 10.9 million sq. ft. and ten properties owned in joint venture comprising approximately 1.2 million sq. ft. The entire 121 property portfolio was approximately 92% leased at December 31, 2008.

The terms of the Company's retail leases vary from tenancies at will to 25 years, excluding extension options. Anchor tenant leases are typically for 10 to 25 years, with one or more extension options available to the lessee upon expiration of the initial lease term. By contrast, smaller store leases are typically negotiated for 5-year terms. The longer terms of major tenant leases serve to protect the Company against significant

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vacancies and to assure the presence of strong tenants which draw consumers to its centers. The shorter terms of smaller store leases allow the Company under appropriate circumstances to adjust rental rates periodically for non-major store space and, where possible, to upgrade or adjust the overall tenant mix.

Most leases contain provisions requiring tenants to pay their pro rata share of real estate taxes, insurance and certain operating costs. Some leases also provide that tenants pay percentage rent based upon sales volume generally in excess of certain negotiated minimums.

Giant Food Stores, LLC ("Giant Foods"), which is owned by Ahold N.V., a Netherlands corporation, leased approximately 9%, 9% and 10% of the Company's GLA at December 31, 2008, 2007 and 2006, respectively, and accounted for approximately 12%, 13% and 11% of the Company's total revenues during 2008, 2007 and 2006, respectively. Giant Foods, in combination with Stop & Shop, Inc. which is also owned by Ahold N.V., accounted for approximately 15%, 15% and 14% of the Company's total revenues during 2008, 2007 and 2006, respectively. No other tenant leased more than 10% of GLA at December 31, 2008, 2007 or 2006, or contributed more than 10% of total revenues during 2008, 2007 or 2006. No individual property had a net book value equal to more than 10% of total assets at December 31, 2008, 2007 or 2006.

Depreciation on all the Company's properties is calculated using the straight-line method over the estimated useful lives of the respective real properties and improvements, which range from three to forty years.

Acquisitions in 2008

During 2008, the Company acquired four shopping and convenience centers aggregating approximately 268,000 sq. ft. of GLA (including the remaining 89,000 sq. ft. portion of a shopping center in addition to the 45,000 sq. ft. supermarket anchor store it had acquired in 2005), purchased the joint venture minority interests in four properties, and acquired approximately 182 acres of land, located in Pennsylvania, for development, expansion and/or future development, for a total cost of approximately \$109.6 million. Information relating to the acquired properties is summarized as follows:

Property	Number of properties	GLA	Acquisition cost (i)(ii)
Operating properties (iii)	<u>4</u>	<u>268,000</u>	<u>\$ 54,509,000</u>
Land for projects under development, expansion and/or future development	<u>6</u>	<u>182 acres</u>	<u>55,122,000</u>
Total			<u><u>\$ 109,631,000</u></u>

(i) Amounts include purchase accounting allocations totaling approximately \$2.2 million.

(ii) During 2008, the Company acquired the partnership interests from the partner owning the 70% interests in Fairview Plaza, Halifax Plaza and Newport Plaza, and the 75% interest in Loyal Plaza, previously consolidated for financial reporting purposes, for a purchase price of approximately \$17.5 million. The excess of the purchase price and closing costs over the carrying value of the minority interest partner's accounts (approximately \$8.4 million) was allocated to the Company's real estate asset accounts.

(iii) These four properties, acquired individually and not as part of a portfolio, had acquisition costs of less than \$20.0 million each.

Joint Venture Arrangements

On January 3, 2008, the Company entered into a joint venture agreement for the redevelopment of its 351,000 sq. ft. shopping center in Bloomsburg, Pennsylvania, including adjacent land parcels comprising an additional 46 acres. The required equity contribution from the Company's joint venture partner was \$4.0 million for a 25% interest in the property. The Company used the funds to reduce the outstanding balance on its stabilized property credit facility.

On March 18, 2008, the Company acquired the partnership interests from the partner owning the remaining 70% interests in Fairview Plaza, Halifax Plaza and Newport Plaza, and the 75% interest in Loyal Plaza, previously consolidated for financial reporting purposes, for a purchase price of approximately \$17.5 million, which was funded from its stabilized property credit facility. The total outstanding mortgage loans payable on the properties were approximately \$27.3 million at the time. The excess of the purchase price and closing costs over the carrying value of the minority interest partner's accounts (approximately \$8.4 million) was allocated to the Company's real estate asset accounts.

On April 23, 2008 the Company entered into a joint venture for the construction and development of an estimated 137,000 sq. ft shopping center in Stroudsburg (Hamilton Township), Pennsylvania. Total project costs, including purchase of land parcels, are estimated at \$37 million. The Company is committed to paying a development fee of \$500,000 to the joint venture partner, providing up to \$9.5 million of equity capital, with a preferred rate of return of 9.25% per annum on its investment, and has a 60% profits interest in the joint venture. The required equity contribution from the Company's joint venture partner was \$400,000. As of December 31, 2008, the Company's joint venture equity requirement had been funded from its stabilized property credit facility. Prior to the formation of the venture, the partner had acquired the land parcels at a cost of approximately \$15.4 million, incurring mortgage indebtedness of approximately \$10.8 million (including purchase-money mortgages payable to the seller of \$3.9 million). In addition, the partner had entered into an interest rate swap agreement with respect to its existing construction/development loan facility, as well as a future swap agreement applicable to anticipated permanent financing of \$28.0 million. The joint venture is deemed to be a variable interest entity with the Company as the primary income or loss beneficiary; accordingly, the Company has consolidated the property for financial reporting purposes. The minority interest partners in the Stroudsburg joint venture and the Pottsgrove joint venture (entered into in April 2007) are principally the same individuals.

On September 12, 2008, the Company entered into a joint venture for the construction and development of an estimated 66,000 sq. ft. shopping center in Limerick, Pennsylvania. Total project costs, including purchase of land parcels, are estimated at \$14.5 million. The Company is committed to paying a development fee of \$333,000 to the joint venture partner, providing up to \$4.1 million of equity capital, with a preferred rate of return of 9.5% per annum on its investment, and has a 60% profits interest in the joint venture. The required equity contribution from the Company's joint venture partner is \$217,000. Financing for the balance of the project costs is expected to be funded from the Company's development property credit facility. The joint venture purchased the land parcels on October 27, 2008 and, in addition, reimbursed the seller for certain construction-in-progress costs incurred to that date, for a total acquisition cost of approximately \$8.4 million. At the time of the closing, the project was not yet approved under the Company's development property credit facility, and the Company agreed to fund the excess over its capital requirement as an interim loan to the joint venture, funded through the Company's stabilized property credit facility. The joint venture is deemed to be a variable interest entity with the Company as the primary income or loss beneficiary; accordingly, the Company has consolidated the property for financial reporting purposes.

Competition

The Company believes that competition for the acquisition and operation of retail shopping and convenience centers is highly fragmented. It faces competition from institutional investors, public and private REITs, owner-operators engaged in the acquisition, ownership and leasing of shopping centers, as well as from numerous local, regional and national real estate developers and owners in each of its markets. It also faces competition in leasing available space at its properties to prospective tenants. Competition for tenants varies depending upon the characteristics of each local market in which the Company owns and manages properties. The Company believes that the principal competitive factors in attracting tenants in its market areas are location, price and other lease terms, the presence of anchor tenants, the mix, quality and sales results of other tenants, and maintenance, appearance, access and traffic patterns of its properties.

Environmental Matters

Under various federal, state, and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or other contaminants at property owned, leased, managed or otherwise operated by such person, and may be held liable to a governmental entity or to third parties for property damage, and for investigation and clean up costs in connection with such contamination. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such conditions, may adversely affect the owner's, lessor's or operator's ability to sell or rent such property or to arrange financing using such property as collateral. In connection with the ownership, operation and management of real estate, the Company may potentially become liable for removal or remediation costs, as well as certain other related costs and liabilities, including governmental fines and injuries to persons and/or property.

The Company believes that environmental studies conducted at the time of acquisition with respect to all of its properties have not revealed environmental liabilities that would have a material adverse affect on its business, results of operations or liquidity. However, no assurances can be given that existing environmental studies with respect to any of the properties reveal all environmental liabilities, that any prior owner of or tenant at a property did not create a material environmental condition not known to the Company, or that a material environmental condition does not otherwise exist at any one or more of its properties. If a material environmental condition does in fact exist, it could have an adverse impact upon the Company's financial condition, results of operations and liquidity.

Employees

As of December 31, 2008, the Company had 96 employees (89 full-time and 7 part-time). The Company believes that its relations with its employees are good.

Item 1A. Risk Factors

Deteriorating conditions in the U.S. economy, instability in the credit markets and the uncertain retail environment could adversely affect our ability to continue to pay dividends or cause us to reduce further the amount of our dividends.

As the result of the current state of the U.S. economy, constrained capital markets and the difficult retail environment, on January 29, 2009, our Board of Directors reduced our annual dividend rate on our common stock from \$.90 per share to \$.45 per share. There is no assurance that as a result of further deteriorating conditions the Company will not be forced to reduce further, or even eliminate, the payment of dividends.

Volatility and instability in the credit markets could adversely affect our ability to obtain new financing or to refinance existing indebtedness

In recent months, there has been substantial volatility and instability in the credit markets. We have recently witnessed the near-complete disappearance of Commercial Mortgage-backed Securities ("CMBS") as a means of financing real estate. Such CMBS financings, generally at a fixed rate for a period of 10 years, represent the preponderance of fixed-rate financing for the Company's existing stabilized portfolio. It is highly unlikely that a market for such securities and the availability of such loans will be accessible by the Company for an indefinite period, or perhaps ever. Our stabilized property credit facility has a term that expires in January 2010. We are presently seeking to put in place a new stabilized property credit facility in advance of the expiration of the current facility. Continued uncertainty in the credit markets may negatively impact our ability to access additional debt financing or to refinance our existing debt as it matures on favorable terms or at all. At this time, it is difficult to forecast the future state of the bank loan market and the credit market, generally. If, because of our substantial indebtedness, the level of our cash flows, lenders' perceptions of our creditworthiness, or for other reasons, we are unable to renew, replace or extend this facility on terms attractive to us, or to arrange for alternative financing, we might be required to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding could be arranged, if such financing is available on acceptable terms, or at all. Such measures could include deferring development and redevelopment projects or other capital expenditures, curtailing future acquisitions, disposition of assets on unfavorable terms, further reducing or eliminating future cash dividend payments or other discretionary uses of cash, and/or other more severe actions. In the alternative, we may be forced to seek potentially less attractive financings, including equity investments on terms that may not be favorable to us. In doing so, the Company may be compelled to dilute the interests of existing shareholders that could also adversely reduce the trading price of our common stock..

Also, disruptions in the credit markets and uncertainty in the U.S. economy could adversely affect the banks that currently participate in our credit facility, could cause them to elect not to participate in any new credit facility we might seek, or could cause other banks that are not currently participants in such credit facility to be unwilling or unable to participate in any such new facility.

Our properties consist primarily of community shopping and convenience centers. Our performance therefore is linked to economic conditions in the market for retail space generally.

Our properties consist primarily of supermarket-anchored community shopping centers and drug store-anchored convenience centers, and our performance therefore is linked to economic conditions in the market for retail space generally. This also means that we are subject to the risks that affect the retail environment generally, including the levels of consumer spending, the willingness of retailers to lease space in our shopping centers, tenant bankruptcies, changes in economic conditions and consumer confidence. A recession is currently affecting the economy and consumer spending in the United States has recently declined. A sustained downturn in the U.S. economy and reduced consumer spending could impact our tenants' ability to meet their lease obligations due to poor operating results, lack of liquidity or other reasons and therefore decrease the revenue generated by our properties or the value of our properties. Our ability to lease space and negotiate and maintain favorable rents could also be negatively impacted by a prolonged recession in the U.S. economy. Moreover, the demand for leasing space in our existing shopping centers as well as our development properties could also significantly decline during a significant downturn in the U.S. economy that could result in a decline in our occupancy percentage and reduction in rental revenues.

A number of tenants in negotiating or renegotiating leases have sought to limit their payment of base rent, allocable common area charges and real estate taxes and, in some cases, have unilaterally reduced rent

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payments. In fact, the Company's collection of common area charges has declined and may decline further as a result of vacancies, default, and tenant resistance.

Our performance and value are subject to risks associated with real estate assets and with the real estate industry.

Our performance and value are subject to risks associated with real estate assets and with the real estate industry, including, among other things, risks related to adverse changes in national, regional and local economic and market conditions. Our continued ability to make expected distributions to our shareholders depends on our ability to generate sufficient revenues to meet operating expenses, future debt service and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events and conditions include, but may not be limited to, the following:

1. local oversupply, increased competition or declining demand for real estate;
2. non-payment or deferred payment of rent or other charges by tenants, either as a result of tenant-specific financial ills, or general economic events or circumstances adversely affecting consumer disposable income or credit;
3. vacancies or an inability to rent space on acceptable terms;
4. inability to finance property development, tenant improvements and acquisitions on acceptable terms;
5. increased operating costs, including real estate taxes, insurance premiums, utilities, repairs and maintenance;
6. volatility and/or increases in interest rates, or the non-availability of funds in the credit markets in general;
7. an inability to refinance our existing indebtedness or to refinance on acceptable terms;
8. increased costs of complying with current, new or expanded governmental regulations;
9. the relative illiquidity of real estate investments;
10. changing market demographics;
11. changing traffic patterns;
12. an inability to arrange property-specific replacement financing for maturing mortgage loans in acceptable amounts or on acceptable terms;

Our substantial indebtedness and constraints on credit may impede our operating performance, as well as our development, redevelopment and acquisition activities, and put us at a competitive disadvantage.

We intend to incur additional debt in connection with the development and redevelopment of properties owned by us and in connection with future acquisitions of real estate. We also may borrow funds to make distributions to shareholders. If we are unable to obtain such financing, we may be forced to delay or cancel such development, redevelopment and acquisition activities, which might require us to record a loss, might impair our future growth, and in turn harm our stock price. Our debt may harm our business and operating results by (i) requiring us to use a substantial portion of our available liquidity to pay required debt service and/or repayments or establish additional reserves, which would reduce the amount available for distributions, (ii) placing us at a competitive disadvantage compared to competitors that have less debt or debt at more favorable terms, (iii) making us more vulnerable to economic and industry downturns and reducing our flexibility in responding to changing business and economic conditions, and (iv) limiting our ability to borrow more money for operations, capital expenditures, or to finance development, redevelopment and acquisition activities in the future. Increases in interest rates may impede our operating performance and put us at a competitive disadvantage. Payments of required debt service or amounts due at maturity, or creation of additional reserves under loan agreements, could adversely affect our liquidity.

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As substantially all of our revenues are derived from rental income, failure of tenants to pay rent or delays in arranging leases and occupancy at our properties, particularly with respect to anchor tenants, could seriously harm our operating results and financial condition.

Substantially all of our revenues are derived from rental income from our properties. Our tenants may experience a downturn in their respective businesses and/or in the economy generally at any time that may weaken their financial condition. As a result, any such tenants may delay lease commencement, fail to make rental payments when due, decline to extend a lease upon its expiration, become insolvent, or declare bankruptcy. Any leasing delays, failure to make rental or other payments when due, or tenant bankruptcies, could result in the termination of tenants' leases, which would have a negative impact on our operating results. In addition, adverse market and economic conditions and competition may impede our ability to renew leases or re-let space as leases expire, which could harm our business and operating results.

Our business may be seriously harmed if a major tenant fails to renew its lease(s) or vacates one or more properties and prevents us from re-leasing such premises by continuing to pay base rent for the balance of the lease terms. In addition, the loss of such a major tenant could result in lease terminations or reductions in rent by other tenants, as provided in their respective leases.

We may be restricted from re-leasing space based on existing exclusivity lease provisions with some of our tenants. In these cases, the leases contain provisions giving the tenant the exclusive right to sell particular types of merchandise or provide specific types of services within the particular retail center which limit the ability of other tenants within that center to sell such merchandise or provide such services. When re-leasing space after a vacancy by one of such other tenants, such lease provisions may limit the number and types of prospective tenants for the vacant space. The failure to re-lease space or to re-lease space on satisfactory terms could harm operating results.

Any bankruptcy filings by, or relating to, one of our tenants or a lease guarantor would generally bar efforts by us to collect pre-bankruptcy debts from that tenant, or lease guarantor, unless we receive an order permitting us to do so from the bankruptcy court. A bankruptcy by a tenant or lease guarantor could delay efforts to collect past due balances, and could ultimately preclude full collection of such sums. If a lease is affirmed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must generally be paid in full. However, if a lease is disaffirmed by a tenant in bankruptcy, we would have only an unsecured claim for damages, which would be paid normally only to the extent that funds are available, and only in the same percentage as is paid to all other members of the same class of unsecured creditors. It is possible and indeed likely that we would recover substantially less than the full value of any unsecured claims we hold, which may in turn harm our financial condition.

Competition may impede our ability to renew leases or re-let spaces as leases expire, which could harm our business and operating results.

We also face competition from similar retail centers within our respective trade areas that may affect our ability to renew leases or re-let space as leases expire. The recent increase in national retail chain bankruptcies has increased available retail space and has increased competitive pressure to renew tenant leases upon expiration and find new tenants for vacant space at our properties. In addition, any new competitive properties that are developed within the trade areas of our existing properties may result in increased competition for customer traffic and creditworthy tenants. Increased competition for tenants may require us to make tenant and/or capital improvements to properties beyond those that we would otherwise have planned to make. Any unbudgeted tenant and/or capital improvements we undertake may reduce cash that would otherwise be available for distributions to shareholders. Ultimately, to the extent we are unable to renew leases or re-let space as leases expire, our business and operations could be negatively impacted.

Our current and future joint venture investments could be adversely affected by the lack of sole decision-making authority, reliance on joint venture partners' financial condition, and any disputes that may arise between our joint venture partners and us.

We presently own 13 of our properties through joint ventures and in the future we may co-invest with third parties through joint ventures and/or contribute some of our properties to joint ventures. In addition, we have a 76% interest in an unconsolidated joint venture that owns a single-tenant office property. We may not be in a position to exercise sole decision-making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might file for bankruptcy protection or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments also may have the potential risk of impasses on decisions, such as a sale, because neither the joint venture partner nor we would have full control over the joint venture. Any disputes that may arise between joint venture partners and us may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with joint venture partners might result in subjecting properties owned by the joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party joint venture partners. Our joint venture partner(s) or we may not be in a position to respond to capital calls, and such calls could thus adversely affect our ownership or profits interest through subordination, dilution or super priorities. Also, the triggering of buy/sell provisions in the respective joint venture agreements could adversely affect our ownership interests.

The financial covenants in our loan agreements may restrict our operating or acquisition activities, which may harm our financial condition and operating results.

The financial covenants in our loan agreements may restrict our operating or acquisition activities, which may harm our financial condition and operating results. The mortgages on our properties contain customary negative covenants, such as those that limit our ability, without the prior consent of the lender, to sell or otherwise transfer any ownership interest, to further mortgage the applicable property, to enter into leases, or to discontinue insurance coverage. Our ability to borrow under our secured revolving credit facilities is subject to compliance with these financial and other covenants, including restrictions on property eligible for collateral, the payment of dividends, and overall restrictions on the amount of indebtedness we can incur. If we breach covenants in our debt agreements, the lenders could declare a default and require us to repay the debt immediately and, if the debt is secured, could take possession of the property or properties securing the loan.

A substantial portion of our properties are located in the mid-Atlantic and Northeast coastal regions, which exposes us to greater economic risks than if our properties were owned in several geographic regions.

Our properties are located largely in the mid-Atlantic and Northeast coastal regions, which exposes us to greater economic risks than if we owned properties in more geographic regions. Any adverse economic or real estate developments resulting from regulatory environment, business climate, fiscal problems or weather in such regions could have an adverse impact on our prospects. In addition, the economic condition of each of our markets may be dependent on one or more industries. An economic downturn in one of these industry sectors may result in an increase in tenant vacancies, which may harm our performance in the affected markets. High barriers to entry in the Northeast due to mature economies, road patterns, density of population, restrictions on development, and high land costs, coupled with large numbers of often overlapping government jurisdictions, may make it difficult for the Company to continue to grow in these areas.

Development and redevelopment activities may be delayed or otherwise may not achieve expected results.

Development and/or redevelopment activities may be cancelled, terminated, abandoned, and/or delayed, or otherwise may not achieve expected results due, among other things, to our inability to achieve favorable leasing results, to obtain all required permits and approvals, and to finance such development activities. We are in the process of developing/redeveloping several of our properties and expect to continue such activities in the future. In this connection, we will bear certain risks, including the risks of failure/lack of, or withdrawal of, expected entitlements, construction delays or cost overruns (including increases in materials and/or labor costs) that may increase project costs and make such project uneconomical, the risk that occupancy or rental rates at a completed project will not be sufficient to enable us to pay operating expenses or achieve targeted rates of return on investment, and the risk of incurring acquisition and/or predevelopment costs in connection with projects that are not pursued to completion. Development/redevelopment activities are also generally subject to governmental permits and approvals, which may be delayed, may not be obtained, or may be conditioned on terms unfavorable to us. In addition, consents may be required from various tenants, lenders, and/or joint venture partners. In case of an unsuccessful project, our loss could exceed our investment in the project.

Our success depends on key personnel whose continued service is not guaranteed.

Our success depends on the efforts of key personnel, whose continued service is not guaranteed. Key personnel could be lost because we could not offer, among other things, competitive compensation programs. Also, we have greatly reduced our acquisition and development operations which could require a downsizing in staffing of those activities and related operations within the Company. The loss of services of key personnel could materially and adversely affect our operations because of diminished relationships with lenders, sources of equity capital, construction companies, and existing and prospective tenants, and the ability to conduct our business and operations without material disruption.

Potential losses may not be covered by insurance.

Potential losses may not be covered by insurance. We carry comprehensive liability, fire, flood, extended coverage and rental loss insurance under a blanket policy covering all of our properties. We believe the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. We do not carry insurance for losses such as from war, nuclear accidents, and nuclear, biological and chemical occurrences from terrorist's acts. Some of the insurance, such as that covering losses due to floods and earthquakes, is subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. Additionally, certain tenants have termination rights in respect of certain casualties. If we receive casualty proceeds, we may not be able to reinvest such proceeds profitably or at all, and we may be forced to recognize taxable gain on the affected property. If we experience losses that are uninsured or that exceed policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

Future terrorist attacks could harm the demand for, and the value of, our properties.

Future terrorist attacks, such as the attacks that occurred in New York, Pennsylvania and Washington, D.C. on September 11, 2001, and other acts of terrorism or war, could harm the demand for, and the value of, our properties. Terrorist attacks could directly impact the value of our properties through damage, destruction, loss or increased security costs, and the availability of insurance for such acts may be limited or

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may be subject to substantial cost increases. To the extent that our tenants are impacted by future attacks, their ability to continue to honor obligations under their existing leases could be adversely affected.

If we fail to continue as a REIT, our distributions will not be deductible, and our income will be subject to taxation, thereby reducing earnings available for distribution.

If we do not continue to qualify as a REIT, our distributions will not be deductible, and our income will be subject to taxation, reducing earnings available for distribution. We have elected since 1986 to be taxed as a REIT under the Code. A REIT will generally not be subject to federal income taxation on that portion of its income that qualifies as REIT taxable income, to the extent that it distributes at least 90% of its taxable income to its shareholders and complies with certain other requirements.

We intend to make distributions to shareholders to comply with the requirements of the Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets, borrow funds or pay a portion of the dividend in common stock to meet the 90% distribution requirement of the Code. Certain assets generate substantial differences between taxable income and income recognized in accordance with accounting principles generally accepted in the United States ("GAAP"). Such assets include, without limitation, operating real estate that was acquired through structures that may limit or completely eliminate the depreciation deduction that would otherwise be available for income tax purposes. As a result, the Code requirement to distribute a substantial portion of our otherwise net taxable income in order to maintain REIT status could cause us to (i) distribute amounts that could otherwise be used for future acquisitions, capital expenditures or repayment of debt, (ii) borrow on unfavorable terms, or (iii) sell assets on unfavorable terms or (iv) pay a portion of our common dividend in common stock. If we fail to obtain debt or equity capital in the future, it could limit our operations and our ability to grow, which could have a material adverse effect on the value of our common stock.

We have reduced our dividend as of the first quarter of 2009 to an annualized rate of \$0.45 per share. We believe that the dividend at such annualized rate will continue to meet the REIT requirements. However, the Company may be required to distribute additional funds to meet the minimum distribution requirements under applicable REIT provisions of the Code and may therefore be required to borrow, sell properties, raise equity or otherwise raise funds.

Dividends payable by REITs do not qualify for the reduced tax rates under tax legislation which reduced the maximum tax rate for dividends payable to individuals from 35% to 15% (through 2008). Although this legislation does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors to perceive investments in REITs to be relatively less attractive than investments in the stock of corporations that pay dividends qualifying for reduced rates of tax, which in turn could adversely affect the value of the stock of REITs.

We could incur significant costs related to government regulation and litigation over environmental matters and various other federal, state and local regulatory requirements.

We could incur significant costs related to government regulations and litigation over environmental matters. Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or other contaminants at property owned, leased, managed or otherwise operated by such person, and may be held liable to a governmental entity or to third parties for property damage, and for investigation and clean up costs in connection with such contamination. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such conditions, may adversely affect the owner's, lessor's or operator's ability to sell or rent such property or to arrange

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financing using such property as collateral. In connection with the ownership, operation and management of real properties, we are potentially liable for removal or remediation costs, as well as certain other related costs and liabilities, including governmental fines, injuries to persons, and damage to property.

We may incur significant costs complying with the Americans with Disabilities Act of 1990 (the “ADA”) and similar laws, which require that all public accommodations meet federal requirements related to access and use by disabled persons, and with various other federal, state and local regulatory requirements, such as state and local fire and life safety requirements.

Environmental studies conducted at the time of acquisition with respect to all of our properties did not reveal any material environmental liabilities, and we are unaware of any subsequent environmental matters that would have created a material liability. We believe that our properties are currently in material compliance with applicable environmental, as well as non-environmental, statutory and regulatory requirements. If one or more of our properties were not in compliance with such federal, state and local laws, we could be required to incur additional costs to bring the property into compliance. If we incur substantial costs to comply with such requirements, our business and operations could be adversely affected. If we fail to comply with such requirements, we might incur governmental fines or private damage awards. We cannot presently determine whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our business and operations.

Our charter and Maryland law contain provisions that may delay, defer or prevent a change of control transaction and depress our stock price.

Our charter and Maryland law contain provisions that may delay, defer or prevent a change of control transaction and depress the price of our common stock. The charter, subject to certain exceptions, authorizes directors to take such actions as are necessary and desirable relating to qualification as a REIT, and to limit any person to beneficial ownership of no more than 9.9% of the outstanding shares of our common stock. Our Board of Directors, in its sole discretion, may exempt a proposed transferee from the ownership limit, but may not grant an exemption from the ownership limit to any proposed transferee whose direct or indirect ownership could jeopardize our status as a REIT. These restrictions on transferability and ownership will not apply if our Board of Directors determines that it is no longer in our best interests to continue to qualify as, or to be, a REIT. This ownership limit may delay or impede a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interests of shareholders. At the request of Inland American Real Estate Trust, Inc. (“Inland”), our Board of Directors has waived the ownership limit to permit such company to acquire up to 14% of our stock; provided, however, that Inland has agreed to various voting restrictions and standstill provisions.

We may authorize and issue stock and OP Units without shareholder approval. Our charter authorizes the Board of Directors to issue additional shares of common or preferred stock, to issue additional OP Units, to classify or reclassify any unissued shares of common or preferred stock, and to set the preferences, rights and other terms of such classified or unclassified shares. In connection with obtaining shareholder approval to increase the number of authorized shares of preferred stock, we have agreed not to use our preferred stock for anti-takeover purposes or in connection with a shareholder rights plan unless we obtain shareholder approval. Certain provisions of the Maryland General Corporation Law (the “MGCL”) may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

1. “business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person or an affiliate thereof)

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who beneficially owns 10% or more of the voting power of our shares) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes special appraisal rights and special stockholder voting requirements on these combinations; and

2. “control share” provisions that provide that our “control shares” (defined as shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of control shares) have no voting rights except to the extent approved by our shareholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

We have opted out of these provisions of the MGCL. However, the Board of Directors may, by resolution, elect to opt in to the business combination provisions of the MGCL, and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL.

Item 1B. Unresolved Staff Comments: None

Item 3. Legal Proceedings

The Company is not presently involved in any litigation, nor, to its knowledge, is any litigation threatened against the Company or its subsidiaries, which is either not covered by the Company’s liability insurance, or, in management’s opinion, would result in a material adverse effect on the Company’s financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders: None

Directors and Executive Officers of the Company

Information regarding the Company’s directors and executive officers is set forth below:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Leo S. Ullman	69	Chairman of the Board of Directors, Chief Executive Officer and President
James J. Burns	69	Director
Richard Homburg	59	Director
Pamela N. Hootkin	61	Director
Paul G. Kirk, Jr.	71	Director
Everett B. Miller, III	63	Director
Roger M. Widmann	69	Director
Lawrence E. Kreider, Jr.	61	Chief Financial Officer
Nancy H. Mozzachio	44	Vice President — Leasing
Thomas B. Richey	53	Vice President — Development and Construction Services
Brenda J. Walker	56	Vice President
Stuart H. Widowski	48	Secretary and General Counsel

Leo S. Ullman, chief executive officer, president and chairman of the Board of Directors, has been involved in real estate property and asset management for more than thirty years. He was chairman and president since 1978 of the real estate management companies, and their respective predecessors and affiliates, which were merged into the Company in 2003. Mr. Ullman was first elected as the Company’s chairman in April 1998 and served until November 1999. He was re-elected in December 2000. Mr. Ullman also has been chief executive officer and president from April 1998 to date. He has been a member of the New York Bar since 1966 and was in private legal practice until 1998. From 1984 until 1993, he was a partner in the New

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York law firm of Reid & Priest, and served as initial director of its real estate group. Mr. Ullman received an A.B. from Harvard University, an M.B.A. from the Columbia University Graduate School of Business and a J.D. from the Columbia University School of Law where he was a Harlan Fiske Stone Scholar. He also served in the U.S. Marine Corps. He has lectured and written books, monographs and articles on investment in US real estate, and is a former adjunct professor of business at the NYU Graduate School of Business. Mr. Ullman serves on the boards of several charities, is a member of the Development Committee of the U.S. Holocaust Memorial Museum, and has received several awards for community service. From 2005 to date, Mr. Ullman, a past regional winner, has served as a National Judge for the Ernst & Young LLP Entrepreneur of the Year Award Program.

James J. Burns, a director since 2001 and a member of the Audit (Chair), Compensation and Nominating/Corporate Governance committees, was chief financial officer and senior vice president of Reis, Inc. (formerly Wellsford Real Properties, Inc.) from December 2000 until March 2006 when he became vice chairman. He joined Reis in October 1999 as chief accounting officer upon his retirement from Ernst & Young LLP in September 1999. At Ernst & Young LLP, Mr. Burns was a senior audit partner in the E&Y Kenneth Leventhal Real Estate Group for 22 years. Since 2000, Mr. Burns has also served as a director of One Liberty Properties, Inc., a REIT listed on the New York Stock Exchange. Mr. Burns is a certified public accountant and a member of the American Institute of Certified Public Accountants. Mr. Burns received a B.A. and M.B.A. from Baruch College of the City University of New York.

Richard Homburg, a director since 1999, and chairman from November 1999 to August 2000, was born and educated in the Netherlands. Mr. Homburg was the president and CEO of Uni-Invest N.V., a publicly-listed Netherlands real estate fund, from 1991 until 2000. In 2002, an investment group purchased 100% of the shares of Uni-Invest N.V., taking it private, at which time it was one of the largest real estate funds in the Netherlands with assets of approximately \$2.5 billion. Mr. Homburg is chairman and CEO of Homburg Invest Inc. and president of Homburg Invest USA Inc. (a wholly-owned subsidiary of Homburg Invest Inc., a publicly-traded Canadian corporation listed on the Toronto and Euronext Amsterdam Stock Exchanges). In addition to his varied business interests, Mr. Homburg has served on many boards. Previous positions held by Mr. Homburg include president and director of the Investment Property Owners of Nova Scotia, the Evangeline Trust and the World Trade Center in Eindhoven, the Netherlands, as well as director or advisory board member of other large charitable organizations. Mr. Homburg holds an honorary Doctorate in Commerce from St. Mary's University in Canada and an honorary Doctorate in Law from the University of Prince Edward Island.

Pamela N. Hootkin, a director since June 2008 and a member of the Audit and Nominating/Corporate Governance committees, has been senior vice president, treasurer and director of investor relations at Phillips-Van Heusen Corporation since June 2007. She joined Phillips-Van Heusen in 1988 as vice president, treasurer and corporate secretary and in 1999 became vice president, treasurer and director of investor relations. From 1986 to 1988, Ms. Hootkin was vice president and chief financial officer of Yves Saint Laurent Parfums, Inc. From 1975 to 1986, she was employed by Squibb Corporation in various capacities, with her last position being vice president and treasurer of a division of Squibb. Ms. Hootkin is a board member of Safe Horizon, New York (a not-for-profit organization) where she also serves on the executive and finance committees. Ms. Hootkin received a B.A. from the State University of New York at Binghamton and a M.A. from Boston University.

Paul G. Kirk, Jr., a director since 2005, a member of the Nominating/Corporate Governance (Chair) and Compensation committees, and the Lead Director (as amongst the independent Directors), is a retired partner of the law firm of Sullivan & Worcester, LLP of Boston, Massachusetts. He was a member of the firm from 1977 through 1990. He also serves as Chairman and CEO of Kirk & Associates, Inc., a business advisory and consulting firm. Mr. Kirk also currently serves on the Board of Directors of the Hartford Financial

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Services Group, Inc., and Rayonier, Incorporated (a REIT listed on the New York Stock Exchange). He has previously served on the Boards of Directors of ITT Corporation (1989-1997) and of Bradley Real Estate, Inc. (1991-2000), a real estate investment trust that was subsequently acquired by Heritage Property Investment Trust, Inc. Mr. Kirk also serves as Chairman of the Board of Directors of the John F. Kennedy Library Foundation and was a founder and continues to serve as co-chairman of the Commission on Presidential Debates. From 1985 to 1989, Mr. Kirk served as Chairman of the Democratic Party of the U.S., and from 1983 to 1985 as its Treasurer. A graduate of Harvard College and Harvard Law School, Mr. Kirk is past-Chairman of the Harvard Board of Overseers' Nominating Committee and currently serves as Chairman of the Harvard Board of Overseers' Committee to Visit the Department of Athletics. He has received many awards for civic leadership and public service, including honorary doctors of law degrees from Stonehill College, and the Southern New England School of Law.

Everett B. Miller, III, a director since 1998 and a member of the Audit and Compensation committees, is vice president of alternative investments at the YMCA Retirement Fund. In March 2003, Mr. Miller was appointed to the Real Estate Advisory Committee of the New York State Common Retirement Fund. Prior to his retirement in May 2002 from Commonfund Realty, Inc., a registered investment advisor, Mr. Miller was the chief operating officer of that company from 1997 until May 2002. From January 1995 through March 1997, Mr. Miller was the Principal Investment Officer for Real Estate and Alternative Investment at the Office of the Treasurer of the State of Connecticut. Prior thereto, Mr. Miller was employed for eighteen years at affiliates of Travelers Realty Investment Co., at which his last position was senior vice president. Mr. Miller received a B.S. from Yale University.

Roger M. Widmann, a director since October 2003 and a member of the Compensation (Chair) and Nominating/Corporate Governance committees, is an investment banker. He was a principal of the investment banking firm of Tanner & Co., Inc. from 1997 to 2004. From 1986 to 1995, Mr. Widmann was a senior managing director of Chemical Securities, Inc., a subsidiary of Chemical Banking Corporation (now JPMorgan Chase Corporation). Prior to joining Chemical Securities, Inc., Mr. Widmann was a founder and managing director of First Reserve Corporation, the largest independent energy investing firm in the U.S. Previously, he was senior vice president with the investment banking firm of Donaldson, Lufkin & Jenrette, responsible for the firm's domestic and international investment banking business. He had also been a vice president with New Court Securities (now Rothschild, Inc.). He was a director of Lydall, Inc. (NYSE), a manufacturer of thermal, acoustical and filtration materials, from 1974 to 2004, and its chairman from 1998 to 2004. He is a director of Standard Motor Products, Inc., a manufacturer of automobile replacement parts, and GigaBeam Corporation, a manufacturer of "last mile" wireless transmission systems. He is also a senior moderator of the Aspen Seminar at The Aspen Institute, and is a board member of the March of Dimes of Greater New York and of Oxfam America. Mr. Widmann received an A.B. from Brown University and a J.D. from Columbia University School of Law.

Lawrence E. Kreider, Jr. joined the Company in June 2007 as Chief Financial Officer and has direct responsibility for all financial and information technology activities of the Company. Prior to joining the Company, Mr. Kreider was Senior Vice President, Chief Financial Officer, Chief Information Officer and Chief Accounting Officer for Affordable Residential Communities, now named Hilltop Holdings Inc., for substantial periods of time from 2001 to 2007. From 1999 to 2001, Mr. Kreider was Senior Vice President of Finance for Warnaco Group Inc. and, in 2000 and 2001, President of Warnaco Europe. From 1986 to 1999, Mr. Kreider served in several senior finance positions, including Senior Vice President, Controller and Chief Accounting Officer, with Revlon, Inc. and MacAndrews & Forbes Holdings. Prior to 1986, he served in senior finance positions with Zale Corporation, Johnson Matthew Jewelry Corporation and Refinement International Company. Mr. Kreider began his career with Coopers & Lybrand, now PricewaterhouseCoopers. Mr. Kreider holds a B.A. from Yale University and an M.B.A. from the Stanford Graduate School of Business.

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Nancy H. Mozzachio joined the Company in 2003 as Vice President- Leasing and has been involved in the shopping center industry for more than 20 years. Prior to joining the Company, Ms. Mozzachio served as Vice President of Leasing and Development for American Continental Properties Group from 1988 to 2003. Ms. Mozzachio served on several Planning Boards in New Jersey and is a current member of Commercial Real Estate Women (CREW) and Retail Network as well as an active member of the International Council of Shopping Centers and Network of Executive Women. Ms. Mozzachio received a B.A. from Rutgers University.

Thomas B. Richey joined the Company in 1998 as Vice President of Development and Construction Services. Mr. Richey has been involved in the commercial real estate business for more than 25 years. He served as a City Planner & Economic Development Director for the City of Williamsport, PA, from 1980 through 1983. From 1983 to 1986, he was a Project Manager for Lundy Construction Company, a large commercial and industrial general contracting company, and Director of Acquisitions & Construction for Shawnee Management, Inc. From 1988 to 1996, Mr. Richey was a principal in two real estate companies specializing in the acquisition, development, redevelopment, and operations of hotels and commercial office buildings. From 1996 to 1998, he worked for Grove Associates, Inc., a Harrisburg, PA, area survey and engineering company, where he specialized in the land development plan approval process. Mr. Richey has served as an Economic Development consultant to the National Main Street Center, part of the National Trust for Historic Preservation, a past Board Member for the YMCA, and serves as a member of the Board of Trustees of the Harrisburg Area Community College. He is also a member of the International Council of Shopping Centers (ICSC) and the Urban Land Institute. Mr. Richey received a B.A. from Lycoming College.

Brenda J. Walker has been a vice president of the Company since 1998, was a director from 1998 until June 2008, and was treasurer from April 1998 until November 1999. She was an executive officer since 1992 of the real estate management companies, and their respective predecessors and affiliates, which were merged into the Company in 2003. Ms. Walker has been involved in real estate-related finance, property and asset management for thirty years. Ms. Walker received a B.A. from Lincoln University.

Stuart H. Widowski has been secretary and general counsel of the Company since 1998. He was in private practice for seven years, including five years with the New York law firm of Reid & Priest. From 1991 through 1996, Mr. Widowski served in the legal department of the Federal Deposit Insurance Corporation. Mr. Widowski received a B.A. from Brandeis University and a J.D. from the University of Michigan.

Part II.**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Dividend Information**

A corporation electing REIT status is required to distribute at least 90% of its "REIT taxable income", as defined in the Code, to continue qualification as a REIT. The Company paid dividends totaling \$0.90 per share during 2008. While the Company intends to continue paying regular quarterly dividends, future dividend declarations will continue to be at the discretion of the Board of Directors, and will depend on the cash flow and financial condition of the Company, capital requirements, annual distribution requirements under the REIT provisions of the Code, and such other factors as the Board of Directors may deem relevant. On January 28, 2009, the Company's Board of Directors declared a dividend of \$0.1125 per share, an annual rate of \$0.45 per share. The decision by our Board of Directors to reduce the dividend at this time is in response to the current state of the economy, the difficult retail environment and the constrained capital markets.

Market Information

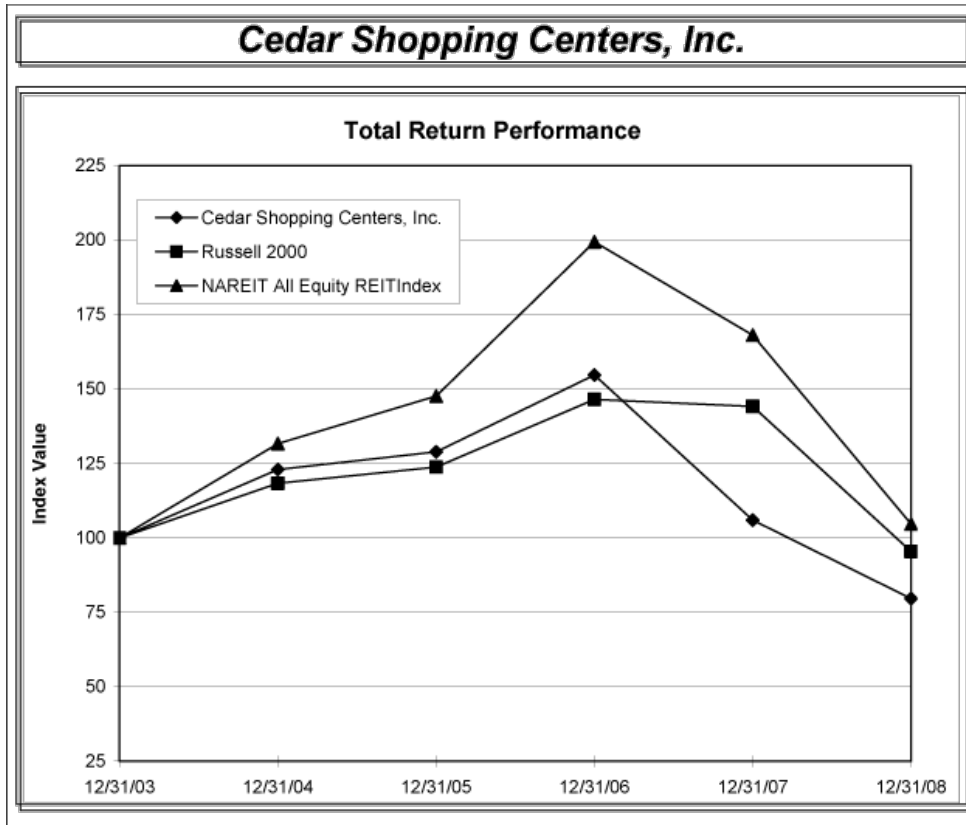
The Company had 44,468,000 shares of common stock outstanding held by approximately 400 shareholders of record at December 31, 2008. The Company believes it has more than 10,000 beneficial holders of its common stock. The Company's shares trade on the NYSE under the symbol "CDR". The following table sets forth, for each quarter for the last two years, (i) the high, low, and closing prices of the Company's common stock, and (ii) dividends paid:

Quarter ended	Market price range			Dividends paid
	High	Low	Close	
2008				
March 31	\$12.60	\$ 9.42	\$11.68	\$ 0.225
June 30	13.12	11.60	11.72	0.225
September 30	14.02	10.44	13.22	0.225
December 31	13.58	3.66	7.08	0.225
2007				
March 31	\$16.99	\$15.47	\$16.20	\$0.225
June 30	16.75	13.84	14.35	0.225
September 30	14.70	11.91	13.62	0.225
December 31	14.38	10.04	10.23	0.225

Stockholder Return Performance Presentation

The following line graph sets forth for the period January 1, 2004 through December 31, 2008 a comparison of the percentage change in the cumulative total stockholder return on the Company's common stock compared to then cumulative total return of the Russell 2000 index and the National Association of Real Estate Investment Trusts Equity REIT Total Return Index.

The graph assumes that the shares of the Company's common stock were bought at the price of \$100 per share and that the value of the investment in each of the Company's common stock and the indices was \$100 at the beginning of the period. The graph further assumes the reinvestment of dividends when paid.



<i>Index</i>	<i>As Of</i> 01/01/04	<i>Year Ending</i>				
		12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
Cedar Shopping Centers, Inc.	100.00	122.89	128.84	154.62	105.99	79.64
Russell 2000	100.00	118.33	123.72	146.44	144.15	95.44
NAREIT All Equity REIT Index	100.00	131.58	147.58	199.32	168.05	104.65

Item 6. Selected Financial Data

Operations data:	Years ended December 31,				
	2008	2007	2006	2005	2004
Total revenues	\$174,480,000	\$154,448,000	\$126,492,000	\$ 78,941,000	\$ 51,078,000
Expenses:					
Property operating expenses	49,511,000	41,123,000	35,220,000	22,263,000	15,623,000
General and administrative	9,441,000	9,041,000	6,086,000	5,132,000	3,575,000
Depreciation and amortization	49,802,000	42,160,000	34,883,000	20,606,000	11,376,000
Total expenses	108,754,000	92,324,000	76,189,000	48,001,000	30,574,000
Operating income	65,726,000	62,124,000	50,303,000	30,940,000	20,504,000
Non-operating income and expense:					
Interest expense, including amortization of deferred financing costs	(45,957,000)	(39,529,000)	(34,225,000)	(16,249,000)	(11,264,000)
Interest income	284,000	788,000	641,000	91,000	66,000
Equity in income of unconsolidated joint venture	956,000	634,000	70,000	—	—
Gain on sale of interest in unconsolidated joint venture	—	—	141,000	—	—
Total non-operating income and expense	(44,717,000)	(38,107,000)	(33,373,000)	(16,158,000)	(11,198,000)
Income before minority and limited partners' interests	21,009,000	24,017,000	16,930,000	14,782,000	9,306,000
Minority interests in consolidated joint ventures	(2,157,000)	(1,415,000)	(1,202,000)	(1,270,000)	(1,229,000)
Limited partners' interest in Operating Partnership	(477,000)	(633,000)	(393,000)	(299,000)	(157,000)
Net income	18,375,000	21,969,000	15,335,000	13,213,000	7,920,000
Preferred distribution requirements	(7,877,000)	(7,877,000)	(7,877,000)	(7,186,000)	(2,218,000)
Net income applicable to common shareholders	\$ 10,498,000	\$ 14,092,000	\$ 7,458,000	\$ 6,027,000	\$ 5,702,000
Per common share:					
Basic	\$ 0.24	\$ 0.32	\$ 0.23	\$ 0.25	\$ 0.34
Diluted	\$ 0.24	\$ 0.32	\$ 0.23	\$ 0.25	\$ 0.34
Dividends to common shareholders	\$ 40,027,000	\$ 39,775,000	\$ 29,333,000	\$ 20,844,000	\$ 13,750,000
Per common share	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.835
Weighted average number of common shares outstanding:					
Basic	44,475,000	44,193,000	32,926,000	23,988,000	16,681,000
Diluted	44,475,000	44,197,000	33,055,000	24,031,000	16,684,000

Item 6. Selected Financial Data (continued)

	December 31,				
	2008	2007	2006	2005	2004
Balance sheet data:					
Real estate, net	\$ 1,634,981,000	\$ 1,492,276,000	\$ 1,175,494,000	\$ 946,457,000	\$ 505,325,000
Land and related costs held for sale	2,266,000	2,652,000	2,324,000	—	—
Investment in unconsolidated joint venture	4,976,000	3,757,000	3,644,000	—	—
Other assets	84,905,000	96,299,000	70,257,000	49,799,000	31,835,000
Total assets	\$ 1,727,128,000	\$ 1,594,984,000	\$ 1,251,719,000	\$ 996,256,000	\$ 537,160,000
Mortgages and other loans payable	\$ 1,013,473,000	\$ 851,514,000	\$ 568,073,000	\$ 527,791,000	\$ 248,630,000
Other liabilities	107,932,000	97,225,000	70,595,000	44,405,000	34,239,000
Minority interests in consolidated joint ventures	58,150,000	62,402,000	9,132,000	12,339,000	11,995,000
Limited partners' interest in Operating Partnership	23,546,000	25,689,000	25,969,000	20,586,000	6,542,000
Shareholders' equity	524,027,000	558,154,000	577,950,000	391,135,000	235,754,000
Total liabilities and shareholders' equity	\$ 1,727,128,000	\$ 1,594,984,000	\$ 1,251,719,000	\$ 996,256,000	\$ 537,160,000
Weighted average number of common shares:					
Shares used in determination of basic earnings per share	44,475,000	44,193,000	32,926,000	23,988,000	16,681,000
Additional shares assuming conversion of OP					
Units (basic)	2,024,000	1,985,000	1,737,000	1,202,000	450,000
Shares used in determination of basic FFO per share	46,499,000	46,178,000	34,663,000	25,190,000	17,131,000
Shares used in determination of diluted earnings per share	44,475,000	44,197,000	33,055,000	24,031,000	16,684,000
Additional shares assuming conversion of OP					
Units (diluted)	2,024,000	1,990,000	1,747,000	1,206,000	450,000
Shares used in determination of diluted FFO per share	46,499,000	46,187,000	34,802,000	25,237,000	17,134,000
Other data:					
Funds From Operations ("FFO") (a)	\$ 56,859,000	\$ 56,190,000	\$ 41,954,000	\$ 25,923,000	\$ 15,625,000
Per common share (assuming conversion of OP Units):					
Basic	\$ 1.22	\$ 1.22	\$ 1.21	\$ 1.03	\$ 0.91
Diluted	\$ 1.22	\$ 1.22	\$ 1.21	\$ 1.03	\$ 0.91
Cash flows provided by (used in):					
Operating activities	\$ 59,370,000	\$ 51,504,000	\$ 40,286,000	\$ 25,334,000	\$ 17,733,000
Investing activities	\$ (150,927,000)	\$ (192,432,000)	\$ (190,105,000)	\$ (323,225,000)	\$ (167,499,000)
Financing activities	\$ 77,584,000	\$ 143,350,000	\$ 159,103,000	\$ 298,035,000	\$ 152,069,000
Square feet of GLA	12,147,000	12,009,000	10,061,000	8,442,000	4,887,000
Percent leased (including development/redevelopment and other non-stabilized properties)	92%	93%	93%	91%	88%
Average annualized base rent per leased square foot	\$ 11.03	\$ 10.74	\$ 10.53	\$ 10.40	\$ 10.61

(a) Funds From Operations ("FFO") is a widely-recognized non-GAAP financial measure for REITs that the Company believes, when considered with financial statements determined in accordance with GAAP, is useful to investors in understanding financial performance and providing a relevant basis for comparison among REITs. In addition, FFO is useful to investors as 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 do other depreciable assets. Investors should review FFO, along with GAAP net income, when trying to understand an equity REIT's operating performance. The Company presents FFO because the Company considers it an important supplemental measure of its operating performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Among other things, the Company uses FFO or an adjusted FFO-based measure (i) as a criterion to determine performance-based bonuses for members of senior management, (ii) in performance comparisons with other shopping center REITs, and (iii) to measure compliance with certain financial covenants under the terms of the Loan Agreements relating to the Company's credit facilities. The Company computes FFO in accordance with the "White Paper" on FFO published by the National Association of Real Estate Investment Trusts ("NAREIT"), which defines FFO as net income applicable to common shareholders (determined in accordance with GAAP), excluding gains or losses from debt restructurings and sales of properties, plus real estate-related depreciation and amortization, and after adjustments for partnerships and joint ventures (which are computed to reflect FFO on the same basis). FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income applicable to common shareholders or to cash flow from operating activities. FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. Although FFO is a measure used for comparability in assessing the performance of REITs, as the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another. See Management's Discussion and Analysis of Financial Condition and Results of Operations elsewhere herein.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Company's consolidated financial statements and related notes thereto included elsewhere in this report.

Executive Summary

The Company is a fully-integrated real estate investment trust which focuses primarily on ownership, operation, development and redevelopment of supermarket-anchored shopping centers in mid-Atlantic and Northeast coastal states. At December 31, 2008, the Company had a portfolio of 121 operating properties totaling approximately 12.1 million square feet of gross leasable area ("GLA"), including 111 wholly-owned properties comprising approximately 10.9 million square feet and ten properties owned in joint venture comprising approximately 1.2 million square feet. The entire 121 property portfolio was approximately 92% leased at December 31, 2008; the 113 property "stabilized" portfolio (including properties wholly-owned and in joint venture) was approximately 95% leased at that date. The Company also owned 398 acres of land parcels, a significant portion of which is under development. In addition, the Company has a 76.3% interest in an unconsolidated joint venture which owns a single-tenant office property in Philadelphia, Pennsylvania.

The Company, organized as a Maryland corporation, has established an umbrella partnership structure through the contribution of substantially all of its assets to the Operating Partnership, organized as a limited partnership under the laws of Delaware. The Company conducts substantially all of its business through the Operating Partnership. At December 31, 2008, the Company owned 95.7% of the Operating Partnership and is its sole general partner. OP Units are economically equivalent to the Company's common stock and are convertible into the Company's common stock at the option of the holders on a one-to-one basis.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to long-term leases. The Company's operating results therefore depend on the ability of its tenants to make the payments required by the terms of their leases. The Company focuses its investment activities on supermarket-anchored community shopping centers and drug store-anchored convenience centers. The Company believes that, because of the need of consumers to purchase food and other staple goods and services generally available at such centers, its type of "necessities"-based properties should provide relatively stable revenue flows even during difficult economic times. In January 2009, the Company's Board of Directors reduced the quarterly dividend payable in February by one-half to an annual rate of \$0.45 per share, an annual saving of approximately \$21 million. This decision was in response to the current state of the economy, the difficult retail environment and the constrained capital markets.

The Company has historically sought opportunities to acquire properties suited for development and/or redevelopment, and, to a lesser extent than in the recent past, stabilized properties, where it can utilize its experience in shopping center construction, renovation, expansion, re-leasing and re-merchandising to achieve long-term cash flow growth and favorable investment returns. The Company expects to substantially reduce these activities in the foreseeable future in view of current economic conditions.

In May 2007, the Company decided to dispose of Stadium Plaza, located in East Lansing, Michigan. The property, with 78,000 sq. ft. of GLA, was marketed and, in accordance with SFAS No. 144, the carrying value of the property's assets (principally the net book value of the real estate) was classified as "held for sale" in the Company's consolidated financial statements. In May 2008, the Company reconsidered its decision to

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sell the property and, as a result, the property has been reclassified as “held and used”. For all periods presented, the property is no longer included in “properties held for sale” or “discontinued operations”.

In April 2008, Value City, the only tenant at the Value City Shopping center, vacated its premises at the end of the lease term. In keeping with the Company’s redevelopment plans for the property, the vacant building was subsequently razed and the Company took a one-time depreciation charge of \$1.9 million. The property has been reclassified as “land for projects under development, expansion and/or future development”, and is no longer included as one of the Company’s operating properties. During the fourth quarter of 2008, the Company wrote off, principally in general and administrative expenses, approximately \$1.1 million of costs related to terminated transactions or developments, principally a land parcel held for development in Ephrata, Pennsylvania (\$450,000) and the cancelation of a proposed second joint venture with Homburg Invest Inc. (\$203,000).

Summary of Critical Accounting Policies

The preparation of the consolidated financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition and the allowance for doubtful accounts receivable, real estate investments and purchase accounting allocations related thereto, asset impairment, and derivatives used to hedge interest-rate risks. Management’s estimates are based both on information that is currently available and on various other assumptions management believes to be reasonable under the circumstances. Actual results could differ from those estimates and those estimates could be different under varying assumptions or conditions.

The Company has identified the following critical accounting policies, the application of which requires significant judgments and estimates:

Revenue Recognition

Rental income with scheduled rent increases is recognized using the straight-line method over the respective terms of the leases. The aggregate excess of rental revenue recognized on a straight-line basis over base rents under applicable lease provisions is included in straight-line rents receivable on the consolidated balance sheet. Leases also generally contain provisions under which the tenants reimburse the Company for a portion of property operating expenses and real estate taxes incurred; such income is recognized in the periods earned. In addition, certain operating leases contain contingent rent provisions under which tenants are required to pay a percentage of their sales in excess of a specified amount as additional rent. The Company defers recognition of contingent rental income until those specified targets are met.

The Company must make estimates as to the collectibility of its accounts receivable related to base rent, straight-line rent, expense reimbursements and other revenues. Management analyzes accounts receivable by considering tenant creditworthiness, current economic conditions, and changes in tenants’ payment patterns when evaluating the adequacy of the allowance for doubtful accounts receivable. These estimates have a direct impact on net income, because a higher bad debt allowance would result in lower net income, whereas a lower bad debt allowance would result in higher net income.

Real Estate Investments

Real estate investments are carried at cost less accumulated depreciation. The provision for depreciation is calculated using the straight-line method based on estimated useful lives. Expenditures for

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maintenance, repairs and betterments that do not materially prolong the normal useful life of an asset are charged to operations as incurred. Expenditures for betterments that substantially extend the useful lives of real estate assets are capitalized. Real estate investments include costs of development and redevelopment activities, and construction in progress. Capitalized costs, including interest and other carrying costs during the construction and/or renovation periods, are included in the cost of the related asset and charged to operations through depreciation over the asset's estimated useful life. The Company is required to make subjective estimates as to the useful lives of its real estate assets for purposes of determining the amount of depreciation to reflect on an annual basis. These assessments have a direct impact on net income. A shorter estimate of the useful life of an asset would have the effect of increasing depreciation expense and lowering net income, whereas a longer estimate of the useful life of an asset would have the effect of reducing depreciation expense and increasing net income.

The Company's capitalization policy on its development and redevelopment properties is guided by SFAS No. 34, "Capitalization of Interest Cost" and SFAS No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects". A variety of costs are incurred in the acquisition, development and leasing of a property, such as pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs, and other costs incurred during the period of development. After a determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. The Company ceases capitalization on the portions substantially completed and occupied, or held available for occupancy, and capitalizes only those costs associated with the portions under construction. The Company considers a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but not later than one year from cessation of major construction activity. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The effect of a longer capitalization period would be to increase capitalized costs and would result in higher net income, whereas the effect of a shorter capitalization period would be to reduce capitalized costs and would result in lower net income.

The Company applies SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangibles", in valuing real estate acquisitions. In connection therewith, the fair value of real estate acquired is allocated to land, buildings and improvements. In addition, the fair value of in-place leases is allocated to intangible lease assets and liabilities. The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, which value is then allocated to land, buildings and improvements based on management's determination of the relative fair values of such assets. In valuing an acquired property's intangibles, factors considered by management include an estimate of carrying costs during the expected lease-up periods, such as real estate taxes, insurance, other operating expenses, and estimates of lost rental revenue during the expected lease-up periods based on its evaluation of current market demand. Management also estimates costs to execute similar leases, including leasing commissions, tenant improvements, legal and other related costs. The principal impact of the adoption of SFAS No. 141R, "Business Combinations — a replacement of FASB Statement No. 141" (effective January 1, 2009), on the Company's financial statements will be that the Company will expense most transaction costs relating to its acquisition activities. The amount of transaction costs deferred at December 31, 2008 that the Company will expense in the quarter ending March 31, 2009 was approximately \$0.2 million.

The value of in-place leases is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates, over (ii) the estimated fair value of the property as if vacant. Above-market and below-market in-place lease values are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be received and management's estimate of market lease rates, measured over the non-cancelable terms of the respective leases. The value of other intangibles is amortized to expense, and the above-market and below-market lease values are amortized to rental income, over the remaining non-

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cancelable terms of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be recognized in operations at that time.

Management is required to make subjective assessments in connection with its valuation of real estate acquisitions. These assessments have a direct impact on net income, because (i) above-market and below-market lease intangibles are amortized to rental income, and (ii) the value of other intangibles is amortized to expense. Accordingly, higher allocations to below-market lease liability and other intangibles would result in higher rental income and amortization expense, whereas lower allocations to below-market lease liability and other intangibles would result in lower rental income and amortization expense.

The Company applies SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", to recognize and measure impairment of long-lived assets. Management reviews each real estate investment for impairment whenever events or circumstances indicate that the carrying value of a real estate investment may not be recoverable. The review of recoverability is based on an estimate of the future cash flows that are expected to result from the real estate investment's use and eventual disposition. These estimates of cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If an impairment event exists due to the projected inability to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds estimated fair value. A real estate investment held for sale is carried at the lower of its carrying amount or estimated fair value, less the cost of a potential sale. Depreciation and amortization are suspended during the period the property is held for sale. Management is required to make subjective assessments as to whether there are impairments in the value of its real estate properties. These assessments have a direct impact on net income, because an impairment loss is recognized in the period that the assessment is made.

Stock-Based Compensation

SFAS No. 123R, "Share-Based Payments", establishes financial accounting and reporting standards for stock-based employee compensation plans, including all arrangements by which employees receive shares of stock or other equity instruments of the employer, or the employer incurs liabilities to employees in amounts based on the price of the employer's stock. The statement also defines a fair value-based method of accounting for an employee stock option or similar equity instrument.

The Company's 2004 Stock Incentive Plan (the "Incentive Plan") provides for the granting of incentive stock options, stock appreciation rights, restricted shares, performance units and performance shares. The maximum number of shares of the Company's common stock that may be issued pursuant to the Incentive Plan, as amended, is 2,750,000, and the maximum number of shares that may be granted to a participant in any calendar year is 250,000. Substantially all grants issued pursuant to the Incentive Plan are "restricted stock grants" which specify vesting (i) upon the third anniversary of the date of grant for time-based grants, or (ii) upon the completion of a designated period of performance for performance-based grants. Time-based grants are valued according to the market price for the Company's common stock at the date of grant. For performance-based grants, the Company engages an independent appraisal company to determine the value of the shares at the date of grant, taking into account the underlying contingency risks associated with the performance criteria. These value estimates have a direct impact on net income, because higher valuations would result in lower net income, whereas lower valuations would result in higher net income. The value of such grants is being amortized on a straight-line basis over the respective vesting periods, as adjusted for fluctuations in the market value of the Company's common stock, in accordance with the provisions of EITF No. 97-14, "Accounting for Deferred Compensation Arrangements Where Amounts Earned Are Held in a Rabbi Trust and Invested".

Results of Operations

Differences in results of operations between 2008 and 2007, and between 2007 and 2006, respectively, were primarily the result of the Company's property acquisition program and continuing development/redevelopment activities. During the period January 1, 2007 through December 31, 2008, the Company acquired 24 shopping and convenience centers aggregating approximately 2.2 million sq. ft. of GLA, purchased the joint venture minority interests in four properties, and acquired approximately 200 acres of land for development, expansion and/or future development, for a total cost of approximately \$116.5 million. In addition, the Company placed into service two ground-up developments having an aggregate cost of approximately \$6.3 million. Income before minority and limited partners' interests and preferred distribution requirements was \$21.0 million in 2008 as compared with \$24.0 million in 2007 and \$16.9 in 2006.

Comparison of 2008 to 2007

	2008	2007	Increase	Percentage change	Acquisitions and other (ii)	Properties held in both years
Total revenues	\$174,480,000	\$154,448,000	\$20,032,000	13%	\$23,093,000	\$(3,061,000)
Property operating expenses	49,511,000	41,123,000	8,388,000	20%	7,222,000	1,166,000
Depreciation and amortization	49,802,000	42,160,000	7,642,000	18%	8,706,000	(1,064,000)
General and administrative	9,441,000	9,041,000	400,000	4%	n/a	n/a
Non-operating income and expense, net (i)	44,717,000	38,107,000	6,610,000	17%	n/a	n/a

(i) Non-operating income and expense consists principally of interest expense (including amortization of deferred financing costs), and equity in income of an unconsolidated joint venture.

(ii) Includes principally the results of properties acquired after January 1, 2007. Amounts also include (a) unallocated property and construction management compensation and benefits (including stock-based compensation), and (b) results of a property in Wyoming, Michigan that was demolished in the second quarter of 2008 as part of the redevelopment plans for the property.

Properties held in both years. The Company held 96 properties throughout 2008 and 2007. Total revenues decreased primarily as a result of (i) a decrease in the amortization of intangible lease liabilities (\$230,000) resulting from expiration of applicable lease terms in the ordinary course, (ii) a decrease in the straight-line rents in the ordinary course (\$1,069,000) partially offset by an increase in base rent from lease commencements at the Company's properties (\$583,000) which includes a decrease in base rent at a property in which a tenant vacated (\$417,000), (iii) a decrease in percentage rental income due to some lower tenant sales (\$654,000), (iv) a decrease in tenant recoveries (\$832,000) primarily due to a higher collection rate in 2007 due to billing system improvements made in 2006 and 2007 and (v) a decrease in other income (\$859,000) predominately related to a decrease in lease termination income partially offset by an increase in insurance proceeds.

Property operating expenses increased as a result of (i) an increase in real estate and other property-related taxes, related principally to reassessments of properties previously acquired and completed development and redevelopment (\$461,000), (ii) an increase in the provision for doubtful accounts primarily due to a higher collection rate in 2007 due to billing system improvements made in 2006 and 2007 (\$647,000), (iii) an increase in non-billable expenses and operating expenses primarily due to expenses related to the above-mentioned insurance proceeds (\$512,000), partially offset by (iv) a decrease in snow removal costs (\$454,000).

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General and administrative expenses. General and administrative expenses increased primarily as a result of the write off of costs associated with terminated transactions, increased compensation costs, increased professional fees and the Company's continued growth, partially offset by costs incurred in 2007 associated with the retirement of a senior executive and the initial compensation/relocation costs of his replacement (\$1,535,000 in the aggregate).

Non-operating income and expense. Non-operating income and expense, net, increased primarily as a result of (i) increased interest costs from borrowings related to property acquisitions and acquisitions of a joint venture partner's interests, partially off-set by (ii) earnings from an unconsolidated joint venture acquired in November 2006 and additional investment in the unconsolidated joint venture made in April of 2008.

Comparison of 2007 to 2006

	2007	2006	Increase	Percentage change	Acquisitions and other (ii)	Properties held in both years
Total revenues	\$154,448,000	\$126,492,000	\$27,956,000	22%	\$24,792,000	\$3,164,000
Property operating expenses	41,123,000	35,220,000	5,903,000	17%	5,589,000	314,000
Depreciation and amortization	42,160,000	34,883,000	7,277,000	21%	7,958,000	(681,000)
General and administrative	9,041,000	6,086,000	2,955,000	49%	n/a	n/a
Non-operating income and expense, net (i)	38,107,000	33,373,000	4,734,000	14%	n/a	n/a

- (i) Non-operating income and expense consists principally of interest expense (including amortization of deferred financing costs), and equity in income of an unconsolidated joint venture.
- (ii) Includes principally the results of properties acquired after January 1, 2006. Amounts also include unallocated property and construction management compensation and benefits (including stock-based compensation).

Properties held in both years. The Company held 82 properties throughout 2007 and 2006. Total revenues increased primarily as a result of (i) an increase in base rent from lease commencements at the Company's development, redevelopment and stabilized properties (\$2,699,000), (ii) an increase in expense recoveries (see increase in property operating expenses below) (\$2,069,000), and (iii) an increase in lease termination fees (\$1,195,000), offset by (x) a decrease in the amortization of intangible lease liabilities (\$1,873,000), resulting from (a) the impact of purchase accounting allocations in the first quarter of 2006 applicable to properties acquired during 2005 (which also resulted in a decrease in depreciation and amortization expense) and (b) acceleration of amortization in 2006 relating to prematurely-terminated leases, (y) a decrease in straight-line rents in the ordinary course (\$883,000), and (z) a decrease in percentage rents (\$43,000).

Property operating expenses increased as a result of (i) an increase in snow removal costs (\$937,000), (ii) an increase in real estate and other property-related taxes, related principally to reassessments of properties previously acquired and completed development and redevelopment projects (\$803,000), and (iii) an increase in other operating expenses (\$133,000), offset by a decrease in the provision for doubtful accounts, as a result of improved collections (\$1,559,000).

General and administrative expenses. General and administrative expenses increased primarily as a result of costs associated with the retirement of a senior executive and the initial compensation/relocation costs of his replacement (\$1,535,000 in the aggregate), increased compensation costs, and the Company's continued growth.

Non-operating income and expense. Non-operating income and expense, net, increased primarily as a result of (i) increased interest costs from borrowings related to property acquisitions, as reduced by the impact on interest costs of proceeds from common stock sales throughout 2006 used initially to reduce outstanding borrowings under the Company's stabilized property credit facility, partially offset by (ii) earnings from an unconsolidated joint venture acquired in November 2006.

Liquidity and Capital Resources

The Company funds operating expenses and other short-term liquidity requirements, including debt service, tenant improvements, leasing commissions, and preferred and common dividend distributions, primarily from operating cash flows. The Company has also used its stabilized property credit facility for these purposes. The Company expects to fund long-term liquidity requirements for property acquisitions, development and/or redevelopment costs, capital improvements, and maturing debt initially with its credit facilities and construction financing, and ultimately through a combination of issuing and/or assuming additional mortgage debt, the sale of equity securities, the issuance of additional OP Units, and the sale of properties or interests therein (including joint venture arrangements).

The Company expects to fund its short-term liquidity requirements principally from the following: (i) cash and cash equivalents, (ii) availability under its credit facilities, and (iii) mortgage financing of development projects after they are completed. There has been a recent fundamental contraction of the U.S. credit and capital markets, whereby banks and other credit providers have tightened their lending standards and severely restricted the availability of credit. Accordingly, for this and other reasons, there can be no assurance that the Company will have the availability of mortgage financing on completed development projects, additional construction financing, net proceeds from the contribution of properties to joint ventures, or proceeds from the refinancing of existing debt.

In January 2009, the Company's Board of Directors reduced the quarterly dividend payable in February by one-half to an annual rate of \$0.45 per share, an annual saving of approximately \$21 million. This decision was in response to the current state of the economy, the difficult retail environment and the constrained capital markets.

The Company has a \$300 million stabilized property credit facility with Bank of America, N.A. (as agent) and several other banks, pursuant to which the Company has pledged certain of its shopping center properties as collateral for borrowings thereunder. The facility, as amended, is expandable to \$400 million, subject to certain conditions, including acceptable collateral. Originally scheduled to mature in January 2009, the facility has been extended to January 30, 2010. Borrowings outstanding under the facility aggregated \$250.2 million at December 31, 2008, and such borrowings bore interest at an average rate of 2.7% per annum. Borrowings under the facility bear interest at the Company's option at either LIBOR or the agent bank's prime rate, plus a basis points ("bps") spread depending upon the Company's leverage ratio, as defined, measured quarterly. The LIBOR spread ranges from 110 to 145 bps (the spread as of December 31, 2008 was 125 bps, which will remain in effect through March 31, 2009). The prime rate spread ranges from 0 to 50 bps (the spread as of December 31, 2008 was 0 bps, which will remain in effect through March 31, 2009). The facility also requires an unused portion fee of 15 bps. The credit facility has been used to fund acquisitions, development and redevelopment activities, capital expenditures, mortgage repayments, dividend distributions, working capital and other general corporate purposes. The facility is subject to customary financial covenants, including limits on leverage and distributions (limited to 95% of funds from operations, as defined), and other financial statement ratios. As of December 31, 2008, based on covenant measurements and collateral in place, the Company was permitted to draw up to approximately \$287.7 million, of which approximately \$37.5 million remained available as of that date. As of December 31, 2008, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the stabilized property credit facility.

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With respect to the Company's \$300 million stabilized property credit facility, the Company intends to enter into a similar credit facility by January 30, 2010, the extended maturity date of the existing facility. In the event the Company is unable to arrange a new facility or to further extend the existing facility on terms generally similar to the present facility, or if members of the borrowing syndicate should not continue to participate in the facility at the same or reduced levels, or if additional commitments cannot be obtained from existing members or potential additional members of such syndicate, the Company may not be able to find alternate financing sources or to find such financing sources at borrowing rates, including spreads over LIBOR or other floating-rate measures, which would be acceptable to the Company.

The Company has a \$150 million development property credit facility with KeyBank, National Association (as agent) and several other banks, pursuant to which the Company has pledged certain of its development and redevelopment projects as collateral for borrowings to be made thereunder. This facility is expandable to \$250 million, subject to certain conditions, including acceptable collateral, and will expire in June 2011, subject to a one-year extension option. Borrowings outstanding under the facility aggregated \$54.3 million at December 31, 2008 and bore interest at a rate of 3.4% per annum. Borrowings under the facility bear interest at the Company's option at either LIBOR or the agent bank's prime rate, plus a spread of 225 bps or 75 bps, respectively. The facility also requires an unused portion fee of 15 bps. As of December 31, 2008, based on covenant measurements and collateral in place, the Company was permitted to draw up to an additional \$61.8 million, which will become available as approved project costs are incurred. As of December 31, 2008, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the development property credit facility, which are similar to those contained in the stabilized property credit facility. The Company plans to add additional properties to the collateral pool of this facility as their respective stages of development permit, with the intent of making a substantial portion of the facility available.

The Company has a \$77.7 million construction facility with Manufacturers and Traders Trust Company (as agent) and several other banks, pursuant to which the Company has pledged its joint venture development project in Pottsgrove, Pennsylvania as collateral for borrowings to be made thereunder. This facility will expire in September 2011. Borrowings outstanding under the facility aggregated \$29.2 million at December 31, 2008 and bore interest at a rate of 3.5% per annum. Borrowings under the facility bear interest at the Company's option at either LIBOR plus a spread of 225 bps, or the agent bank's prime rate. As of December 31, 2008, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the construction facility.

Mortgage loans payable at December 31, 2008 consisted of fixed-rate notes totaling \$655.7 million (with a weighted average interest rate of 5.8%) and variable-rate debt totaling \$357.8 million, principally advances outstanding under the Company's variable-rate credit facilities (with a weighted average interest rate of 3.1%). Total mortgage loans payable have an overall weighted average interest rate of 4.8% and mature at various dates through 2029. The Company had an approximately \$9.0 million debt balloon payment due which was paid in January 2009 and has approximately \$8.5 million of scheduled debt principal amortization payments in 2009.

The terms of several of the Company's mortgage loans payable require the Company to deposit certain replacement and other reserves with its lenders. Such "restricted cash" is generally available only for property-level requirements for which the reserve was established, and is not available to fund other property-level or Company-level obligations. In addition, joint venture partnership agreements require, among other things, that the Company maintain separate cash accounts for the operation of the joint ventures, and that distributions to the partners be strictly controlled.

[Table of Contents](#)**Contractual obligations and commercial commitments**

The following table sets forth the Company's significant debt repayment, interest and operating lease obligations at December 31, 2008 (in thousands):

	Maturity Date						
	2009	2010	2011	2012	2013	Thereafter	Total
Debt:							
Mortgage loans payable (i)	\$17,517	\$ 18,758	\$115,353	\$40,053	\$64,634	\$452,668	\$ 708,983
Stabilized property credit facility	—	250,190	—	—	—	—	250,190
Development property credit facility (ii)	—	—	54,300	—	—	—	54,300
Interest payments (iii)	48,533	41,822	36,936	31,784	28,033	58,089	245,197
Operating lease obligations	935	741	704	668	659	19,404	23,111
Total	\$66,985	\$311,511	\$207,293	\$72,505	\$93,326	\$530,161	\$1,281,781

(i) Does not include \$15.7 million mortgage loan payable by the Company's 76.3%-owned unconsolidated joint venture, which is due in May 2011.

(ii) Subject to a one-year extension option.

(iii) Represents interest payments expected to be incurred on the Company's debt obligations as of December 31, 2008 inclusive of capitalized interest. For variable-rate debt, the rate in effect at December 31, 2008 is assumed to remain in effect until the maturities of the respective obligations.

In addition, the Company plans to spend between \$85 million and \$112 million during 2009 in connection with development and redevelopment activities in process as of December 31, 2008.

Net Cash Flows**Operating Activities**

Net cash flows provided by operating activities amounted to \$59.4 million during 2008, compared to \$51.5 million during 2007 and \$40.3 million during 2006. The increase in operating cash flows during 2008, 2007 and 2006 were primarily the result of property acquisitions.

Investing Activities

Net cash flows used in investing activities were \$150.9 million in 2008, \$192.4 million in 2007 and \$190.1 million in 2006, and were primarily the result of the Company's acquisition program. During 2008, the Company acquired four shopping and convenience centers, acquired land for development, expansion and/or future development and incurred expenditures for property improvements, an aggregate of \$131.4 million. The Company also purchased the joint venture minority interests in four properties for \$17.5 million. During 2007, the Company acquired 20 shopping and convenience centers and land for development, expansion and/or future development and incurred expenditures for property improvements, an aggregate of \$187.5 million. During 2006, the Company acquired 13 shopping and convenience centers and land for development, expansion and/or future development, and incurred expenditures for property improvements, an aggregate of \$186.7 million. In addition, the Company acquired, for \$1.9 million, an interest in an unconsolidated joint venture, and sold, for \$1.5 million, an interest in another unconsolidated joint venture.

Financing Activities

Net cash flows provided by financing activities were \$77.6 million in 2008, \$143.4 million in 2007 and \$159.1 million in 2006. During 2008, the Company received net advance proceeds of \$114.1 million from its

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revolving credit facilities, \$106.7 million in net proceeds from mortgage financings, and \$6.4 million in contributions from minority interest partners, offset by the repayment of mortgage obligations of \$93.3 million (including \$84.8 million of mortgage balloon payments), preferred and common stock distributions of \$47.9 million, the payment of financing costs of \$5.1 million, distributions paid to minority and limited partner interests of \$3.2 million, and the redemption of OP Units of \$0.1 million. During 2007, the Company received net advance proceeds of \$122.0 million from the stabilized property credit facility, \$51.8 million in contributions from minority interest partners (net of joint venture cash at date of formation), \$34.5 million in net proceeds from mortgage financings, and \$3.9 million in net proceeds from public offerings, offset by preferred and common stock distributions of \$47.6 million, the repayment of mortgage obligations of \$16.2 million (including \$7.6 million of mortgage balloon payments), the payment of financing costs of \$3.2 million, and distributions paid to limited partner interests of \$1.8 million. During 2006, the Company received \$207.9 million in net proceeds from public offerings and \$118.9 million in net proceeds from mortgage financings, offset by a net reduction of \$79.0 million in the outstanding balance of the Company's stabilized property secured revolving credit facility, the repayment of mortgage obligations of \$47.6 million, preferred and common stock distributions of \$37.2 million, the payment of financing costs of \$2.2 million, and distributions paid to minority and limited partner interests of \$1.7 million.

Funds From Operations

Funds From Operations ("FFO") is a widely-recognized non-GAAP financial measure for REITs that the Company believes, when considered with financial statements determined in accordance with GAAP, is useful to investors in understanding financial performance and providing a relevant basis for comparison among REITs. In addition, FFO is useful to investors as 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 do other depreciable assets. Investors should review FFO, along with GAAP net income, when trying to understand an equity REIT's operating performance. The Company presents FFO because the Company considers it an important supplemental measure of its operating performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Among other things, the Company uses FFO or an adjusted FFO-based measure (i) as a criterion to determine performance-based bonuses for members of senior management, (ii) in performance comparisons with other shopping center REITs, and (iii) to measure compliance with certain financial covenants under the terms of the Loan Agreements relating to the Company's credit facilities.

The Company computes FFO in accordance with the "White Paper" on FFO published by the National Association of Real Estate Investment Trusts ("NAREIT"), which defines FFO as net income applicable to common shareholders (determined in accordance with GAAP), excluding gains or losses from debt restructurings and sales of properties, plus real estate-related depreciation and amortization, and after adjustments for partnerships and joint ventures (which are computed to reflect FFO on the same basis).

FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income applicable to common shareholders or to cash flow from operating activities. FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. Although FFO is a measure used for comparability in assessing the performance of REITs, as the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another. The following table sets forth the Company's calculations of FFO for 2008, 2007 and 2006:

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	2008	2007	2006
Net income applicable to common shareholders	\$10,498,000	\$14,092,000	\$ 7,458,000
Add (deduct):			
Real estate depreciation and amortization	49,521,000	41,918,000	34,741,000
Limited partners' interest	477,000	633,000	393,000
Minority interests in consolidated joint ventures	2,157,000	1,415,000	1,202,000
Minority interests' share of FFO applicable to consolidated joint ventures	(6,134,000)	(2,139,000)	(1,746,000)
Equity in income of unconsolidated joint ventures	(956,000)	(634,000)	(70,000)
FFO from unconsolidated joint ventures	1,296,000	905,000	117,000
Gain on sale of interest in unconsolidated joint venture	—	—	(141,000)
Funds From operations	\$56,859,000	\$56,190,000	\$41,954,000
FFO per common share (assuming conversion of OP Units)	\$ 1.22	\$ 1.22	\$ 1.21
Weighted average number of common shares:			
Shares used in determination of earnings per share	44,475,000	44,193,000	32,926,000
Additional shares assuming conversion of OP Units	2,024,000	1,985,000	1,737,000
Shares used in determination of FFO per share	46,499,000	46,178,000	34,663,000

Inflation

Low to moderate levels of inflation during the past several years have favorably impacted the Company's operations by stabilizing operating expenses. However, the Company's properties have tenants whose leases include expense reimbursements and other provisions to minimize the effect of inflation. At the same time, low inflation has had the indirect effect of reducing the Company's ability to increase tenant rents upon the signing of new leases and/or lease renewals.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

One of the principal market risks facing the Company is interest rate risk on its credit facilities. The Company may, when advantageous, hedge its interest rate risk using derivative financial instruments. The Company is not subject to foreign currency risk.

The Company is exposed to interest rate changes primarily through (i) the variable-rate credit facilities used to maintain liquidity, fund capital expenditures, development/redevelopment activities, and expand its real estate investment portfolio, (ii) property-specific variable-rate construction financing, and (iii) other property-specific variable-rate mortgages. The Company's objectives with respect to interest rate risk are to limit the impact of interest rate changes on operations and cash flows, and to lower its overall borrowing costs. To achieve these objectives, the Company may borrow at fixed rates and may enter into derivative financial instruments such as interest rate swaps, caps, etc., in order to mitigate its interest rate risk on a related variable-rate financial instrument. The Company does not enter into derivative or interest rate transactions for speculative purposes. At December 31, 2008, the Company had approximately \$33,685,000 of mortgage loans payable subject to interest rate swaps which converted LIBOR-based variable rates to fixed annual rates ranging from 5.4% to 7.13% per annum. In addition, the Company had an interest rate swap applicable to anticipated permanent financing of \$28.0 million for its development joint venture project in Stroudsburg, Pennsylvania.

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At December 31, 2008, long-term debt consisted of fixed-rate mortgage loans payable and variable-rate debt (principally the Company's variable-rate credit facilities). The average interest rate on the \$655.7 million of fixed-rate indebtedness outstanding was 5.8%, with maturities at various dates through 2029. The average interest rate on the \$357.8 million of variable-rate debt (including \$304.5 million in advances under the Company's revolving credit facilities) was 3.1%. The stabilized property credit facility, originally scheduled to mature in January 2009, has been extended to January 30, 2010. The development property credit facility matures in June 2011, subject to a one-year extension option. Based on the amount of variable-rate debt outstanding at December 31, 2008, if interest rates either increase or decrease by 1%, the Company's interest cost would increase or decrease respectively by approximately \$3.6 million per annum.

At December 31, 2008, the Company had accrued liabilities (included in accounts payable and accrued expenses on the consolidated balance sheet) for (i) \$4,079,000 relating to the fair value of interest rate swaps applicable to existing mortgage loans payable of \$33,685,000, and (ii) \$6,511,000 relating to an interest rate swap applicable to anticipated permanent financing of \$28.0 million for its development joint venture project in Stroudsburg, Pennsylvania, bearing an effective date of June 1, 2010, termination date of June 1, 2020 and fixed rate of 5.56%. If the market rates of interest related to the Company's interest rate swaps permanently increased by 50 bps, the related aggregate accrued liabilities would be lower by approximately \$2.1 million.

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Item 8. Financial Statements and Supplementary Data

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All other schedules have been omitted because the required information is not present, is not present in amounts sufficient to require submission of the schedule, or is included in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

**The Board of Directors and Shareholders
Cedar Shopping Centers, Inc.**

We have audited the accompanying consolidated balance sheets of Cedar Shopping Centers, Inc. (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cedar Shopping Centers, Inc. at December 31, 2008 and 2007, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with U.S. generally accepted accounting principles. Also, in our opinion the financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Cedar Shopping Centers, Inc.'s internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 16, 2009 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
March 16, 2009

CEDAR SHOPPING CENTERS, INC.

Consolidated Balance Sheets

	December 31,	
	2008	2007
Assets		
Real estate:		
Land	\$ 379,780,000	\$ 313,959,000
Buildings and improvements	1,402,198,000	1,281,938,000
	1,781,978,000	1,595,897,000
Less accumulated depreciation	(146,997,000)	(103,621,000)
Real estate, net	1,634,981,000	1,492,276,000
Land and related costs held for sale	2,266,000	2,652,000
Investment in unconsolidated joint venture	4,976,000	3,757,000
Cash and cash equivalents	6,334,000	20,307,000
Restricted cash	15,901,000	17,839,000
Rents and other receivables, net	5,818,000	7,640,000
Straight-line rents receivable	14,322,000	11,446,000
Other assets	9,403,000	9,588,000
Deferred charges, net	33,127,000	29,479,000
Total assets	<u>\$ 1,727,128,000</u>	<u>\$ 1,594,984,000</u>
Liabilities and shareholders' equity		
Mortgage loans payable	\$ 708,983,000	\$ 661,074,000
Secured revolving credit facilities	304,490,000	190,440,000
Accounts payable and accrued expenses	46,548,000	26,068,000
Unamortized intangible lease liabilities	61,384,000	71,157,000
Total liabilities	<u>1,121,405,000</u>	<u>948,739,000</u>
Minority interests in consolidated joint ventures	58,150,000	62,402,000
Limited partners' interest in Operating Partnership	23,546,000	25,689,000
Commitments and contingencies		
Shareholders' equity:		
Preferred stock (\$.01 par value, \$25.00 per share liquidation value, 12,500,000 shares authorized, 3,550,000 shares issued and outstanding)	88,750,000	88,750,000
Common stock (\$.06 par value, 150,000,000 shares authorized 44,468,000 and 44,238,000 shares, respectively, issued and outstanding)	2,668,000	2,654,000
Treasury stock (713,000 and 616,000 shares, respectively, at cost)	(9,175,000)	(8,192,000)
Additional paid-in capital	576,083,000	572,392,000
Cumulative distributions in excess of net income	(127,043,000)	(97,514,000)
Accumulated other comprehensive (loss) income	(7,256,000)	64,000
Total shareholders' equity	<u>524,027,000</u>	<u>558,154,000</u>
Total liabilities and shareholders' equity	<u>\$ 1,727,128,000</u>	<u>\$ 1,594,984,000</u>

See accompanying notes to consolidated financial statements.

CEDAR SHOPPING CENTERS, INC.

Consolidated Statements of Income

	Years ended December 31,		
	2008	2007	2006
Revenues:			
Rents	\$ 140,390,000	\$ 123,447,000	\$ 102,981,000
Expense recoveries	32,877,000	29,226,000	22,678,000
Other	1,213,000	1,775,000	833,000
Total revenues	<u>174,480,000</u>	<u>154,448,000</u>	<u>126,492,000</u>
Expenses:			
Operating, maintenance and management	29,837,000	25,055,000	22,380,000
Real estate and other property-related taxes	19,674,000	16,068,000	12,840,000
General and administrative	9,441,000	9,041,000	6,086,000
Depreciation and amortization	49,802,000	42,160,000	34,883,000
Total expenses	<u>108,754,000</u>	<u>92,324,000</u>	<u>76,189,000</u>
Operating income	65,726,000	62,124,000	50,303,000
Non-operating income and expense:			
Interest expense, including amortization of deferred financing costs	(45,957,000)	(39,529,000)	(34,225,000)
Interest income	284,000	788,000	641,000
Equity in income of unconsolidated joint venture	956,000	634,000	70,000
Gain on sale of interest in unconsolidated joint venture	—	—	141,000
Total non-operating income and expense	<u>(44,717,000)</u>	<u>(38,107,000)</u>	<u>(33,373,000)</u>
Income before minority and limited partners' interests	21,009,000	24,017,000	16,930,000
Minority interests in consolidated joint ventures	(2,157,000)	(1,415,000)	(1,202,000)
Limited partners' interest in Operating Partnership	(477,000)	(633,000)	(393,000)
Net income	18,375,000	21,969,000	15,335,000
Preferred distribution requirements	(7,877,000)	(7,877,000)	(7,877,000)
Net income applicable to common shareholders	<u>\$ 10,498,000</u>	<u>\$ 14,092,000</u>	<u>\$ 7,458,000</u>
Basic and diluted per common share	\$ 0.24	\$ 0.32	\$ 0.23
Dividends to common shareholders	<u>\$ 40,027,000</u>	<u>\$ 39,775,000</u>	<u>\$ 29,333,000</u>
Per common share	<u>\$ 0.90</u>	<u>\$ 0.90</u>	<u>\$ 0.90</u>
Weighted average number of common shares outstanding	<u>44,475,000</u>	<u>44,193,000</u>	<u>32,926,000</u>

See accompanying notes to consolidated financial statements.

CEDAR SHOPPING CENTERS, INC.

Consolidated Statement of Shareholders' Equity
Years ended December 31, 2008, 2007 and 2006

	Preferred stock		Common stock		Treasury stock, at cost	Additional paid-in capital	Cumulative distributions in excess of net income	Accumulated other comprehensive income (loss)	Unamortized deferred compensation plans	Total shareholders' equity
	Shares	\$25.00 Liquidation value	Shares	\$0.06 Par value						
Balance, December 31, 2005	3,550,000	\$ 88,750,000	29,618,000	\$ 1,777,000	\$ (5,416,000)	\$ 357,000,000	\$ (49,956,000)	\$ 138,000	\$ (1,158,000)	\$ 391,135,000
Adoption of SFAS No. 123R						(1,158,000)			1,158,000	—
Net income							15,335,000			15,335,000
Unrealized gain on change in fair value of cash flow hedges								8,000		8,000
Total other comprehensive income										15,343,000
Deferred compensation activity, net			110,000	6,000	(962,000)	1,536,000				580,000
Net proceeds from sales of common stock			14,045,000	843,000		207,085,000				207,928,000
Preferred distribution requirements							(7,877,000)			(7,877,000)
Dividends to common shareholders (74.2% return of capital)							(29,333,000)			(29,333,000)
Reallocation adjustment of limited partners' interest						174,000				174,000
Balance, December 31, 2006	3,550,000	88,750,000	43,773,000	2,626,000	(6,378,000)	564,637,000	(71,831,000)	146,000	—	577,950,000
Net income							21,969,000			21,969,000
Unrealized loss on change in fair value of cash flow hedges								(82,000)		(82,000)
Total other comprehensive income										21,887,000
Deferred compensation activity, net			186,000	11,000	(1,814,000)	3,949,000				2,146,000
Net proceeds from sale of common stock			275,000	17,000		4,115,000				4,132,000
Conversion of OP Units into common stock			4,000	—		45,000				45,000
Preferred distribution requirements							(7,877,000)			(7,877,000)
Dividends to common shareholders (33.1% return of capital)							(39,775,000)			(39,775,000)
Reallocation adjustment of limited partners' interest						(354,000)				(354,000)
Balance, December 31, 2007	3,550,000	88,750,000	44,238,000	2,654,000	(8,192,000)	572,392,000	(97,514,000)	64,000	0	558,154,000
Net income							18,375,000			18,375,000
Unrealized loss on change in fair value of cash flow hedges								(7,320,000)		(7,320,000)
Total other comprehensive income										11,055,000
Deferred compensation activity, net			225,000	13,000	(983,000)	3,342,000				2,372,000
Conversion of OP Units into common stock			5,000	1,000		67,000				68,000
Preferred distribution requirements							(7,877,000)			(7,877,000)
Dividends to common shareholders (45.2% return of capital)							(40,027,000)			(40,027,000)
Reallocation adjustment of limited partners' interest						282,000				282,000
Balance, December 31, 2008	3,550,000	\$ 88,750,000	44,468,000	\$ 2,668,000	\$ (9,175,000)	\$ 576,083,000	\$ (127,043,000)	\$ (7,256,000)		\$ 524,027,000

See accompanying notes to consolidated financial statements.

CEDAR SHOPPING CENTERS, INC.

Consolidated Statements of Cash Flows

	Years ended December 31,		
	2008	2007	2006
Cash flow from operating activities:			
Net income	\$ 18,375,000	\$ 21,969,000	\$ 15,335,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash provisions:			
Earnings in excess of distributions of consolidated joint venture minority interests	90,000	352,000	110,000
Equity in income of unconsolidated joint venture	(956,000)	(634,000)	(70,000)
Distributions from unconsolidated joint venture	834,000	529,000	44,000
Gain on sale of interest in unconsolidated joint venture		—	(141,000)
Limited partners' interest in Operating Partnership	477,000	633,000	393,000
Straight-line rents receivable	(2,876,000)	(3,451,000)	(3,285,000)
Depreciation and amortization	49,802,000	42,160,000	34,883,000
Amortization of intangible lease liabilities	(14,409,000)	(10,892,000)	(10,298,000)
Amortization relating to stock-based compensation	1,099,000	1,306,000	729,000
Amortization of deferred financing costs	1,790,000	1,233,000	1,448,000
Increases/decreases in operating assets and liabilities:			
Cash at consolidated joint ventures	1,085,000	(936,000)	520,000
Rents and other receivables, net	1,822,000	(2,548,000)	(3,000)
Other	153,000	(4,265,000)	(2,654,000)
Accounts payable and accrued expenses	2,084,000	6,048,000	3,275,000
Net cash provided by operating activities	<u>59,370,000</u>	<u>51,504,000</u>	<u>40,286,000</u>
Cash flow from investing activities:			
Expenditures for real estate and improvements	(131,411,000)	(187,497,000)	(186,721,000)
Purchase of consolidated joint venture minority interests	(17,454,000)	—	—
Investment in unconsolidated joint ventures	(1,097,000)	(8,000)	(1,949,000)
Proceeds from sale of interest in unconsolidated joint venture	—	—	1,466,000
Construction escrows and other	(965,000)	(4,927,000)	(2,901,000)
Net cash (used in) investing activities	<u>(150,927,000)</u>	<u>(192,432,000)</u>	<u>(190,105,000)</u>
Cash flow from financing activities:			
Net advances (repayments) from revolving credit facilities	114,050,000	121,970,000	(79,010,000)
Proceeds from mortgage financings	106,738,000	34,493,000	118,869,000
Mortgage repayments	(93,317,000)	(16,177,000)	(47,558,000)
Payments of deferred financing costs	(5,062,000)	(3,187,000)	(2,215,000)
Contributions from minority interest partners, net of joint venture cash at dates of formation	6,383,000	51,781,000	—
Distributions to consolidated joint venture minority interests in excess of earnings	(1,360,000)	—	(176,000)
Redemption of Operating Partnership Units	(122,000)	—	—
Distributions to limited partners	(1,822,000)	(1,788,000)	(1,525,000)
Proceeds from sales of common stock	—	3,910,000	207,928,000
Preferred distribution requirements	(7,877,000)	(7,877,000)	(7,877,000)
Distributions to common shareholders	(40,027,000)	(39,775,000)	(29,333,000)
Net cash provided by financing activities	<u>77,584,000</u>	<u>143,350,000</u>	<u>159,103,000</u>
Net (decrease) increase in cash and cash equivalents	(13,973,000)	2,422,000	9,284,000
Cash and cash equivalents at beginning of period	<u>20,307,000</u>	<u>17,885,000</u>	<u>8,601,000</u>
Cash and cash equivalents at end of period	<u>\$ 6,334,000</u>	<u>\$ 20,307,000</u>	<u>\$ 17,885,000</u>

See accompanying notes to consolidated financial statements.

Cedar Shopping Centers, Inc.

**Notes to Consolidated Financial Statements
December 31, 2008**

Note 1. Organization and Basis of Preparation

Cedar Shopping Centers, Inc. (the "Company") was organized in 1984 and elected to be taxed as a real estate investment trust ("REIT") in 1986. The Company focuses primarily on the ownership, operation, development and redevelopment of supermarket-anchored shopping centers in mid-Atlantic and Northeast coastal states. At December 31, 2008, the Company owned 121 operating properties, aggregating approximately 12.1 million square feet of gross leasable area ("GLA").

Cedar Shopping Centers Partnership, L.P. (the "Operating Partnership") is the entity through which the Company conducts substantially all of its business and owns (either directly or through subsidiaries) substantially all of its assets. At December 31, 2008 and 2007, respectively, the Company owned 95.7% and 95.6% economic interests in, and is the sole general partner of, the Operating Partnership. The limited partners' interest in the Operating Partnership (4.3% and 4.4% at December 31, 2008 and 2007, respectively) is represented by Operating Partnership Units ("OP Units"), and the carrying amount of such interest is adjusted at the end of each reporting period to an amount equal to the limited partners' ownership percentage of the Operating Partnership's net equity. The approximately 2,017,000 OP Units outstanding at December 31, 2008 are economically equivalent to the Company's common stock and are convertible into the Company's common stock at the option of the respective holders on a one-to-one basis.

The consolidated financial statements include the accounts and operations of the Company, the Operating Partnership, its subsidiaries, and certain joint venture partnerships in which it participates. On January 3, 2008, the Company entered into a joint venture, in which it has a 75% general partnership interest, for the redevelopment of its shopping center and adjacent land parcels in Bloomsburg, Pennsylvania. On March 18, 2008, the Company acquired the remaining interests (three at 70% and one at 75%) in four supermarket-anchored properties in Pennsylvania previously owned in joint venture. On April 23, 2008, the Company entered into a joint venture, in which it has a 60% limited partnership interest, for the development of a supermarket-anchored shopping center in Hamilton Township (Stroudsburg), Pennsylvania. On September 12, 2008, the Company entered into a joint venture, in which it has a 60% limited partnership interest, for the development of a drug-store-anchored shopping center in Limerick, Pennsylvania.

With respect to its ten consolidated operating joint ventures, the Company has general partnership interests of 20% in nine properties and 75% in one property. As (i) such entities are not variable-interest entities pursuant to the Financial Accounting Standards Board ("FASB") Interpretation No. 46R, "Consolidation of Variable Interest Entities" ("FIN 46R"), and (ii) the Company is the sole general partner and exercises substantial operating control over these entities pursuant to Emerging Issues Task Force ("EITF") 04-05, "Determining Whether a General Partner, or General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights", the Company has determined that such entities should be consolidated for financial statement purposes. EITF 04-05 provides a framework for determining whether a general partner controls, and should consolidate, a limited partnership or similar entity in which it owns a minority interest.

FIN 46R addresses the consolidation by business enterprises of variable interest entities. The Company consolidates all variable interest entities for which it is the primary beneficiary. Generally, a variable interest entity, or VIE, is an entity with one or more of the following characteristics: (a) the total

Cedar Shopping Centers, Inc.
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equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about an entity's activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests and substantially all of the entity's activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. FIN 46R requires a VIE to be consolidated in the financial statements of the entity that is determined to be the primary beneficiary of the VIE. The primary beneficiary generally is the entity that will receive a majority of the VIE's expected losses, receive a majority of the VIE's expected residual returns, or both.

In determining whether the Company is the primary beneficiary of a VIE, it considers qualitative and quantitative factors including, but not limited to: the amount and characteristics of the Company's investment; the obligation or likelihood for the Company or other investors to provide financial support; the Company's and the other investors' ability to control or significantly influence key decisions for the VIE; and the similarity with, and significance to, the business activities of the Company and the other investors. Significant judgments related to these determinations include estimates about the current and future fair values and performance of real estate held by these VIE's and general market conditions.

The Company's three 60%-owned joint ventures for development projects in Limerick, Pottsgrove and Stroudsburg, Pennsylvania, are consolidated as they are deemed to be VIE's and the Company is the primary income or loss beneficiary in each case. Real estate with a carrying value of \$88.6 million collateralized the \$38.0 million of debt of those VIE's.

The Company has deposits on land to be purchased for development of \$1.7 million at December 31, 2008 which are VIE's. The Company has not consolidated these VIE's as it is not the primary income or loss beneficiary in each case.

The Company has a 76.3% interest in an unconsolidated joint venture which owns a single-tenant office property in Philadelphia, Pennsylvania. Although the Company exercises influence over this joint venture, it does not have operating control. The Company has determined that this joint venture is not a variable-interest entity pursuant to FIN 46R. Accordingly, the Company accounts for its investment in this joint venture under the equity method.

As used herein, the "Company" refers to Cedar Shopping Centers, Inc. and its subsidiaries on a consolidated basis, including the Operating Partnership or, where the context so requires, Cedar Shopping Centers, Inc. only.

Note 2. Summary of Significant Accounting Policies

The accompanying financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States ("GAAP"), which requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities, the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the periods covered by the financial statements. Actual results could differ from these estimates.

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
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Real Estate Investments and Discontinued Operations

Real estate investments are carried at cost less accumulated depreciation. The provision for depreciation is calculated using the straight-line method based upon the following estimated useful lives of the respective assets:

Buildings and improvements	40 years
Tenant improvements	Over the lives of the respective leases

Depreciation expense amounted to \$45,683,000, \$38,783,000 and \$31,863,000 for 2008, 2007 and 2006, respectively. Expenditures for betterments that substantially extend the useful lives of the properties are capitalized. Expenditures for maintenance, repairs, and betterments that do not materially prolong the normal useful life of an asset are charged to operations as incurred, and amounted to \$7,409,000, \$6,583,000 and \$4,365,000 for 2008, 2007 and 2006, respectively.

Upon the sale or other disposition of assets, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected as discontinued operations. In addition, prior periods' financial statements would be reclassified to eliminate the operations of sold properties. Real estate investments include costs of development and redevelopment activities, and construction in progress. Capitalized costs, including interest and other carrying costs during the construction and/or renovation periods, are included in the cost of the related asset and charged to operations through depreciation over the asset's estimated useful life. Interest and financing costs capitalized amounted to \$6,691,000, \$4,142,000 and \$3,676,000 for 2008, 2007 and 2006, respectively.

The Company's capitalization policy on its development and redevelopment properties is guided by Statement of Financial Accounting Standards ("SFAS") No. 34, "Capitalization of Interest Cost" and SFAS No. 67, "Accounting for Costs and Initial Rental Operations of Real Estate Projects". A variety of costs are incurred in the acquisition, development and leasing of a property, such as pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs, and other costs incurred during the period of development. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. The Company ceases capitalization on the portions substantially completed and occupied, or held available for occupancy, and capitalizes only those costs associated with the portions under construction. The Company considers a construction project to be substantially completed and held available for occupancy upon the completion of tenant improvements, but not later than one year from cessation of major construction activity.

SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", requires that management review each real estate investment for impairment whenever events or circumstances indicate that the carrying value of a real estate investment may not be recoverable. The review of recoverability is based on an estimate of the future cash flows that are expected to result from the real estate investment's use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If an impairment event exists due to the projected inability to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds

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estimated fair value. No impairment provisions were recorded by the Company during the three years ended December 31, 2008. Real estate investments held for sale are carried at the lower of their respective carrying amounts or estimated fair values, less costs to sell. Depreciation and amortization are suspended during the periods held for sale.

In May 2007, the Company decided to dispose of Stadium Plaza, located in East Lansing, Michigan. The property, with 78,000 sq. ft. of GLA, was being marketed and, in accordance with SFAS No. 144, the carrying value of the property's assets (principally the net book value of the real estate) was classified as "held for sale" on the Company's consolidated balance sheets. In May 2008, the Company reconsidered its decision to sell the property and, as a result, the property has been reclassified as "held and used". The reclassified amounts have been adjusted for depreciation and amortization expense (approximately \$360,000) that would have been recognized had the property been continuously classified as "held and used".

During the fourth quarter of 2008, the Company determined not to proceed with the development of a land parcel in Ephrata, Pennsylvania, and the land has been reclassified to "land and related costs held for sale" in all periods presented.

FIN 47, "Accounting for Conditional Asset Retirement Obligations", provides clarification of the term "conditional asset retirement obligation" as used in SFAS No. 143, "Asset Retirement Obligations", to be a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the Company. The Interpretation requires that the Company record a liability for a conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated. Environmental studies conducted at the time of acquisition with respect to all of the Company's properties did not reveal any material environmental liabilities, and the Company is unaware of any subsequent environmental matters that would have created a material liability. The Company believes that its properties are currently in material compliance with applicable environmental, as well as non-environmental, statutory and regulatory requirements. There were no conditional asset retirement obligation liabilities recorded by the Company during the three years ended December 31, 2008.

Intangible Lease Asset/Liability

SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangibles", require that management allocate the fair value of real estate acquired to land, buildings and improvements. In addition, the fair value of in-place leases is allocated to intangible lease assets and liabilities.

The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, which value is then allocated to land, buildings and improvements based on management's determination of the relative fair values of these assets. In valuing an acquired property's intangibles, factors considered by management include an estimate of carrying costs during the expected lease-up periods, such as real estate taxes, insurance, other operating expenses, and estimates of lost rental revenue during the expected lease-up periods based on its evaluation of current market demand. Management also estimates costs to execute similar leases, including leasing commissions, tenant improvements, legal and other related costs.

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The value of in-place leases is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates, over (ii) the estimated fair value of the property as if vacant. Above-market and below-market in-place lease values are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be received and management's estimate of market lease rates, measured over the non-cancelable terms of the respective leases. The value of other intangibles is amortized to expense, and the above-market and below-market lease values are amortized to rental income, over the remaining non-cancelable terms of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be recognized in operations at that time.

With respect to all of the Company's 2008 acquisitions, including the acquisition of the remaining interests in four properties previously owned in joint venture and consolidated for financial reporting purposes, the fair values of in-place leases and other intangibles have been allocated to the intangible asset and liability accounts. Such allocations are preliminary and are based on information and estimates available as of the respective dates of acquisition. As final information becomes available and is refined, appropriate adjustments are made to the purchase price allocations, which are finalized within twelve months of the respective dates of acquisition. Unamortized intangible lease liabilities relate primarily to below-market leases, and amounted to \$61,384,000 and \$71,157,000 at December 31, 2008 and 2007, respectively.

As a result of recording the intangible lease assets and liabilities, (i) revenues were increased by \$14,409,000, \$10,892,000 and \$10,298,000 for 2008, 2007 and 2006, respectively, relating to the amortization of intangible lease liabilities, and (ii) depreciation and amortization expense was increased correspondingly by \$18,368,000, \$14,455,000 and \$12,052,000 for the respective three-year periods.

The unamortized balance of intangible lease liabilities of \$61,384,000 at December 31, 2008 is net of accumulated amortization of \$42,735,000, and will be credited to future operations through 2043 as follows:

2009	\$ 12,285,000
2010	8,382,000
2011	6,627,000
2012	5,707,000
2013	5,199,000
Thereafter	<u>23,184,000</u>
	<u>\$ 61,384,000</u>

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks and short-term investments with original maturities of less than ninety days.

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Restricted Cash

The terms of several of the Company's mortgage loans payable require the Company to deposit certain replacement and other reserves with its lenders. Such "restricted cash" is generally available only for property-level requirements for which the reserve was established, is not available to fund other property-level or Company-level obligations, and amounted to \$14,004,000 and \$14,857,000 at December 31, 2008 and 2007, respectively. In addition, joint venture partnership agreements require, among other things, that the Company maintain separate cash accounts for the operation of the joint ventures, and that distributions to the partners be strictly controlled. Cash at consolidated joint ventures amounted to \$1,897,000 and \$2,982,000 at December 31, 2008 and 2007, respectively.

Rents and Other Receivables

Management has determined that all of the Company's leases with its various tenants are operating leases. Rental income with scheduled rent increases is recognized using the straight-line method over the respective terms of the leases. The aggregate excess of rental revenue recognized on a straight-line basis over base rents under applicable lease provisions is included in straight-line rents receivable on the consolidated balance sheet. Leases also generally contain provisions under which the tenants reimburse the Company for a portion of property operating expenses and real estate taxes incurred; such income is recognized in the periods earned. In addition, certain operating leases contain contingent rent provisions under which tenants are required to pay a percentage of their sales in excess of a specified amount as additional rent. The Company defers recognition of contingent rental income until those specified sales targets are met.

The Company must make estimates as to the collectibility of its accounts receivable related to base rent, straight-line rent, expense reimbursements and other revenues. Management analyzes accounts receivable and the allowance for bad debts by considering historical bad debts, tenant creditworthiness, current economic trends, and changes in tenants' payment patterns when evaluating the adequacy of the allowance for doubtful accounts receivable. The allowance for doubtful accounts was \$2,966,000 and \$1,372,000 at December 31, 2008 and 2007, respectively. The provision for doubtful accounts (included in operating, maintenance and management expenses) was \$1,907,000, \$862,000 and \$2,186,000 in 2008, 2007 and 2006, respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents in excess of insured amounts and tenant receivables. The Company places its cash and cash equivalents with high quality financial institutions. Management performs ongoing credit evaluations of its tenants and requires certain tenants to provide security deposits. Although these security deposits are insufficient to meet the terminal value of a tenant's lease obligations, they are a measure of good faith and a partial source to offset the economic costs associated with lost rents and other charges, and the costs associated with releasing the space.

Giant Food Stores, LLC ("Giant Foods"), which is owned by Ahold N.V., a Netherlands corporation, accounted for approximately 12%, 13% and 11% of the Company's total revenues in 2008, 2007 and 2006, respectively. Giant Foods, in combination with Stop & Shop, Inc. which is also owned by

Cedar Shopping Centers, Inc.
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Ahold N.V., accounted for approximately 15%, 15% and 14% of the Company's total revenues in 2008, 2007 and 2006, respectively.

Total revenues from properties located in Pennsylvania amounted to 47%, 54% and 55% of consolidated total revenues in 2008, 2007 and 2006, respectively.

Other Assets

Other assets at December 31, 2008 and 2007 are comprised of the following:

	December 31,	
	2008	2007
Prepaid expenses	\$4,643,000	\$4,493,000
Deposits	2,795,000	4,404,000
Other	1,965,000	691,000
	<u>\$9,403,000</u>	<u>\$9,588,000</u>

Deferred Charges, Net

Deferred charges at December 31, 2008 and 2007 are net of accumulated amortization and are comprised of the following:

	December 31,	
	2008	2007
Lease origination costs (i)	\$19,464,000	\$19,417,000
Financing costs (ii)	11,168,000	7,941,000
Other	2,495,000	2,121,000
	<u>\$33,127,000</u>	<u>\$29,479,000</u>

(i) Lease origination costs include the amortized balance of intangible lease assets resulting from purchase accounting allocations of \$13,091,000 and \$14,116,000, respectively.

(ii) Financing costs are incurred in connection with the Company's credit facilities and other long-term debt.

Deferred charges are amortized over the terms of the related agreements. Amortization expense related to deferred charges (including amortization of deferred financing costs included in non-operating income and expense) amounted to \$5,909,000, \$4,610,000 and \$4,468,000 for 2008, 2007 and 2006, respectively. The unamortized balances of deferred lease origination costs and deferred financing costs are net of accumulated amortization of \$12,527,000 and \$7,574,000, respectively, and will be charged to future operations as follows (lease origination costs through 2033, and financing costs through 2029):

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	Lease origination costs	Financing costs
Non-amortizing (i)	\$ 821,000	\$ 96,000
2009	3,084,000	4,415,000
2010	2,518,000	2,564,000
2011	2,188,000	1,711,000
2012	1,861,000	779,000
2013	1,573,000	628,000
Thereafter	7,419,000	975,000
	<u>\$ 19,464,000</u>	<u>\$ 11,168,000</u>

- (i) Represents (a) lease origination costs applicable to leases with commencement dates beginning after December 31, 2008, and (b) financing costs applicable to commitment fees/deposits relating to mortgage loans concluded after December 31, 2008.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986 (the "Code"), as amended. A REIT will generally not be subject to federal income taxation on that portion of its income that qualifies as REIT taxable income, to the extent that it distributes at least 90% of such REIT taxable income to its shareholders and complies with certain other requirements.

Derivative Financial Instruments

The Company occasionally utilizes derivative financial instruments, principally interest rate swaps, to manage its exposure to fluctuations in interest rates. The Company has established policies and procedures for risk assessment, and the approval, reporting and monitoring of derivative financial instrument activities. The Company has not entered into, and does not plan to enter into, derivative financial instruments for trading or speculative purposes. Additionally, the Company has a policy of entering into derivative contracts only with major financial institutions. As of December 31, 2008, the Company believes it has no significant risk associated with non-performance of the financial institutions which are the counterparties to its derivative contracts. Additionally, based on the rates in effect as of December 31, 2008, if a counterparty were to default, the Company would receive a net interest benefit. At December 31, 2008, the Company had \$33,685,000 of mortgage loans payable subject to interest rate swaps which converted LIBOR-based variable rates to fixed annual rates ranging from 5.4% to 7.13% per annum. At that date, the Company had accrued liabilities (included in accounts payable and accrued expenses on the consolidated balance sheet) for (i) \$4,079,000 relating to the fair value of interest rate swaps applicable to existing mortgage loans payable of \$33,685,000, and (ii) \$6,511,000 relating to an interest rate swap applicable to anticipated permanent financing of \$28.0 million for its development joint venture project in Stroudsburg, Pennsylvania, bearing an effective date of June 1, 2010, termination date of June 1, 2020 and fixed rate of 5.56%. Charges and/or credits relating to the changes in fair values of such interest rate swaps are made to accumulated other comprehensive (loss) income, minority interests in consolidated joint ventures, limited partners' interest, or operations (included in interest expense), as appropriate. Total other comprehensive income was \$11,055,000, \$21,887,000 and \$15,343,000 for 2008, 2007 and 2006, respectively. The total amount charged to operations was \$223,000, \$0 and \$0 for 2008, 2007 and 2006, respectively. Currently, all of the Company's derivative instruments are designated as effective hedging instruments.

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Earnings Per Share

In accordance with SFAS No. 128, "Earnings Per Share", basic earnings per share ("EPS") is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period (including restricted shares and shares held by Rabbi Trusts). Fully-diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into shares of common stock; such additional dilutive shares amounted to 0, 4,000 and 129,000 for 2008, 2007 and 2006, respectively.

Stock-Based Compensation

SFAS No. 123R, "Share-Based Payments" establishes financial accounting and reporting standards for stock-based employee compensation plans, including all arrangements by which employees receive shares of stock or other equity instruments of the employer, or the employer incurs liabilities to employees in amounts based on the price of the employer's stock. The statement also defines a fair value-based method of accounting for an employee stock option or similar equity instrument.

The Company's 2004 Stock Incentive Plan (the "Incentive Plan") provides for the granting of incentive stock options, stock appreciation rights, restricted shares, performance units and performance shares. As amended and approved by shareholders in June 2008, the maximum number of shares of the Company's common stock that may be issued pursuant to the Incentive Plan is 2,750,000, and the maximum number of shares that may be granted to a participant in any calendar year may not exceed 250,000. Substantially all grants issued pursuant to the Incentive Plan are "restricted stock grants" which specify vesting (i) upon the third anniversary of the date of grant for time-based grants, or (ii) upon the completion of a designated period of performance for performance-based grants. Time-based grants are valued according to the market price for the Company's common stock at the date of grant. For performance-based grants, the Company generally engages an independent appraisal company to determine the value of the shares at the date of grant, taking into account the underlying contingency risks associated with the performance criteria.

In October 2006, the Company issued 35,000 shares of common stock as performance-based grants, which were to vest if the total annual return on an investment in the Company's common stock ("TSR") over the three-year period ending December 31, 2008 is equal to, or greater than, an average of 8% per year. The independent appraisal determined the value of the performance-based shares to be \$12.07 per share, compared to a market price at the date of grant of \$16.49 per share. With respect to the awards granted in 2006, the Company did not attain an average 8% TSR for such three-year period as provided by the Incentive Plan for vesting. However, the Compensation Committee of the Company's Board of Directors took into account (1) that factors outside of the Company's control resulted in the failure to achieve the requisite return, and (2) that the Company had outperformed its peer group during such three-year period. Accordingly, the Committee believed that it was appropriate to vest some of the awards and allowed 40% of the awards, or an aggregate of 14,000 shares, to vest. The decision had no impact on the Company's results of operations.

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In February 2007, the Company issued 37,000 shares of common stock as performance-based grants, which will vest if the total annual return on an investment in the Company's common stock over the three-year period ending December 31, 2009 is equal to, or greater than, an average of 8% per year. The independent appraisal determined the value of the performance-based shares to be \$10.09 per share, compared to a market price at the date of grant of \$16.45 per share. In January 2008 and June 2008, the Company issued 53,000 shares and 7,000 shares of common stock, respectively, as performance-based grants, which will vest if the total annual return on an investment in the Company's common stock over the three-year period ending December 31, 2010 is equal to, or greater than, an average of 8% per year. The independent appraisal determined the value of the January 2008 performance-based shares to be \$6.05 per share, compared to a market price at the date of grant of \$10.07 per share; similar methodology determined the value of the June 2008 performance-based shares to be \$10.31 per share, compared to a market price at the date of grant of \$12.13 per share. The additional restricted shares issued during the respective periods were time-based grants, and amounted to 187,000 shares, 149,000 shares and 75,000 shares, respectively, for 2008, 2007 and 2006, respectively. The value of such grants is being amortized on a straight-line basis over the respective vesting periods, as adjusted for fluctuations in the market value of the Company's common stock, in accordance with the provisions of Emerging Issues Task Force (or "EITF") No. 97-14, "Accounting for Deferred Compensation Arrangements Where Amounts Earned Are Held in a Rabbi Trust and Invested". Those grants of restricted shares that are transferred to Rabbi Trusts are classified as treasury stock in the Company's consolidated balance sheet, and are accounted for pursuant to EITF No. 97-14. The following table sets forth certain stock-based compensation information for 2008, 2007 and 2006, respectively:

	Years ended December 31,		
	2008	2007	2006
Restricted share grants	247,000	186,000	110,000
Average per-share grant price	\$ 9.39	\$ 14.44	\$ 15.07
Recorded as deferred compensation, net	\$ 2,306,000	\$2,694,000	\$1,660,000
Charged to operations:			
Amortization relating to stock-based compensation	\$ 2,389,000	\$2,154,000	\$ 580,000
Adjustments to reflect changes in market price of Company's common stock	(1,290,000)	(848,000)	149,000
Total charged to operations	\$ 1,099,000	\$1,306,000	\$ 729,000
Non-vested shares:			
Non-vested, beginning of period	380,000	203,000	96,000
Grants	247,000	186,000	110,000
Vested during period	(97,000)	(9,000)	(3,000)
Forfeitures	(22,000)	—	—
Non-vested, end of period	508,000	380,000	203,000
Average value of non-vested shares (based on grant price)	\$ 12.27	\$ 14.59	\$ 14.68
Value of shares vested during the period (based on grant price)	\$ 1,365,000	\$ 120,000	\$ 40,000

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At December 31, 2008, 2,124,000 shares remained available for grants pursuant to the Incentive Plan, and \$2,774,000 remained as deferred compensation, to be amortized over various periods ending in June 2011.

During 2001, pursuant to the 1998 Stock Option Plan (the "Option Plan"), the Company granted to directors options to purchase an aggregate of approximately 13,000 shares of common stock at \$10.50 per share, the market value of the Company's common stock on the date of the grant. The options are fully exercisable and expire in 2011. In connection with the adoption of the Incentive Plan, the Company agreed that it would not grant any more options under the Option Plan.

In connection with an acquisition of a shopping center in 2002, the Operating Partnership issued warrants to purchase approximately 83,000 OP Units to a then minority interest partner in the property. Such warrants have an exercise price of \$13.50 per unit, subject to certain anti-dilution adjustments, are fully vested, and expire in 2012.

401(k) Retirement Plan

The Company has a 401(k) retirement plan (the "Plan"), which permits all eligible employees to defer a portion of their compensation under the Code. Pursuant to the provisions of the Plan, the Company may make discretionary contributions on behalf of eligible employees. The Company made contributions to the Plan of \$243,000, \$219,000 and \$162,000 in 2008, 2007 and 2006, respectively.

Supplemental consolidated statement of cash flows information

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	Years ended December 31,		
	2008	2007	2006
Supplemental disclosure of cash activities:			
Interest paid	\$ 49,006,000	\$ 41,023,000	\$ 35,336,000
Supplemental disclosure of non-cash activities:			
Additions to deferred compensation plans	2,306,000	2,694,000	1,660,000
Issuance of non-interest-bearing purchase money mortgage (a)	(13,851,000)	—	—
Assumption of mortgage loans payable	(34,631,000)	(143,346,000)	(63,807,000)
Assumption of interest rate swap liabilities	(2,288,000)	—	—
Issuance of OP Units	—	(570,000)	(6,689,000)
Conversion of OP Units into common stock	68,000	45,000	—
Purchase accounting allocations:			
Intangible lease assets	10,301,000	34,781,000	31,329,000
Intangible lease liabilities	(4,636,000)	(28,889,000)	(35,535,000)
Net valuation decreases (increases) in assumed mortgage loans payable (b)	143,000	191,000	(484,000)
Other non-cash investing and financing activities:			
Accrued interest rate swap liabilities	(8,206,000)	(286,000)	27,000
Accrued real estate improvement costs	8,407,000	1,806,000	(2,359,000)
Accrued construction escrows	(479,000)	1,024,000	—
Accrued financing costs and other	(26,000)	—	—
Capitalization of deferred financing costs	988,000	393,000	—
Deconsolidation of Red Lion joint venture:			
Real estate, net			\$ 18,365,000
Mortgage loans payable			(16,310,000)
Other assets/liabilities, net			1,721,000
Minority interest			(2,411,000)
Investment in and advances to unconsolidated joint venture, as of January 1, 2006			<u>\$ 1,365,000</u>

- (a) A \$14,575,000 non-interest-bearing mortgage was issued in connection with a purchase of land, and was valued at a net amount of \$13,851,000. This reflected a valuation decrease of \$724,000 to a market rate of 9.25% per annum
- (b) The net valuation decreases (increases) in assumed mortgage loans payable result from adjusting the contract rates of interest (ranging from 6.2% per annum in 2008, 4.9% to 6.2% per annum in 2007 and 5.4% to 7.3% per annum in 2006) to market rates of interest (ranging from 6.6% per annum in 2008, 5.5% to 6.5% per annum in 2007 and 5.4% to 6.0% per annum in 2006).

Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements", which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. SFAS 157 was effective for financial assets and liabilities on January 1, 2008. In February 2008, the FASB issued FASB Staff Position ("FSP") No. 157-2, "Effective Date of FASB Statement No. 157", which delayed the effective date of SFAS No. 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, at least annually. FSP 157-2 partially defers the effective date of SFAS No. 157 to

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fiscal years beginning after November 15, 2008. The Company does not expect the adoption of FSP 157-2 to have a material effect on the consolidated financial statements. These standards did not materially affect how the Company determines fair value, but resulted in certain additional disclosures. SFAS 157 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels:

- Level 1 — Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as consider counterparty credit risk in the assessment of fair value. Financial assets and liabilities measured at fair value in the consolidated financial statements consist of interest rate swaps. The fair values of interest rate swaps are determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. The analysis reflects the contractual terms of the swaps, including the period to maturity, and uses observable market-based inputs, including interest rate curves ("significant other observable inputs"). The fair value calculation also includes an amount for risk of non-performance using "significant unobservable inputs" such as estimates of current credit spreads to evaluate the likelihood of default. The Company has concluded as of December 31, 2008 that the fair value associated to "significant unobservable inputs" for risk of non-performance was insignificant to the overall fair value of the interest rate swap agreements and, as a result, have determined that the relevant inputs for purposes of calculating the fair value of the interest rate swap agreements, in their entirety, were based upon "significant other observable inputs" pursuant to SFAS 157. These methods of assessing fair value result in a general approximation of value, and such value may never be realized.

The carrying amounts of cash and cash equivalents, restricted cash, rents and other receivables, other assets, accounts payable and accrued expenses approximate fair value. The valuation of the liability for the Company's interest rate swaps (\$10,590,000 at December 31, 2008), was determined to be a Level 2 within the valuation hierarchy established by SFAS 157, and was based on independent values provided by financial institutions.

The fair value of the Company's fixed rate mortgage loans was estimated using "significant other observable inputs" such as available market information and discounted cash flows analyses based on borrowing rates we believe we could obtain with similar terms and maturities. As of December 31, 2008 and 2007, the aggregate fair values of the Company's fixed rate mortgage loans were approximately \$606,753,000 and \$624,030,000, respectively; the carrying values of such loans were \$655,681,000 and \$656,320,000, respectively, at those dates.

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Recently-Issued Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities", which provides companies with an option to report selected financial assets and liabilities at fair value. SFAS No. 159, which became effective for fiscal years beginning after November 15, 2007, also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The statement does not eliminate the disclosure requirements of other accounting standards, including requirements for disclosures about fair value measurements in SFAS No. 107, "Disclosures about Fair Value of Financial Instruments", and SFAS No. 157. As prescribed by SFAS No. 159, the Company chose not to elect the fair value option.

In December 2007, the FASB issued SFAS No. 141(R), "Business Combinations — a replacement of FASB Statement No. 141", which applies to all transactions or events in which an entity obtains control of one or more businesses. SFAS 141(R) (i) establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, (ii) requires expensing of most transaction costs, and (iii) requires the acquiror to disclose to investors and other users all of the information needed to evaluate and understand the nature and financial effect of the business combination. SFAS 141(R) is effective for fiscal years beginning after December 15, 2008 and early adoption is not permitted. The principal impact of the adoption of SFAS No. 141R on the Company's financial statements will be that the Company will expense most transaction costs relating to its acquisition activities. The amount of transaction costs deferred at December 31, 2008 that the Company will expense in the quarter ending March 31, 2009 was approximately \$0.2 million.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51". SFAS 160 clarifies that a noncontrolling interest in a subsidiary (minority interests or limited partners' interest, in the case of the Company) is an ownership interest in a consolidated entity which should be reported as equity in the parent company's consolidated financial statements. SFAS 160 requires a reconciliation of the beginning and ending balances of equity attributable to noncontrolling interests and disclosure, on the face of the consolidated income statement, of those amounts of consolidated net income attributable to the noncontrolling interests, eliminating the past practice of reporting these amounts as an adjustment in arriving at consolidated net income. SFAS 160 requires a parent company to recognize a gain or loss in net income when a subsidiary is deconsolidated and requires the parent company to attribute to noncontrolling interests their share of losses even if such attribution results in a deficit balance applicable to the noncontrolling interests within the parent company's equity accounts. SFAS 160 is effective for fiscal years beginning after December 15, 2008, requires retroactive application of the presentation and disclosure requirements for all periods presented, and early adoption is not permitted.

Upon adoption of SFAS 160, the Company will reclassify the balances related to minority interests in consolidated joint ventures and limited partners' interest in the Operating Partnership into the consolidated equity accounts. At December 31, 2008, the carrying amounts of minority interest in consolidated joint ventures and limited partners' interest in the Operating Partnership were \$58.2 million and \$23.5 million, respectively. Additionally, beginning in 2009, the Company will no longer record a charge related to cash distributions to minority interests in excess of the carrying amount of such minority

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interests. The Company will also attribute losses to noncontrolling interests even if such attribution results in a deficit noncontrolling interest balance within the equity accounts. During the year ended December 31, 2008, in accordance with GAAP, the Company did not allocate \$2.1 million in other comprehensive losses to minority interests in consolidated joint ventures, as such would have created a deficit balance.

In December 2008, the FASB issued FSP 140-4 and FIN 46(R)-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities". FSP 140-4 and FIN 46(R)-8 amends SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities", to require public companies to provide additional disclosures about transfers of financial assets. It also amends FIN 46(R) to require public enterprises, including sponsors that have a variable interest in a VIE, to provide additional disclosures about their involvement with VIE's. FSP 140-4 and FIN 46(R)-8 are effective for the Company for the year ended December 31, 2008 and affect disclosures only. The adoption of this standard has no impact on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133". SFAS 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Among other requirements, entities are required to provide enhanced disclosures about: (1) how and why an entity uses derivative instruments; (2) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations; and (3) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. SFAS 161 is effective for the Company on January 1, 2009. Other than the enhanced disclosure requirements, the adoption of SFAS 161 is not expected to have a material effect on the Company's consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles", the objective of which is to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with GAAP for nongovernment entities. Prior to the issuance of SFAS 162, GAAP hierarchy was defined in the American Institute of Certified Public Accountants ("AICPA") Statement on Auditing Standards ("SAS") 69, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles". SAS 69 has been criticized because it is not directed to the entity, but directed to the entity's independent public accountants. SFAS 162 addresses these issues by establishing that the GAAP hierarchy be directed to entities because it is the entity (not its independent public accountants) that is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. SFAS 162 was effective 60 days following the Securities and Exchange Commission's approval on September 16, 2008, of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles". The adoption of SFAS 162 did not have an impact on the Company's consolidated financial statements.

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Note 3. Common and Preferred Stock

The Company's 8-7/8% Series A Cumulative Redeemable Preferred Stock has no stated maturity, is not convertible into any other security of the Company, and is redeemable at the Company's option on or after July 28, 2009 at a price of \$25.00 per share, plus accrued and unpaid distributions. The Company sold in April 2005 2,990,000 shares of its common stock (including 390,000 shares representing the exercise by the underwriters of their over-allotment option) at a price of \$13.80 per share, and realized net proceeds, after underwriting fees and offering costs, of \$40.3 million. Substantially all of the net proceeds from these offerings were used initially to repay amounts outstanding under the Company's stabilized property credit facility.

In June 2006, 3,250,000 common shares remaining under the agreement entered into in connection with an August 2005 public offering were settled at approximately \$13.60 per share, as adjusted pursuant to the terms of the agreement, and the Company received net proceeds of approximately \$44.2 million, substantially all of which were used initially to repay amounts outstanding under the Company's stabilized property credit facility.

In December 2006, the Company sold 7,500,000 shares of its common stock at a price of \$16.00 per share, and realized net proceeds, after underwriting fees and offering costs, of approximately \$113.8 million, substantially all of which were used initially to repay amounts outstanding under the Company's stabilized property credit facility (in January 2007, the underwriters exercised their over-allotment option to the extent of 275,000 shares, and the Company realized additional net proceeds of \$4.1 million).

Pursuant to a registration statement filed in June 2005 and prospectus supplements thereto (applicable to a total of 7,000,000 shares), the Company was authorized to sell shares of its common stock through registered deferred offering programs. Pursuant to these programs, the Company sold 3,295,000 shares of its common stock during 2006, at an average price of \$15.64 per share, resulting in net proceeds to the Company, after issuance expenses, of approximately \$49.9 million. The Company has not authorized any sales under these programs during 2008 or 2007 and has discontinued such programs.

On September 12, 2007, stockholders approved amendments to the Company's Articles of Incorporation increasing the number of authorized shares of common stock to 150,000,000 and the number of authorized shares of preferred stock to 12,500,000.

Note 4. Real Estate

Real estate at December 31, 2008 and 2007 is comprised of the following:

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	<u>Years ended December 31,</u>	
	<u>2008</u>	<u>2007 (a)</u>
Cost		
Balance, beginning of year	\$ 1,595,897,000	\$ 1,240,332,000
Properties acquired	109,631,000	321,915,000
Improvements and betterments	78,757,000	33,650,000
Write off of fully-depreciated assets	(2,307,000)	—
Balance, end of year	<u>\$ 1,781,978,000</u>	<u>\$ 1,595,897,000</u>
Accumulated depreciation		
Balance, beginning of year	\$ 103,621,000	\$ 64,838,000
Depreciation expense	45,683,000	38,783,000
Write off of fully-depreciated assets	(2,307,000)	—
Balance, end of year	<u>\$ 146,997,000</u>	<u>\$ 103,621,000</u>
Net book value	<u>\$ 1,634,981,000</u>	<u>\$ 1,492,276,000</u>

(a) Restated to reflect the reclassification of a property acquired in 2006 to “land and related costs held for sale”.

Real estate net book value at December 31, 2008 and 2007 included projects under development and land held for expansion and/or future development of \$165,313,000 and \$48,258,000, respectively.

During 2008, the Company acquired four shopping and convenience centers (including the remaining portion of a shopping center in addition to the supermarket anchor store it had acquired in 2005), purchased the joint venture minority interests in four properties, and acquired approximately 182 acres of land for development, expansion and/or future development.

In April 2008, Value City, the only tenant at the Value City Shopping center, vacated its premises at the end of the lease term. In keeping with the Company’s redevelopment plans for the property, the vacant building was subsequently razed and the Company took a one-time depreciation charge of \$1.9 million. The property has been reclassified as “land for projects under development, expansion and/or future development”, and is no longer included as one of the Company’s operating properties. During the fourth quarter of 2008, the Company wrote off, principally in general and administrative expenses, approximately \$1.1 million (\$0.02 per share) of costs related to terminated transactions or developments, principally a land parcel held for development in Ephrata, Pennsylvania (\$450,000) and the cancelation of a proposed second joint venture with Homburg Invest Inc. (\$203,000). Upon the determination not to proceed with its development, the Ephrata land parcel has been reclassified to land and related costs held for sale in all periods presented. The 2008 property acquisitions are summarized as follows:

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Property	Number of properties	GLA	Acquisition cost
Operating properties (i)	4	268,000	\$ 54,509,000
Land for projects under development, expansion and/or future development	6	181.7 acres	55,122,000
Total			\$ 109,631,000

During 2007, the Company acquired 20 operating properties and approximately 18 acres of land for expansion and development. The 2007 property acquisitions are summarized as follows:

Property	Number of properties	GLA	Acquisition cost
WP Realty properties	6	866,000	\$ 125,754,000
Caldwell properties	5	354,000	92,926,000
Carl's Corner/Timpany Plaza	2	314,000	37,953,000
Price Chopper	1	102,000	21,941,000
	14	1,636,000	278,574,000
Other operating properties (i)	6	309,000	40,066,000
Total operating properties	20	1,945,000	318,640,000
Land for projects under development, expansion and/or future development	4	17.87 acres	3,275,000
Total			\$ 321,915,000

(i) The four and six operating properties acquired in 2008 and 2007, respectively, acquired individually and not as part of a portfolio, had acquisition costs of less than \$20.0 million each.

Joint Venture Activities

2008 Transactions

On January 3, 2008, the Company entered into a joint venture agreement for the redevelopment of its existing 351,000 sq. ft. shopping center in Bloomsburg, Pennsylvania, including adjacent land parcels comprising an additional 46 acres. The required equity contribution from the Company's joint venture partner was \$4.0 million for a 25% interest in the property. The Company used the funds to reduce the outstanding balance on its stabilized property credit facility.

On March 7, 2008, a 60%-owned development joint venture of the Company acquired approximately 108 acres of land in Pottsgrove, Pennsylvania, for a shopping center development project. The \$28.4 million purchase price, including closing costs, was funded by the issuance of a non-interest-bearing purchase money mortgage of \$14.6 million, which was repaid when property-specific construction financing was concluded in September 2008. The balance of the purchase price was funded by the Company's capital contribution to the joint venture which was funded from its stabilized property

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credit facility. As of December 31, 2008, the Company's equity capital requirement of \$28.7 million had been met, funded from its stabilized property credit facility. The remaining costs of development and construction of this project are being funded by the development property credit facility.

On March 18, 2008, the Company acquired the remaining 70% interests in Fairview Plaza, Halifax Plaza and Newport Plaza, and the remaining 75% interest in Loyal Plaza, previously owned in joint venture with the same partner, and consolidated for financial reporting purposes, for a purchase price of approximately \$17.5 million, which was funded from its stabilized property credit facility. The total outstanding mortgage loans payable on the properties were approximately \$27.3 million at the time. The excess of the purchase price and closing costs over the carrying value of the minority interest partner's accounts (approximately \$8.4 million) was allocated to the Company's real estate asset accounts.

On April 23, 2008 the Company entered into a joint venture for the construction and development of an estimated 137,000 sq. ft shopping center in Hamilton Township (Stroudsburg), Pennsylvania. Total project costs, including purchase of land parcels, are estimated at \$37 million. The Company is committed to paying a development fee of \$500,000 to the joint venture partner, providing up to \$9.5 million of equity capital, with a preferred rate of return of 9.25% per annum on its investment, and has a 60% profits interest in the joint venture. The required equity contribution from the Company's joint venture partner was \$400,000. As of December 31, 2008, the Company's joint venture equity requirement had been funded from its stabilized property credit facility. Prior to the formation of the venture, the partner had previously acquired the land parcels at a cost of approximately \$15.4 million, incurring mortgage indebtedness of approximately \$10.8 million (including purchase money mortgages payable to the seller of \$3.9 million). In addition, the partner had entered into an interest rate swap agreement with respect to its existing construction/development loan facility, as well as a future swap agreement applicable to anticipated permanent financing of \$28.0 million. The joint venture is deemed to be a variable interest entity with the Company as the primary income or loss beneficiary; accordingly, the Company has consolidated the property. The minority interest partners in the Pottsgrove and Stroudsburg joint ventures are principally the same individuals.

On September 12, 2008, the Company entered into a joint venture for the construction and development of an estimated 66,000 sq. ft. shopping center in Limerick, Pennsylvania. Total project costs, including purchase of land parcels, are estimated at \$14.5 million. The Company is committed to paying a development fee of \$333,000 to the joint venture partner, providing up to \$4.1 million of equity capital, with a preferred rate of return of 9.5% per annum on its investment, and has a 60% profits interest in the joint venture. The required equity contribution from the Company's joint venture partner is \$217,000. Financing for the balance of the project costs is expected to be funded from the Company's development property credit facility. The joint venture purchased the land parcels on October 27, 2008 and, in addition, reimbursed the seller for certain construction-in-progress costs incurred to date, for a total acquisition cost of approximately \$8.4 million. At the time of the closing, the project was not yet approved under the Company's development property credit facility, and the Company agreed to fund the excess over its capital requirement as an interim loan to the joint venture, funded through the Company's stabilized property credit facility. The joint venture is deemed to be a variable interest entity with the Company as the primary income or loss beneficiary; accordingly, the Company will consolidate the property.

In February 2008, the Company and Homburg Invest Inc., a publicly-traded Canadian corporation listed on the Toronto and Euronext Amsterdam Stock Exchanges ("Homburg"), entered into an agreement

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in principle to form a group of joint ventures into which the Company would contribute 32 of its properties (mostly drug store-anchored convenience centers and including all 27 of the Company's Ohio properties). Richard Homburg, a director of the Company, is Chairman and CEO of Homburg. On November 3, 2008, the Company announced that it had been advised by Homburg that Homburg would not proceed with a proposed joint venture for 32 properties, as previously contemplated and disclosed by the Company and the Company expensed all costs it had incurred of approximately \$203,000. While Homburg had substantially completed physical, financial and legal due diligence with respect to the properties, it cited the unprecedented current events that have taken place in the U.S. capital markets and the virtual collapse of the world capital markets as the basis for its decision. Homburg noted that it and its affiliates rely on Canadian, U.S. and European capital and retail markets for equity as well as short-term and long-term funding sources.

2007 Transactions

Effective April 5, 2007, the Company entered into a joint venture agreement for the construction and development of an estimated 700,000 sq. ft. shopping center in Pottsgrove, Pennsylvania, approximately 40 miles northwest of Philadelphia. Total project costs, including purchase of the land parcels, are estimated at \$105 million. The Company is committed to paying a development fee of \$2.0 million and providing up to \$17.5 million of equity capital for a 60% interest in the joint venture, with a preferred rate of return of 9.25% per annum on such amounts. The required equity contribution from the Company's joint venture partner was \$1.0 million.

On December 6, 2007, the Company completed the formation of a joint venture with a wholly-owned U.S. subsidiary of Homburg, pursuant to an April 2, 2007 agreement, with respect to four shopping centers owned and managed by the Company at the time the agreement was entered into and five shopping centers acquired by the Company on April 4, 2007 (the "Caldwell" properties); the aggregate valuation for the nine properties was approximately \$170 million. In connection with the joint venture transaction, the independent members of the Company's Board of Directors obtained appraisals in support of the transfer values of the then-owned properties. The Company holds a 20% interest in, and is the sole general partner of, the joint venture and Homburg, through such subsidiary, acquired the remaining 80% interest. In connection with the transaction, the Company received \$53.2 million, including closing costs and preliminary adjustments, which was used to reduce the outstanding balance on its stabilized property credit facility. Homburg was paid certain fees with respect to funding its interest in the joint venture of \$479,000. The Company is entitled to a "promote" structure, applicable separately to each property, which, if certain targets are met, will permit the Company to receive between 40% and 50% of the returns in excess of a leveraged 9.25% threshold. Additionally, the Company will receive fees for ongoing property management, leasing, construction management, acquisitions, dispositions, financings and refinancings. The joint venture transaction does not qualify as a sale for financial reporting purposes; accordingly, the Company continues to consolidate the properties.

Pro Forma Financial Information (unaudited)

During the period January 1, 2007 through December 31, 2008, the Company acquired 24 shopping and convenience centers aggregating approximately 2.2 million sq. ft. of GLA, purchased the joint venture minority interests in four properties, and acquired approximately 200 acres of land for development, expansion and/or future development, for a total cost of approximately \$116.5 million. In

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addition, the Company placed into service two ground-up developments having an aggregate cost of approximately \$6.3 million. The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for 2008 and 2007, respectively, as if all of these property acquisitions were completed as of January 1, 2007. This unaudited pro forma information does not purport to represent what the actual results of operations of the Company would have been had all the above occurred as of January 1, 2007, nor does it purport to predict the results of operations for future periods.

	<u>Years ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Revenues	\$176,920,000	\$179,219,000
Net income applicable to common shareholders	\$ 10,438,000	\$ 13,915,000
Per common share	\$ 0.23	\$ 0.31
Weighted average number of common shares outstanding	44,475,000	44,193,000

At December 31, 2008, a substantial portion of the Company's real estate was pledged as collateral for mortgage loans payable and the revolving credit facilities, as follows:

<u>Description</u>	<u>Net book value</u>
Collateral for mortgage loans payable	\$ 1,064,154,000
Collateral for revolving credit facilities	461,966,000
Unencumbered properties	108,861,000
Total portfolio	<u>\$ 1,634,981,000</u>

Note 5. Rentals Under Operating Leases

Annual future base rents due to be received under non-cancelable operating leases in effect at December 31, 2008 are approximately as follows:

2009	\$ 120,079,000
2010	108,239,000
2011	98,315,000
2012	87,791,000
2013	79,872,000
Thereafter	476,889,000
	<u>\$ 971,185,000</u>

Total future base rents do not include expense recoveries for real estate taxes and operating costs, or percentage rents based upon tenants' sales volume. Such other rentals amounted to approximately \$34,730,000, \$31,412,000 and \$24,644,000 for 2008, 2007 and 2006, respectively. In addition, such amounts do not include amortization of intangible lease liabilities.

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Note 6. Mortgage Loans Payable and Secured Revolving Credit Facilities

Secured debt is comprised of the following at December 31, 2008 and 2007:

Description	At December 31, 2008			At December 31, 2007		
	Balance outstanding	Weighted average	Range	Balance outstanding	Weighted average	Range
Fixed-rate mortgages	\$ 655,681,000	5.8%	4.8% - 8.5%	\$656,320,000	5.7%	4.8% - 7.6%
Variable-rate mortgages	53,302,000	4.4%	2.5% - 5.9%	4,754,000	7.7%	7.7%
Total property-specific mortgages	708,983,000	5.7%		661,074,000	5.7%	
Stabilized property credit facility	250,190,000	2.7%		190,440,000	6.2%	
Development property credit facility	54,300,000	3.4%		—	—	
	<u>\$1,013,473,000</u>	<u>4.8%</u>		<u>\$851,514,000</u>	<u>5.8%</u>	

Mortgage loans payable

Mortgage loan activity for 2008 and 2007 is summarized as follows:

	2008	2007
Balance, beginning of year	\$ 661,074,000	\$ 499,603,000
New mortgage borrowings	106,738,000	34,493,000
Acquisition debt assumed (i)	34,488,000	143,155,000
Repayments	(93,317,000)	(16,177,000)
Balance, end of year	<u>\$ 708,983,000</u>	<u>\$ 661,074,000</u>

(i) Includes a net of \$(143,000) and \$(191,000), respectively, of purchase accounting allocations.

During 2008, the Company (i) borrowed an aggregate of \$56,351,000 of new fixed-rate mortgage loans, bearing interest at rates ranging from 5.4% to 9.25% per annum, with an average of 6.8% per annum (these amounts include a \$14,575,000 non-interest-bearing purchase money mortgage issued in connection with the purchase of land, and recorded as \$13,851,000 reflecting an imputed interest rate of 9.25% per annum), and (ii) borrowed \$50,387,000 in variable-rate mortgage loans bearing interest at LIBOR plus spreads of 225 bps and 275 bps (the latter with a floor of 5.9%). In addition, the Company assumed \$31,573,000 of fixed-rate mortgage loans payable in connection with acquisitions, bearing interest at rates ranging from 5.0% to 8.5% per annum, with an average of 7.0% per annum. These principal amounts and rates of interest represent the fair values at the respective dates of acquisition. The stated contract amounts were \$31,716,000 at the respective dates of acquisition, bearing interest at rates ranging from 5.0% to 8.5% per annum, with an average of 6.9% per annum. The Company also assumed \$2,915,000 in variable-rate mortgage loans bearing interest at LIBOR plus a spread of 190 bps.

The Company has a \$77.7 million construction facility with Manufacturers and Traders Trust Company (as agent) and several other banks, pursuant to which the Company has guaranteed and pledged its joint venture development project in Pottsgrove, Pennsylvania as collateral for borrowings to be made thereunder. This facility will expire in September 2011. Borrowings outstanding under the facility

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aggregated \$29.2 million at December 31, 2008, and such borrowings bore interest at a rate of 3.5% per annum. Borrowings under the facility bear interest at the Company's option at either LIBOR plus a spread of 225 bps, or the agent bank's prime rate. As of December 31, 2008, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the construction facility.

During 2007, the Company (i) borrowed an aggregate of \$34,493,000 of new fixed-rate mortgage loans, bearing interest at rates ranging from 5.5% to 6.2% per annum, with an average of 5.9% per annum, and (ii) assumed \$143,155,000 of fixed-rate mortgage loans payable in connection with acquisitions, bearing interest at rates ranging from 5.5% to 6.5% per annum, with an average of 6.0% per annum. These principal amounts and rates of interest represent the fair values at the respective dates of acquisition. The stated contract amounts were \$143,346,000 at the respective dates of acquisition, bearing interest at rates ranging from 4.9% to 6.2% per annum, with an average of 5.9% per annum.

Scheduled principal payments on mortgage loans payable at December 31, 2008, due on various dates from 2009 to 2029, are as follows:

2009	\$ 17,517,000
2010	18,758,000
2011	115,353,000
2012	40,053,000
2013	64,634,000
Thereafter	452,668,000
	<u>\$ 708,983,000</u>

Stabilized Property Credit Facility

The Company has a \$300 million stabilized property revolving credit facility with Bank of America, N.A. (as agent) and several other banks, pursuant to which the Company has pledged certain of its shopping center properties as collateral for borrowings thereunder. The facility, as amended, is expandable to \$400 million, subject to certain conditions, including acceptable collateral. Originally scheduled to mature in January 2009, the facility has been extended to January 30, 2010 in connection with which the Company paid a fee of approximately \$0.5 million. Borrowings outstanding under the facility aggregated \$250.2 million at December 31, 2008, and such borrowings bore interest at an average rate of 2.7% per annum. Borrowings under the facility bear interest at the Company's option at either LIBOR or the agent bank's prime rate, plus a bps spread depending upon the Company's leverage ratio, as defined, measured quarterly. The LIBOR spread ranges from 110 to 145 bps (the spread as of December 31, 2008 was 125 bps, which will remain in effect through March 31, 2009). The prime rate spread ranges from 0 to 50 bps (the spread as of December 31, 2008 was 0 bps, which will remain in effect through March 31, 2009). The facility also requires an unused portion fee of 15 bps.

The stabilized property credit facility has been used to fund acquisitions, certain development and redevelopment activities, capital expenditures, mortgage repayments, dividend distributions, working capital and other general corporate purposes. The facility is subject to customary financial covenants,

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Notes to Consolidated Financial Statements
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including limits on leverage and distributions (limited to 95% of funds from operations, as defined), and other financial statement ratios. Based on covenant measurements and collateral in place as of December 31, 2008, the Company was permitted to draw up to approximately \$287.7 million, of which approximately \$37.5 million remained available as of that date. As of December 31, 2008, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the stabilized property credit facility.

Development Property Credit Facility

In June 2008, the Company closed on a \$150 million development property revolving credit facility with KeyBank, National Association (as agent) and several other banks, pursuant to which the Company has pledged certain of its development projects and redevelopment properties as collateral for borrowings thereunder. The facility, as amended, is expandable to \$250 million, subject to certain conditions, including acceptable collateral, and will expire in June 2011, subject to a one-year extension option. Borrowings under the facility bear interest at the Company's option at either LIBOR or the agent bank's prime rate, plus a spread of 225 bps or 75 bps, respectively. Advances under the facility are calculated at the least of 70% of aggregate project costs, 70% of "as stabilized" appraised values, or costs incurred in excess of a 30% equity requirement on the part of the Company. The facility also requires an unused portion fee of 15 bps. This facility has been and is expected to be further used to fund in part the Company's and certain joint ventures' development activities in 2008 and subsequent years. In order to draw funds under this construction facility, the Company must meet certain pre-leasing and other conditions. Borrowings outstanding under the facility aggregated \$54.3 million at December 31, 2008, and such borrowings bore interest at a rate of 3.4% per annum. Based on covenant measurements and collateral in place as of December 31, 2008, the Company was permitted to draw an additional \$61.8 million, which will become available as approved project costs are incurred. As of December 31, 2008, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the development property credit facility.

Note 7. Commitments and Contingencies

Certain of the purchase agreements relating to properties acquired by the Company have "earn out" provisions, which provide for a contingent payment to the seller in the event that vacant space, as of the closing date, is leased within an agreed-upon period of time. As of December 31, 2008, the total amount of such contingent payments is not expected to exceed approximately \$2.9 million.

The Company is a party to certain legal actions arising in the normal course of business. Management does not expect there to be adverse consequences from these actions that would be material to the Company's consolidated financial statements.

Under various federal, state, and local laws, ordinances, and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances, or petroleum product releases, at its properties. The owner may be liable to governmental entities or to third parties for property damage, and for investigation and cleanup costs incurred by such parties in connection with any contamination. Management is unaware of any environmental matters that would have a material impact on the Company's consolidated financial statements.

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The Company plans to spend between \$85 million and \$112 million during 2009 in connection with development and redevelopment activities in process as of December 31, 2008.

The Company's principal office is located in an aggregate of 8,600 square feet at 44 South Bayles Avenue, Port Washington, NY, which it occupies under two leases from a partnership owned 29% by the Company's Chairman. Future minimum rents payable under the terms of the leases, as amended, amount to \$271,000, \$75,000, \$36,000 and \$9,000 during the years 2009 through 2012, respectively. In addition, several of the Company's properties and portions of several others are owned subject to ground leases which provide for annual payments subject, in certain cases, to cost-of-living or fair market value adjustments, through 2103, as follows: 2009 — \$664,000, 2010 — \$666,000, 2011 - \$668,000, 2012 — \$659,000, 2013 — \$659,000, and thereafter — \$19,404,000.

Note 8. Selected Quarterly Financial Data (unaudited)

Year	Quarter ended			
	March 31	June 30	September 30	December 31
2008				
Revenues	\$43,635,000	\$42,915,000	\$43,322,000	\$44,608,000
Net income applicable to common shareholders	3,112,000	1,224,000	3,277,000	2,885,000
Per common share (i)	\$ 0.07	\$ 0.03	\$ 0.07	\$ 0.06
2007				
Revenues	\$36,191,000	\$36,950,000	\$37,845,000	\$43,462,000
Net income applicable to common shareholders	3,655,000	2,921,000	3,925,000	3,591,000
Per common share	\$ 0.08	\$ 0.07	\$ 0.09	\$ 0.08

(i) Differences between the sum of the four quarterly per share amounts and the annual per share amount are attributable to the effect of the weighted average outstanding share calculations for the respective periods.

Note 9. Subsequent Events

On January 28, 2009, the Company's Board of Directors declared a dividend of \$0.1125 per share with respect to its common stock as well as an equal distribution per unit on its outstanding OP Units. At the same time, the Board declared a dividend of \$0.554688 per share with respect to the Company's 8-7/8% Series A Cumulative Redeemable Preferred Stock. The distributions were paid on February 20, 2009 to shareholders of record on February 10, 2009. The decision to reduce the dividend by one-half to an annual rate of \$0.45 per share, an annual saving of approximately \$21 million, was in response to the current state of the economy, the difficult retail environment and the constrained capital markets.

On January 30, 2009, a newly-formed 40% Company-owned joint venture acquired the New London Mall in New London, Connecticut, an approximate 259,000 sq. ft. shopping center, for a purchase price of approximately \$40.7 million, excluding closing and debt assumption costs and adjustments. The purchase price includes the assumption of an existing \$27.4 million first mortgage bearing interest at 4.9% per annum and maturing in 2015. The total joint venture partnership contribution was \$14.0 million, of which the Company's 40% share (\$5.6 million) was funded from its stabilized property credit facility. The Company will be the sole managing partner of the venture and will receive certain acquisition, property management, construction management and leasing fees. In addition, the Company will be entitled to a "promote" fee structure, pursuant to which its profits participation would be increased.

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to 44% if the venture reaches certain income targets. The Company's joint venture partners are affiliates of Prime Commercial Properties PLC ("PCP"), a London-based real estate/development company. The Company will consolidate the joint venture as the Company is the sole general partner and will exercise substantial operating control over the joint venture.

On February 10, 2009, a second newly-formed (also with affiliates of PCP) 40% Company-owned joint venture acquired San Souci Plaza in California, Maryland, an approximate 264,000 sq. ft. shopping center, for a purchase price of approximately \$31.8 million, excluding closing and debt assumption costs and adjustments. The purchase price includes the assumption of an existing \$27.2 million first mortgage bearing interest at 6.2% per annum and maturing in 2016. The total joint venture partnership contribution was \$5.8 million, of which the Company's 40% share (\$2.32 million) was funded from its stabilized property credit facility. The Company will be the sole managing partner of the venture and will receive certain acquisition, property management, construction management and leasing fees. In addition, the Company will be entitled to a "promote" fee structure, pursuant to which its profits participation would be increased to 44% if the venture reaches certain income targets. The Company will consolidate the joint venture as the Company is the sole general partner and will exercise substantial operating control over the joint venture.

CEDAR SHOPPING CENTERS, INC.

SCHEDULE III
Real Estate and Accumulated Depreciation
Year Ended December 31, 2008

Property	State	Year acquired	Percent owned	Year built/ Year last renovated	Gross leasable area	Initial cost to the Company		Subsequent cost capitalized	Gross amount at which carried at December 31, 2008			Accumulated depreciation (4)	Amount Of encumbrance
						Land	Buildings and improvements		Land	Buildings and improvements	Total		
Wholly-Owned Stabilized Properties (1):													
Academy Plaza	PA	2001	100%	1965/1998	151,977	\$ 2,406,000	\$ 9,623,000	\$ 1,462,000	\$ 2,406,000	\$ 11,085,000	\$ 13,491,000	\$ 1,982,000	\$ 9,576,000
Annie Land Plaza	VA	2006	100%	1999	42,500	809,000	3,857,000	12,000	809,000	3,869,000	4,678,000	352,000	(2)
Camp Hill	PA	2002	100%	1958/2005	472,458	4,460,000	17,857,000	42,305,000	4,424,000	60,198,000	64,622,000	6,255,000	65,000,000
Carbondale Plaza	PA	2004	100%	1972/2005	124,565	1,586,000	7,289,000	3,730,000	1,586,000	11,019,000	12,605,000	1,506,000	(3)
Carll's Corner	NJ	2007	100%	1960's-1999/2004	129,582	3,034,000	15,293,000	58,000	3,002,000	15,383,000	18,385,000	640,000	6,023,000
Carman's Plaza	NY	2007	100%	1954/2007	194,481	8,539,000	35,040,000	(728,000)	8,473,000	34,378,000	42,851,000	1,529,000	33,322,000
Carrollton													
Discount Drug Mart Plaza	OH	2005	100%	2000	40,480	713,000	3,316,000	23,000	713,000	3,339,000	4,052,000	456,000	2,378,000
Centerville													
Discount Drug Mart Plaza	OH	2005	100%	2000	49,287	780,000	3,607,000	2,277,000	1,219,000	5,445,000	6,664,000	656,000	2,844,000
Circle Plaza	PA	2007	100%	1979/1991	92,171	561,000	2,884,000	—	561,000	2,884,000	3,445,000	114,000	(2)
Clyde Discount Drug Mart Plaza	OH	2005	100%	2002	34,592	451,000	2,326,000	1,126,000	673,000	3,230,000	3,903,000	393,000	1,973,000
Coliseum													
Marketplace	VA	2005	100%	1987/2005	98,515	2,924,000	14,416,000	3,406,000	3,586,000	17,160,000	20,746,000	2,191,000	12,478,000
Columbus													
Crossing	PA	2003	100%	2001	142,166	4,579,000	19,135,000	114,000	4,579,000	19,249,000	23,828,000	2,863,000	(2)
CVS at Bradford	PA	2005	100%	1996	10,722	291,000	1,466,000	16,000	291,000	1,482,000	1,773,000	201,000	862,000
CVS at Celina	OH	2005	100%	1998	10,195	418,000	1,967,000	—	418,000	1,967,000	2,385,000	226,000	1,528,000
CVS at Erie	PA	2005	100%	1997	10,125	399,000	1,783,000	—	399,000	1,783,000	2,182,000	195,000	1,211,000
CVS at Kinderhook	NY	2006	100%	2007	13,225	1,678,000	—	1,929,000	2,501,000	1,106,000	3,607,000	42,000	(2)
CVS at Naugatuck	CT	2008	100%	2008	13,225	—	—	2,695,000	—	2,695,000	2,695,000	6,000	
CVS at Portage													
Trail	OH	2005	100%	1996	10,722	341,000	1,603,000	—	341,000	1,603,000	1,944,000	192,000	932,000
CVS at Westfield	NY	2005	100%	2000	10,125	339,000	1,558,000	—	339,000	1,558,000	1,897,000	165,000	(2)
Dover Discount Drug Mart Plaza	OH	2005	100%	2002	38,409	563,000	2,790,000	13,000	563,000	2,803,000	3,366,000	561,000	2,158,000
East Chestnut	PA	2005	100%	1996	21,180	800,000	3,699,000	1,000	800,000	3,700,000	4,500,000	611,000	2,089,000
Elmhurst Square	VA	2006	100%	1961-1983	66,250	1,371,000	5,994,000	235,000	1,371,000	6,229,000	7,600,000	560,000	4,115,000
Enon Discount Drug Mart Plaza	OH	2007	100%	2005-2006	42,876	904,000	3,426,000	570,000	1,017,000	3,883,000	4,900,000	186,000	
Fairfield Plaza	CT	2005	100%	2001/2005	72,279	1,816,000	7,891,000	1,888,000	2,202,000	9,393,000	11,595,000	1,057,000	5,197,000
Fairview Plaza	PA	2003/2008	100%	1976/2003	69,579	2,128,000	8,483,000	234,000	2,129,000	8,716,000	10,845,000	1,214,000	5,583,000
Family Dollar at Zanesville	OH	2005	100%	2000	6,900	82,000	569,000	—	81,000	570,000	651,000	221,000	(2)
FirstMerit Bank at Akron	OH	2005	100%	1996	3,200	169,000	734,000	1,000	168,000	736,000	904,000	95,000	(2)
FirstMerit Bank at Cuyahoga Falls	OH	2006	100%	1973/2003	18,300	264,000	1,304,000	8,000	264,000	1,312,000	1,576,000	118,000	(2)
Franklin Village Plaza	MA	2004	100%	1987/2005	301,741	13,817,000	58,204,000	1,546,000	13,817,000	59,750,000	73,567,000	8,687,000	43,500,000
Gabriel Brothers Plaza	OH	2005	100%	1970's/2004	83,740	947,000	3,691,000	273,000	947,000	3,964,000	4,911,000	543,000	3,119,000
Gahanna Discount Drug Mart Plaza	OH	2006	100%	2003	48,080	1,379,000	5,385,000	1,739,000	1,738,000	6,765,000	8,503,000	618,000	5,068,000
General Booth Plaza	VA	2005	100%	1985	73,320	1,935,000	9,493,000	47,000	1,935,000	9,540,000	11,475,000	1,439,000	5,539,000
Gold Star Plaza	PA	2006	100%	1988	71,729	1,644,000	6,519,000	20,000	1,644,000	6,539,000	8,183,000	700,000	2,605,000
Golden Triangle	PA	2003	100%	1960/2005	202,943	2,320,000	9,713,000	9,610,000	2,320,000	19,323,000	21,643,000	2,848,000	21,279,000
Groton Shopping Center	CT	2007	100%	1969	117,986	3,070,000	12,320,000	27,000	3,073,000	12,344,000	15,417,000	813,000	11,711,000
Grove City													
Discount Drug Mart Plaza	OH	2007	100%	1994	40,848	874,000	3,394,000	1,453,000	1,157,000	4,564,000	5,721,000	226,000	
Halifax Plaza	PA	2003/2008	100%	2005	54,150	1,412,000	5,799,000	141,000	1,416,000	5,936,000	7,352,000	760,000	3,740,000
Hamburg Commons	PA	2004	100%	1988-1993	99,580	1,153,000	4,678,000	5,114,000	1,153,000	9,792,000	10,945,000	1,041,000	5,254,000

CEDAR SHOPPING CENTERS, INC.
SCHEDULE III
Real Estate and Accumulated Depreciation
Year Ended December 31, 2008
(continued)

Property	State	Year acquired	Percent owned	Year built/ Year last renovated	Gross leasable area	Initial cost to the Company			Subsequent cost capitalized	Gross amount at which carried at December 31, 2008			Accumulated depreciation(4)	Amount Of encumbrance
						Land	Buildings and improvements			Land	Buildings and improvements	Total		
Hannaford Plaza	MA	2006	100%	1965/2006	102,459	1,874,000	8,453,000		192,000	1,874,000	8,645,000	10,519,000	752,000	(2)
Hilliard Discount Drug Mart Plaza	OH	2007	100%	2003	40,988	1,200,000	3,977,000	1,110,000		1,307,000	4,980,000	6,287,000	232,000	
Hills & Dales Discount Drug Mart Plaza	OH	2007	100%	1992-2007	33,553	786,000	2,967,000	—		786,000	2,967,000	3,753,000	132,000	
Hudson Discount Drug Mart Plaza	OH	2005	100%	2000	32,259	770,000	3,535,000	58,000		770,000	3,593,000	4,363,000	429,000	2,511,000
Jordan Lane	CT	2005	100%	1969/1991	181,735	4,291,000	20,866,000	537,000		4,291,000	21,403,000	25,694,000	2,373,000	13,288,000
Kempsville Crossing	VA	2005	100%	1985	94,477	2,207,000	11,000,000	128,000		2,207,000	11,128,000	13,335,000	1,697,000	6,276,000
Kenley Village	MD	2005	100%	1988	51,894	726,000	3,512,000	41,000		726,000	3,553,000	4,279,000	866,000	(2)
Kings Plaza	MA	2007	100%	1970/1994	168,243	2,413,000	11,795,000	(9,000)		2,411,000	11,788,000	14,199,000	663,000	7,935,000
Kingston Plaza	NY	2006	100%	2006	18,337	2,891,000	—	2,344,000		2,891,000	2,344,000	5,235,000	127,000	(2)
LA Fitness Facility	PA	2002	100%	2003	41,000	2,462,000	—	5,176,000		2,462,000	5,176,000	7,638,000	677,000	5,907,000
Liberty Marketplace	PA	2005	100%	2003	68,200	2,665,000	12,639,000	235,000		2,695,000	12,844,000	15,539,000	1,383,000	9,624,000
Lodi Discount Drug Mart Plaza	OH	2005	100%	2003	38,576	704,000	3,393,000	67,000		704,000	3,460,000	4,164,000	524,000	2,404,000
Long Reach Village	MD	2006	100%	1973/1998	104,922	1,721,000	8,554,000	125,000		1,721,000	8,679,000	10,400,000	887,000	4,772,000
Loyal Plaza	PA	2002/2008	100%	1969/2000	293,825	4,510,000	20,631,000	1,630,000		4,511,000	22,260,000	26,771,000	3,576,000	12,827,000
Mason Discount Drug Mart Plaza	OH	2008	100%	2005/2007	52,896	1,298,000	5,022,000	1,317,000		1,560,000	6,077,000	7,637,000	272,000	
McCormick Place	OH	2005	100%	1995	46,000	847,000	4,022,000	44,000		849,000	4,064,000	4,913,000	679,000	2,653,000
McDonalds/Waffle House at Medina	OH	2005	100%	2003	6,000	737,000	132,000	—		737,000	132,000	869,000	28,000	(2)
Mechanicsburg Giant	PA	2005	100%	2003	51,500	2,709,000	12,159,000	—		2,709,000	12,159,000	14,868,000	1,138,000	9,943,000
Metro Square	MD	2008	100%	1999	71,896	3,121,000	12,341,000	—		3,121,000	12,341,000	15,462,000	104,000	9,346,000
Newport Plaza	PA	2003/2008	100%	1996	66,789	1,721,000	7,758,000	321,000		1,722,000	8,078,000	9,800,000	903,000	4,800,000
Oak Ridge	VA	2006	100%	2000	38,700	960,000	4,254,000	18,000		960,000	4,272,000	5,232,000	300,000	3,508,000
Oakhurst Plaza	PA	2006	100%	1980/2001	111,869	4,539,000	18,177,000	12,000		4,539,000	18,189,000	22,728,000	1,576,000	(2)
Oakland Commons	CT	2007	100%	1962/1995	89,850	2,504,000	15,662,000	15,000		2,504,000	15,677,000	18,181,000	903,000	(2)
Oakland Mills	MD	2005	100%	1960's/2004	58,224	1,611,000	6,292,000	21,000		1,611,000	6,313,000	7,924,000	981,000	4,996,000
Ontario Discount Drug Mart Plaza	OH	2005	100%	2002	38,623	809,000	3,643,000	21,000		809,000	3,664,000	4,473,000	472,000	2,219,000
Palmyra Shopping Center	PA	2005	100%	1960/1995	112,108	1,488,000	6,566,000	61,000		1,488,000	6,627,000	8,115,000	948,000	(2)
Pickerington Discount Drug Mart Plaza	OH	2005	100%	2002	47,810	1,186,000	5,396,000	692,000		1,305,000	5,969,000	7,274,000	763,000	4,224,000
Pine Grove Plaza	NJ	2003	100%	2001/2002	79,306	1,622,000	6,489,000	18,000		1,622,000	6,507,000	8,129,000	941,000	5,900,000
Polaris Discount Drug Mart Plaza	OH	2005	100%	2001	50,283	1,242,000	5,816,000	30,000		1,242,000	5,846,000	7,088,000	951,000	4,529,000
Pondside Plaza	NY	2005	100%	2003	19,340	365,000	1,612,000	15,000		365,000	1,627,000	1,992,000	248,000	1,176,000
Port Richmond Village	PA	2001	100%	1988	154,908	2,942,000	11,769,000	628,000		2,942,000	12,397,000	15,339,000	2,266,000	14,922,000
Powell Discount Drug Mart Plaza	OH	2005	100%	2001	49,772	1,384,000	6,121,000	48,000		1,384,000	6,169,000	7,553,000	851,000	4,339,000
Price Chopper Plaza	MA	2007	100%	1960's-2004	101,824	3,551,000	18,412,000	689,000		4,144,000	18,508,000	22,652,000	681,000	(2)
Rite Aid at Massillon	OH	2005	100%	1999	10,125	442,000	2,014,000	—		442,000	2,014,000	2,456,000	219,000	1,533,000
River View Plaza I, II and III	PA	2003	100%	1991/1998	244,225	9,718,000	40,356,000	3,676,000		9,718,000	44,032,000	53,750,000	6,452,000	(2)
Shaw's Plaza	MA	2006	100%	1968/1998	176,609	5,780,000	24,898,000	227,000		5,780,000	25,125,000	30,905,000	2,045,000	13,980,000
Shoppes at Salem Run	VA	2005	100%	2005	15,100	1,076,000	4,253,000	11,000		1,076,000	4,264,000	5,340,000	374,000	(2)
Shore Mall	NJ	2006	100%	1960/1980	602,263	7,179,000	37,868,000	1,459,000		7,179,000	39,327,000	46,506,000	3,714,000	22,543,000
Smithfield Plaza	VA	2005-2008	100%	1987/1996	134,664	2,947,000	12,737,000	4,000		2,919,000	12,769,000	15,688,000	797,000	10,504,000

CEDAR SHOPPING CENTERS, INC.
SCHEDULE III
Real Estate and Accumulated Depreciation
Year Ended December 31, 2008
(continued)

Property	State	Year acquired	Percent owned	Year built/ Year last renovated	Gross leasable area	Initial cost to the Company			Subsequent cost capitalized	Gross amount at which carried at December 31, 2008			Accumulated depreciation(4)	Amount Of encumbrance
						Land	Buildings and improvements			Land	Buildings and improvements	Total		
South														
Philadelphia	PA	2003	100%	1950/2003	283,415	8,222,000	35,907,000	2,527,000	8,222,000	38,434,000	46,656,000	6,502,000	(2)	
St. James Square	MD	2005	100%	2000	39,903	688,000	3,838,000	523,000	688,000	4,361,000	5,049,000	648,000	(2)	
Stadium Plaza	MI	2005	100%	1960's/2003	77,688	2,341,000	9,175,000	706,000	2,443,000	9,779,000	12,222,000	982,000	(2)	
Staples at Oswego	NY	2005	100%	2000	23,884	635,000	2,991,000	9,000	635,000	3,000,000	3,635,000	402,000	2,283,000	
Stop & Shop Plaza	CT	2008	100%	2006	54,510	—	11,295,000	2,000	—	11,297,000	11,297,000	454,000	7,000,000	
Suffolk Plaza	VA	2005	100%	1984	67,216	1,402,000	7,236,000	—	1,402,000	7,236,000	8,638,000	1,037,000	4,742,000	
Sunset Crossing	PA	2003	100%	2002	74,142	2,150,000	8,980,000	142,000	2,150,000	9,122,000	11,272,000	1,302,000	(2)	
Swede Square	PA	2003	100%	1980/2004	98,792	2,268,000	6,232,000	4,133,000	2,272,000	10,361,000	12,633,000	1,934,000	(2)	
The Brickyard	CT	2004	100%	1990	274,553	6,465,000	28,281,000	433,000	6,465,000	28,714,000	35,179,000	4,597,000	(2)	
The Commons	PA	2004	100%	2003	175,121	3,098,000	14,047,000	33,000	3,098,000	14,080,000	17,178,000	2,562,000	(2)	
The Point	PA	2000	100%	1972/2001	250,697	2,700,000	10,800,000	11,514,000	2,996,000	22,018,000	25,014,000	4,717,000	17,753,000	
The Point at														
Carlisle Plaza	PA	2005	100%	1965/1984	182,859	2,233,000	11,105,000	208,000	2,233,000	11,313,000	13,546,000	1,725,000	(2)	
The Shops at														
Suffolk Downs	MA	2005	100%	2005	85,829	3,564,000	11,089,000	339,000	3,564,000	11,428,000	14,992,000	1,137,000	(2)	
Timpany Plaza	MA	2007	100%	1970's-1989	183,775	3,412,000	16,148,000	222,000	3,397,000	16,385,000	19,782,000	812,000	8,555,000	
Trexler Mall	PA	2005	100%	1973/2004	339,363	6,932,000	31,661,000	698,000	6,932,000	32,359,000	39,291,000	3,267,000	21,939,000	
Ukrop's at														
Fredericksburg	VA	2005	100%	1997	63,000	3,213,000	12,758,000	—	3,213,000	12,758,000	15,971,000	1,149,000	(2)	
Ukrop's at Glen														
Allen	VA	2005	100%	2000	43,000	6,769,000	213,000	—	6,769,000	213,000	6,982,000	155,000	(2)	
Valley Plaza	MD	2003	100%	1975/1994	190,939	1,950,000	7,766,000	484,000	1,950,000	8,250,000	10,200,000	1,128,000	(2)	
Virginia Center														
Commons	VA	2005	100%	2002	9,763	992,000	3,860,000	3,000	992,000	3,863,000	4,855,000	441,000	(2)	
Virginia Little														
Creek	VA	2005	100%	1996/2001	69,620	1,650,000	8,350,000	(11,000)	1,639,000	8,350,000	9,989,000	1,101,000	5,496,000	
Wal-Mart Center	CT	2003	100%	1972/2000	155,739	—	11,834,000	22,000	—	11,856,000	11,856,000	1,585,000	5,896,000	
Washington														
Center														
Shoppes	NJ	2001	100%	1979/1995	157,290	2,061,000	7,314,000	2,830,000	1,999,000	10,206,000	12,205,000	1,956,000	8,691,000	
West Bridgewater														
Plaza	MA	2007	100%	1970/2007	133,039	2,823,000	14,901,000	(437,000)	2,751,000	14,536,000	17,287,000	653,000	10,901,000	
Westlake Discount														
Drug Mart														
Plaza	OH	2005	100%	2005	55,775	1,004,000	3,905,000	—	1,004,000	3,905,000	4,909,000	341,000	3,261,000	
Yorktowne Plaza	MD	2007	100%	1970/2000	158,982	5,940,000	25,354,000	(122,000)	5,919,000	25,253,000	31,172,000	1,423,000	20,740,000	
Total Wholly-Owned Stabilized Properties					10,034,249	234,466,000	987,237,000	126,564,000	238,931,000	1,109,336,000	1,348,267,000	127,196,000	563,000,000	
Properties Owned in Joint Venture:														
Homburg Joint Venture:														
Aston Center	PA	2007	20%	2005	55,000	4,319,000	17,070,000	—	4,319,000	17,070,000	21,389,000	829,000	13,033,000	
Ayr Town Center	PA	2007	20%	2005	55,600	2,442,000	9,748,000	—	2,442,000	9,748,000	12,190,000	535,000	7,350,000	
Fieldstone														
Marketplace	MA	2005	20%	1988/2003	193,970	5,229,000	21,440,000	169,000	5,229,000	21,609,000	26,838,000	2,382,000	18,998,000	
Meadows														
Marketplace	PA	2004	20%	2005	89,138	1,914,000	—	11,336,000	1,914,000	11,336,000	13,250,000	844,000	10,485,000	
Parkway Plaza	PA	2007	20%	1998-2002	106,628	4,647,000	19,420,000	1,000	4,647,000	19,421,000	24,068,000	1,198,000	14,300,000	
Pennsboro														
Commons	PA	2005	20%	1999	109,784	3,608,000	14,254,000	42,000	3,608,000	14,296,000	17,904,000	1,680,000	11,120,000	
Scott Town Center	PA	2007	20%	2004	67,933	2,959,000	11,800,000	—	2,959,000	11,800,000	14,759,000	701,000	8,791,000	
Spring Meadow														
Shopping														
Center	PA	2007	20%	2004	67,850	4,111,000	16,410,000	20,000	4,112,000	16,429,000	20,541,000	838,000	12,944,000	
Stonehedge														
Square	PA	2006	20%	1990/2006	88,677	2,732,000	11,614,000	57,000	2,698,000	11,705,000	14,403,000	1,049,000	8,700,000	
					834,580	31,961,000	121,756,000	11,625,000	31,928,000	133,414,000	165,342,000	10,056,000	105,721,000	
Total Stabilized Properties					10,868,829	266,427,000	1,108,993,000	138,189,000	270,859,000	1,242,750,000	1,513,609,000	137,252,000	668,721,000	

CEDAR SHOPPING CENTERS, INC.
SCHEDULE III
Real Estate and Accumulated Depreciation
Year Ended December 31, 2008
(continued)

Property	Year State acquired	Percent owned	Year built/ Year last renovated	Gross leasable area	Initial cost to the Company			Gross amount at which carried at December 31, 2008			Accumulated depreciation(4)	Amount Of encumbrance	
					Land	Buildings and improvements	Subsequent cost capitalized	Land	Buildings and improvements	Total			
Development/Redevelopment and Other Non-Stabilized Properties (1):													
Columbia Mall	PA	2005	75%	1988	343,055	2,855,000	15,600,000	1,333,000	2,855,000	16,933,000	19,788,000	1,847,000	
Dunmore Shopping Center	PA	2005	100%	1962/1997	101,000	565,000	2,203,000	42,000	565,000	2,245,000	2,810,000	335,000	
Fairview Commons	PA	2007	100%	1992	59,578	858,000	3,568,000	—	858,000	3,472,000	4,330,000	363,000	(2)
Huntingdon Plaza	PA	2004	100%	1972 - 2003	147,197	933,000	4,129,000	—	933,000	5,442,000	6,375,000	588,000	
Lake Raystown Plaza	PA	2004	100%	1995	145,727	2,231,000	6,735,000	8,233,000	2,231,000	14,968,000	17,199,000	1,669,000	(3)
Shelby Discount Drug Mart Plaza	OH	2005	100%	2002	36,596	671,000	3,264,000	12,000	671,000	3,276,000	3,947,000	503,000	2,219,000
Townfair Center	PA	2004	100%	2002	203,531	3,022,000	13,786,000	903,000	3,022,000	14,689,000	17,711,000	2,475,000	
Trexlertown Plaza	PA	2006	100%	1990/2005	241,381	5,262,000	23,867,000	1,767,000	5,262,000	25,634,000	30,896,000	1,965,000	(3)
Total Non-Stabilized Properties					1,278,065	16,397,000	73,152,000	12,290,000	16,397,000	86,659,000	103,056,000	9,745,000	2,219,000
Total Operating Portfolio					12,146,894	282,824,000	1,182,145,000	150,479,000	287,256,000	1,329,409,000	1,616,665,000	146,997,000	670,940,000
Projects Under Development and Land Held For Future Expansion and Development:													
Blue Mountain Commons	PA	2006	100%	N/A	N/A	13,742,000	—	18,745,000	14,065,000	18,422,000	32,487,000	—	(3)
Columbia Mall	PA	2006	75%	N/A	N/A	1,466,000	—	379,000	1,465,000	380,000	1,845,000	—	
Crossroads II	PA	2008	60%	N/A	N/A	15,383,000	—	6,366,000	17,671,000	4,078,000	21,749,000	—	8,862,000
Halifax Commons	PA	2008	100%	N/A	N/A	858,000	—	170,000	872,000	156,000	1,028,000	—	
Halifax Plaza	PA	2004	100%	N/A	N/A	1,107,000	—	1,553,000	1,503,000	1,157,000	2,660,000	—	
Heritage Crossing	PA	2008	60%	N/A	N/A	5,080,000	—	5,432,000	5,066,000	5,446,000	10,512,000	—	
Liberty Marketplace	PA	2007	100%	N/A	N/A	1,564,000	—	15,000	1,564,000	15,000	1,579,000	—	
Northside Commons	PA	2008	100%	N/A	N/A	3,332,000	—	3,028,000	3,379,000	2,981,000	6,360,000	—	
Oregon Pike	PA	2008	100%	N/A	N/A	2,283,000	—	30,000	2,283,000	30,000	2,313,000	—	
Pine Grove Plaza	NJ	2003	100%	N/A	N/A	388,000	—	39,000	388,000	39,000	427,000	—	
Shore Mall	NJ	2006	100%	N/A	N/A	2,018,000	—	55,000	2,018,000	55,000	2,073,000	—	(6)
The Brickyard	CT	2007	100%	N/A	N/A	1,167,000	—	118,000	1,183,000	102,000	1,285,000	—	
The Shops at Suffolk Downs	MA	2005	100%	N/A	N/A	4,016,000	—	3,200,000	4,016,000	3,200,000	7,216,000	—	
Trexlertown Plaza	PA	2006	100%	N/A	N/A	8,087,000	—	2,119,000	8,089,000	2,117,000	10,206,000	—	(3)
Trindle Spring	PA	2006	100%	N/A	N/A	1,028,000	—	361,000	1,148,000	241,000	1,389,000	—	
Upland Square	PA	2007	60%	N/A	N/A	28,187,000	—	33,128,000	27,454,000	33,861,000	61,315,000	—	29,181,000
Wyoming	MI	2005	100%	N/A	N/A	360,000	—	—	360,000	—	360,000	—	
Various projects in progress	N/A	2008	100%	N/A	N/A	—	—	509,000	—	509,000	509,000	—	
Total Land Held For Development					N/A	90,066,000	—	75,247,000	92,524,000	72,789,000	165,313,000	—	38,043,000
Total Carrying Value					12,146,894	\$372,890,000	\$1,182,145,000	\$225,726,000	\$379,780,000	\$1,402,198,000	\$1,781,978,000	\$146,997,000	\$708,983,000
Land and related costs held for sale											\$2,266,000		
Unconsolidated Joint Venture (5)											\$4,976,000		

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CEDAR SHOPPING CENTERS, INC.
SCHEDULE III
Real Estate and Accumulated Depreciation
Year Ended December 31, 2008
(continued)

The changes in real estate and accumulated depreciation for the three years ended December 31, 2008 are as follows (7):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cost			
Balance, beginning of year	\$ 1,595,897,000	\$ 1,240,332,000	\$ 980,956,000
Properties acquired	109,631,000	321,915,000	239,047,000
Improvements and betterments	78,757,000	33,650,000	40,218,000
Write off of fully-depreciated assets	(2,307,000)	—	—
Deconsolidation of Red Lion joint venture	—	—	(19,889,000)
Balance, end of year	<u>\$ 1,781,978,000</u>	<u>\$ 1,595,897,000</u>	<u>\$ 1,240,332,000</u>
Accumulated depreciation			
Balance, beginning of year	\$ 103,621,000	\$ 64,838,000	\$ 34,499,000
Depreciation expense	45,683,000	38,783,000	31,863,000
Write off of fully-depreciated assets	(2,307,000)	—	—
Deconsolidation of Red Lion joint venture	—	—	(1,524,000)
Balance, end of year	<u>\$ 146,997,000</u>	<u>\$ 103,621,000</u>	<u>\$ 64,838,000</u>
Net book value	<u>\$ 1,634,981,000</u>	<u>\$ 1,492,276,000</u>	<u>\$ 1,175,494,000</u>

- (1) “Stabilized properties” are those properties which are as least 80% leased and not designated as “development/redevelopment” properties as of December 31, 2008.
Three of the Company’s properties are being re-tenanted, are non-stabilized, and are not designated as development/redevelopment properties as of December 31, 2008.
- (2) Properties pledged as collateral under the Company’s stabilized property credit facility. The total net book value of all such properties was \$363,713,000 at December 31, 2008; the total amount outstanding under the secured revolving credit facility at that date was \$250,190,000.
- (3) Properties pledged as collateral under the Company’s development property credit facility. The total net book value of all such properties was \$98,253,000 at December 31, 2008; the total amount outstanding under the secured development revolving credit facility at that date was \$54,300,000.
- (4) Depreciation is provided over the estimated useful lives of buildings and improvements, which range from 3 to 40 years.
- (5) The Company has a 76.3% interest in an unconsolidated joint venture, which owns a single-tenant office property located in Philadelphia, PA.
- (6) The Shore Mall land parcel also collateralizes the mortgage loan payable relating to the Shore Mall shopping center.
- (7) Restated to reflect the reclassification of a property acquired in 2006 to “land and related costs held for sale”.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures and internal controls designed to ensure that information required to be disclosed in its filings under the Securities Exchange Act of 1934 is reported within the time periods specified in the rules and regulations of the Securities and Exchange Commission (“SEC”). In this regard, the Company has formed a Disclosure Committee currently comprised of several of the Company’s executive officers as well as certain other employees with knowledge of information that may be considered in the SEC reporting process. The Committee has responsibility for the development and assessment of the financial and non-financial information to be included in the reports filed with the SEC, and assists the Company’s Chief Executive Officer and Chief Financial Officer in connection with their certifications contained in the Company’s SEC filings. The Committee meets regularly and reports to the Audit Committee on a quarterly or more frequent basis. The Company’s principal executive and financial officers have evaluated its disclosure controls and procedures as of December 31, 2008, and have determined that such disclosure controls and procedures are effective.

There have been no changes in the internal controls over financial reporting or in other factors that have materially affected, or are reasonably likely to materially affect, these internal controls over financial reporting during the last quarter of 2008.

Management Report on Internal Control Over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company’s internal control system was designed to provide reasonable assurance to the Company’s management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company’s management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2008. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in “Internal Control — Integrated Framework”. Based on such assessment, management believes that, as of December 31, 2008, the Company’s internal control over financial reporting is effective based on those criteria.

Ernst & Young LLP, the Company’s independent registered public accounting firm, has issued an opinion on the Company’s internal control over financial reporting, which appears elsewhere in this report.

Report of Independent Registered Public Accounting Firm

**The Board of Directors and Shareholders
Cedar Shopping Centers, Inc.**

We have audited Cedar Shopping Centers, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Cedar Shopping Center, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Item 9A. Controls and Procedures - "Management Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Cedar Shopping Centers, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2008 consolidated financial statements of Cedar Shopping Centers, Inc. and our report dated March 16, 2009 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
March 16, 2009

Item 9B. Other Information

None.

Part III.

Item 10. Directors, Executive Officers and Corporate Governance

This item is incorporated by reference to the definitive proxy statement for the 2009 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 11. Executive Compensation

This item is incorporated by reference to the definitive proxy statement for the 2009 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

This item is incorporated by reference to the definitive proxy statement for the 2009 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 13. Certain Relationships and Related Transactions and Director Independence

This item is incorporated by reference to the definitive proxy statement for the 2009 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 14. Principal Accounting Fees and Services

This item is incorporated by reference to the definitive proxy statement for the 2009 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Part IV

Item 15. Exhibits and Financial Statement Schedules

- (a) 1. Financial Statements
The response to this portion of Item 15 is included in Item 8 of this report.
- 2. Financial Statement Schedules
The response to this portion of Item 15 is included in Item 8 of this report.
- 3. Exhibits

Item	Title or Description
3.1	Articles of Incorporation of the Company, including all amendments and articles supplementary previously filed, incorporated by reference to Exhibits 3.1.a and 3.1.b of Form 10-Q for the quarterly period ended September 30, 2007.
3.2	By-laws of the Company, including all amendments previously filed, incorporated by reference to Exhibit 3.2 of Form 8-K filed on November 28, 2007.
3.3.a	Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P., incorporated by reference to Exhibit 3.4 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.3.b	Amendment No. 1 to Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P., incorporated by reference to Exhibit 3.5 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.3.c	Amendment No. 2 to Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P., incorporated by reference to Exhibit 3.3.c of Form 10-K for the year ended December 31, 2004.
3.3.d	Amendment No. 3 to Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P. , incorporated by reference to Exhibit 3.3.d of Form 10-K for the year ended December 31, 2006.
10.1.a*	Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of October 29, 2003, incorporated by reference to Exhibit 10.6.a of Form 10-K for the year ended December 31, 2004.
10.1.b*	Amendment No. 1 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of October 29, 2003, incorporated by reference to Exhibit 10.6.b of Form 10-K for the year ended December 31, 2004.
10.1.c*	Amendment No. 2 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of August 9, 2004, incorporated by reference to Exhibit 10.6.c of Form 10-K for the year ended December 31, 2004.
10.1.d*	Amendment No. 3 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of December 19, 2005, incorporated by reference to Exhibit 10.2 of Form 8-K filed on December 22, 2005.
10.1.e*	Amendment No. 4 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of December 21, 2006, incorporated by reference to Exhibit 10.1.e of Form 10-K for the year ended December 31, 2006.

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Item	Title or Description
10.1.f*	Amendment No. 5 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of December 11, 2007, incorporated by reference to Exhibit 10.1.f of Form 10-K for the year ended December 31, 2007.
.10.2.a*	2005 Cedar Shopping Centers, Inc. Deferred Compensation Plan, incorporated by reference to Exhibit 10.1 of Form 8-K filed on December 22, 2005.
10.2.b*	Amendment No. 1 to the 2005 Cedar Shopping Centers, Inc. Deferred Compensation Plan, effective as of December 21, 2006, incorporated by reference to Exhibit 10.2.b of Form 10-K for the year ended December 31, 2006.
10.2.c*	Amendment No. 2 to the 2005 Cedar Shopping Centers, Inc. Deferred Compensation Plan, effective as of December 11, 2007, incorporated by reference to Exhibit 10.2.c of Form 10-K for the year ended December 31, 2007.
10.2.d*	Amendment No. 3 to the 2005 Cedar Shopping Centers, Inc. Deferred Compensation Plan, effective as of December 16, 2008.
.10.3.a.i*	Employment Agreement between Cedar Shopping Centers, Inc. and Leo S. Ullman, dated as of November 1, 2003, incorporated by reference to Exhibit 10.39 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
10.3.a.ii*	First Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Leo S. Ullman, dated as of March 23, 2004, incorporated by reference to Exhibit 10.5.a.ii of Form 10-K for the year ended December 31, 2004.
10.3.a.iii*	Second Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Leo S. Ullman, dated as of October 19, 2005, incorporated by reference to Exhibit 10.1 of Form 8-K filed on October 20, 2005.
10.3.a.iv*	Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Leo S. Ullman, dated as of May 1, 2007, incorporated by reference to Exhibit 10.1 of Form 8-K filed on May 3, 2007.
10.3.b.i*	Employment Agreement between Cedar Shopping Centers, Inc. and Brenda J. Walker, dated as of November 1, 2003, incorporated by reference to Exhibit 10.40 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
10.3.b.ii*	First Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Brenda J. Walker, dated as of March 23, 2004, incorporated by reference to Exhibit 10.5.b.ii of Form 10-K for the year ended December 31, 2004.
10.3.b.iii*	Second Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Brenda J. Walker, dated as of October 19, 2005, incorporated by reference to Exhibit 10.2 of Form 8-K filed on October 20, 2005.
10.3.b.iv*	Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Brenda J. Walker, dated as of December 29, 2006, incorporated by reference to Exhibit 10.3.b.iv of Form 10-K for the year ended December 31, 2006.
10.3.b.v*	Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Brenda J. Walker, dated as of September 18, 2008.
10.3.c.i*	Employment Agreement between Cedar Shopping Centers, Inc. and Thomas B. Richey, dated as of November 1, 2003, incorporated by reference to Exhibit 10.42 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
10.3.c.ii*	First Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Thomas B. Richey, dated as of March 23, 2004, incorporated by reference to Exhibit 10.5.d.ii of Form 10-K for the year ended December 31, 2004.
10.3.c.iii*	Second Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Thomas B. Richey, dated as of October 19, 2005, incorporated by reference to Exhibit 10.4 of Form 8-K filed on October 20, 2005.

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Item	Title or Description
10.3.c.iv*	Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Thomas B. Richey, dated as of December 29, 2006, incorporated by reference to Exhibit 10.3.d.iv of Form 10-K for the year ended December 31, 2006.
10.3.c.v*	Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Thomas B. Richey, dated as of September 18, 2008.
10.3.d.i*	Employment Agreement between Cedar Shopping Centers, Inc. and Nancy Mozzachio, dated as of August 1, 2003, incorporated by reference to Exhibit 10.3.e.i of Form 10-K for the year ended December 31, 2006.
10.3.d.ii*	Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Nancy Mozzachio, dated as of October 19, 2005, incorporated by reference to Exhibit 10.2 of Form 8-K filed on April 6, 2007.
10.3.d.iii*	Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Nancy Mozzachio, dated as of December 29, 2006, incorporated by reference to Exhibit 10.3.e.ii of Form 10-K for the year ended December 31, 2006.
10.3.d.iv*	Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Nancy Mozzachio, dated as of September 18, 2008.
10.3.e*	Employment Agreement between Cedar Shopping Centers, Inc. and Lawrence E. Kreider, Jr., dated as of June 20, 2007, incorporated by reference to Exhibit 10.1 of Form 8-K filed on June 20, 2007.
10.3.f*	Employment Agreement between Cedar Shopping Centers, Inc. and Frank C. Ullman, dated as of September 18, 2008.
10.3.g*	Consulting Agreement between Cedar Shopping Centers, Inc. and Thomas J. O’Keeffe, dated as of June 20, 2007, incorporated by reference to Exhibit 10.2 of Form 8-K filed on June 20, 2007.
10.4.a	Loan Agreement (the “Loan Agreement”) by and among Cedar Shopping Centers Partnership, L.P., Fleet National Bank (now Bank of America), Commerzbank AG New York Branch, PB Capital Corporation, Manufacturers and Traders Trust Company, Sovereign Bank, Raymond James Bank, FSB, Citizens Bank and the other lending institutions which are or may become parties to the Loan Agreement (the “Lenders”) and Fleet National Bank (as Administrative Agent), dated January 30, 2004, incorporated by reference to Exhibit 10.1 of Form 8-K filed on March 22, 2004.
10.4.b	First Amendment to Loan Agreement, dated as of June 16, 2004, incorporated by reference to Exhibit 10.10.b of Form 10-K for the year ended December 31, 2004.
10.4.c	Second Amendment to Loan Agreement, dated as of November 2, 2004, incorporated by reference to Exhibit 10.1 of Form 8-K filed on November 8, 2004.
10.4.d	Third Amendment to Loan Agreement, dated as of January 28, 2005, incorporated by reference to Exhibit 10.10.d of Form 10-K for the year ended December 31, 2004.
10.4.e	Fourth Amendment to Loan Agreement, dated as of December 16, 2005, incorporated by reference to Exhibit 10.1 of Form 8-K filed on December 21, 2005.
10.4.f	Fifth Amendment to Loan Agreement, dated as of June 29, 2006, incorporated by reference to Exhibit 10.1 of Form 10-Q for the quarterly period ended June 30, 2006.
10.4.g	Sixth Amendment to Loan Agreement, dated as of October 20, 2006, incorporated by reference to Exhibit 10.1 of Form 8-K filed on October 24, 2006.
10.4.h	Seventh Amendment to Loan Agreement, dated as of October 17, 2007, incorporated by reference to Exhibit 10.5.h of Form 10-K for the year ended December 31, 2007.
10.5.a	Loan Agreement between Cedar-Franklin Village LLC as Borrower and Eurohypo AG, New York Branch as Lender, dated as of November 1, 2004, incorporated by reference to Exhibit 10.13 of Form 8-K filed on November 5, 2004.

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Item	Title or Description
10.5.b	Promissory Note for Cedar-Franklin Village LLC to Eurohypo AG, New York Branch, dated November 1, 2004, incorporated by reference to Exhibit 10.14 of Form 8-K filed on November 5, 2004.
10.5.c	Mortgage and Security Agreement for Cedar-Franklin Village LLC as Borrower to Eurohypo AG, New York Branch as Lender, dated as of November 1, 2004, incorporated by reference to Exhibit 10.15 of Form 8-K filed on November 5, 2004.
10.5.d	Guaranty for Cedar Shopping Centers Partnership, L.P. as Guarantor for the benefit of Eurohypo AG, New York Branch as Lender, executed as of November 1, 2004, incorporated by reference to Exhibit 10.18 of Form 8-K filed on November 5, 2004.
10.6	Agreement Regarding Purchase of Partnership Interests By and Between Cedar Shopping Centers Partnership, L.P. and Homburg Holdings (U.S.) Inc. dated as of March 26, 2007, incorporated by reference to Exhibit 10.1 of Form 8-K filed on April 6, 2007.
10.6.a	First Amendment to Agreement Regarding Purchase of Partnership Interests dated as of June 29, 2007, incorporated by reference to Exhibit 10.1 of Form 8-K filed on December 12, 2007.
10.6.b	Second Amendment to Agreement Regarding Purchase of Partnership Interests dated as of October 31, 2007, incorporated by reference to Exhibit 10.2 of Form 8-K filed on December 12, 2007.
10.7	Voting Agreement dated February 13, 2008 among Cedar Shopping Centers, Inc., Inland American Real Estate Trust, Inc., Inland Investment Advisors, Inc. Inland Real Estate Investment Corporation and The Inland Group, Inc., incorporated by reference to Exhibit 10.11 of Form 10-K for the year ended December 31, 2007.
10.8	Amended and Restated Loan Agreement (the "Loan Agreement") by and among Cedar Shopping Centers Partnership, L.P., KeyBank, National Association, Manufacturers and Traders Trust Company, Citizens Bank of Pennsylvania, Raymond James Bank, FSB, Regions Bank, TD Bank, N.A., TriState Capital Bank and the other lending institutions which are or may become parties to the Loan Agreement (the "Lenders") and KeyBank, National Association (as Administrative Agent), dated as of October 17, 2008.
21.1	List of Subsidiaries of the Registrant
23.1	Consent of Ernst & Young LLP
31.1	Section 302 Chief Executive Officer Certification
31.2	Section 302 Chief Financial Officer Certification
32.1	Section 906 Chief Executive Officer Certification
32.2	Section 906 Chief Financial Officer Certification

* Management contracts or compensatory plans required to be filed pursuant to Rule 601 of Regulation S-K.

(b) Exhibits

The response to this portion of Item 15 is included in Item 15(a) (3) above.

(c) The following documents are filed as part of the report:

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 SHOPPING CENTERS, INC.

/s/ LEO S. ULLMAN

Leo S. Ullman
President and Chairman
(principal executive officer)

/s/ LAWRENCE E. KREIDER, JR.

Lawrence E. Kreider, Jr.
Chief Financial Officer
(principal financial officer)

/s/ GASPARE J. SAITTA, II

Gaspare J. Saitta, II
Chief Accounting Officer
(principal accounting officer)

/s/ JEFFREY L. GOLDBERG

Jeffrey L. Goldberg
Corporate Controller

March 16, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, the following persons on behalf of the registrant and in the capacities and as of the date indicated this report has been signed by the below.

/s/ JAMES J. BURNS

James J. Burns
Director

/s/ RICHARD HOMBURG

Richard Homburg
Director

/s/ PAMELA N. HOOTKIN

Pamela N. Hootkin
Director

/s/ PAUL G. KIRK, JR.

Paul G. Kirk, Jr.
Director

/s/ EVERETT B. MILLER, III

Everett B. Miller, III
Director

/s/ LEO S. ULLMAN

Leo S. Ullman
Director

/s/ ROGER M. WIDMANN

Roger M. Widmann
Director

March 16, 2009

**AMENDMENT NO. 3
TO THE
2005 CEDAR SHOPPING CENTERS, INC.
DEFERRED
COMPENSATION PLAN**

WHEREAS, Cedar Shopping Centers, Inc. (the "Company") has adopted the 2005 Cedar Shopping Centers, Inc. Deferred Compensation Plan (the "Plan"); and

WHEREAS, Section 8.1 of the Plan generally permits the Board of Directors of the Company to amend the Plan; and

WHEREAS, the Board of Directors of the Company now desires to amend the Plan for clarification purposes as set forth below;

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Section 3.4(a) of the Plan is hereby amended by adding the following sentence at the end thereof:
"For the avoidance of doubt, each Participant shall be permitted to change his or her selected Notional Investment Option(s), at such times and in such manner as may be prescribed by the Administrator."
2. Section 4.1(c)(i) of the Plan is hereby amended by adding the following sentence at the end thereof:
"For the avoidance of doubt, each Participant shall be permitted to change his or her selected Notional Investment Option(s), at such times and in such manner as may be prescribed by the Administrator."
3. This Amendment shall be effective as if originally set forth in the Plan, as of December 19, 2005.
4. Except to the extent hereinabove set forth, the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, the Board of Directors of the Company has caused this Amendment to be executed by a duly authorized officer of the Company this 16th day of December, 2008.

CEDAR SHOPPING CENTERS, INC.

By: /s/ LEO S. ULLMAN

Name: /s/ Leo S. Ullman

Title: President

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement is hereby entered into as of September 18, 2008 by and among Cedar Shopping Centers, Inc., a Maryland corporation (the "Corporation"), Cedar Shopping Centers Partnership, L.P., a Delaware limited partnership (the "Partnership") and Brenda J. Walker (the "Executive").

WITNESSETH:

WHEREAS, the Corporation, the Partnership and the Executive entered into that certain Employment Agreement dated as of November 1, 2003, as presently in effect (the "Employment Agreement"); and

WHEREAS, the Board of Directors of the Corporation (on the Corporation's own behalf, and as the sole general partner of the Partnership) approved the modification to certain provisions of the Employment Agreement;

NOW THEREFORE, intending to be legally bound the parties hereto agree as follows:

1. Section 2.1 of the Employment Agreement is hereby amended to read in its entirety as follows:

"2.1 The term of employment shall end October 31, 2009, unless sooner terminated as provided in this Agreement."

IN WITNESS WHEREOF, the parties have executed this Amendment to Employment Agreement as of the date first above written.

CEDAR SHOPPING CENTERS, INC.

By: /s/ LEO S. ULLMAN, President

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.

By: Cedar Shopping Centers, Inc.

By: /s/ BRENDA J. WALKER

Brenda J. Walker

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement is hereby entered into as of September 18, 2008 by and among Cedar Shopping Centers, Inc., a Maryland corporation (the "Corporation"), Cedar Shopping Centers Partnership, L.P., a Delaware limited partnership (the "Partnership") and Thomas B. Richey (the "Executive").

WITNESSETH:

WHEREAS, the Corporation, the Partnership and the Executive entered into that certain Employment Agreement dated as of November 1, 2003, as presently in effect (the "Employment Agreement"); and

WHEREAS, the Board of Directors of the Corporation (on the Corporation's own behalf, and as the sole general partner of the Partnership) approved the modification to certain provisions of the Employment Agreement;

NOW THEREFORE, intending to be legally bound the parties hereto agree as follows:

1. Section 2.1 of the Employment Agreement is hereby amended to read in its entirety as follows:

"2.1 The term of employment shall end October 31, 2010, unless sooner terminated as provided in this Agreement."

IN WITNESS WHEREOF, the parties have executed this Amendment to Employment Agreement as of the date first above written.

CEDAR SHOPPING CENTERS, INC.

By: /s/ LEO S. ULLMAN, President

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.

By: Cedar Shopping Centers, Inc.

By: /s/ THOMAS B. RICHEY

Thomas B. Richey

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement is hereby entered into as of September 18, 2008 by and among Cedar Shopping Centers, Inc., a Maryland corporation (the "Corporation"), Cedar Shopping Centers Partnership, L.P., a Delaware limited partnership (the "Partnership") and Nancy Mozzachio (the "Executive").

WITNESSETH:

WHEREAS, the Corporation, the Partnership and the Executive entered into that certain Employment Agreement dated as of November 1, 2003, as presently in effect (the "Employment Agreement"); and

WHEREAS, the Board of Directors of the Corporation (on the Corporation's own behalf, and as the sole general partner of the Partnership) approved the modification to certain provisions of the Employment Agreement;

NOW THEREFORE, intending to be legally bound the parties hereto agree as follows:

1. Section 2.1 of the Employment Agreement is hereby amended to read in its entirety as follows:

"2.1 The term of employment shall end October 31, 2009, unless sooner terminated as provided in this Agreement."

IN WITNESS WHEREOF, the parties have executed this Amendment to Employment Agreement as of the date first above written.

CEDAR SHOPPING CENTERS, INC.

By: /s/ LEO S. ULLMAN, President

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.

By: Cedar Shopping Centers, Inc.

By: /s/ NANCY MOZZACHIO

Nancy Mozzachio

EMPLOYMENT AGREEMENT

AGREEMENT made as of this 18th day of September, 2008, by and among Cedar Shopping Centers, Inc., a Maryland corporation (the "Corporation"), Cedar Shopping Centers Partnership, L.P., a Delaware limited partnership (the "Partnership"), and Frank C. Ullman (the "Executive").

1. Position and Responsibilities.

1.1 The Executive shall serve in an executive capacity as Vice President of both the Corporation and the Partnership with duties consistent therewith and shall perform such other functions and undertake such other responsibilities as are customarily associated with such capacity. The Executive shall also hold such directorships and officerships in the Corporation, the Partnership and any of their subsidiaries to which, from time to time, the Executive may be elected or appointed during the term of this Agreement.

1.2 The Executive shall devote Executive's full business time and skill to the business and affairs of the Corporation and the Partnership and to the promotion of their interests.

2. Term of Employment.

2.1 The term of employment shall be one year, commencing with the date hereof, unless sooner terminated as provided in this Agreement.

2.2 Notwithstanding the provisions of Section 2.1 hereof, each of the Corporation and the Partnership shall have the right, on written notice to the Executive, to terminate the Executive's employment for Cause (as defined in Section 2.3), such termination to be effective as of the date on which notice is given or as of such later date otherwise specified in the notice and, upon such termination of employment for Cause, Executive shall

not be entitled to receive any additional compensation hereunder. The Executive shall have the right, on written notice to the Corporation and the Partnership, to terminate the Executive's employment for Good Reason (as defined in Section 2.4), such termination to be effective as of the date on which notice is given or as of such later date otherwise specified in the notice; provided, however, the Executive's right to terminate Executive's employment shall lapse 60 days after the occurrence of any of the events specified in clauses (iii) or (iv) of the definition of Good Reason.

2.3 For purposes of this Agreement, the term "Cause" shall mean any of the following actions by the Executive: (a) failure to comply with any of the material terms of this Agreement, which shall not be cured within 10 days after written notice, or if the same is not of a nature that it can be completely cured within such 10 day period, if Executive shall have failed to commence to cure the same within such 10 day period and shall have failed to pursue the cure of the same diligently thereafter; (b) engagement in gross misconduct injurious to the business or reputation of the Corporation or the Partnership; (c) knowing and willful neglect or refusal to attend to the material duties assigned to the Executive by the Board of Directors of the Corporation, which shall not be cured within 10 days after written notice; (d) intentional misappropriation of property of the Corporation or the Partnership to the Executive's own use; (e) the commission by the Executive of an act of fraud or embezzlement; (f) Executive's conviction for a felony; (g) Executive's engaging in any activity which is prohibited pursuant to Section 5 of this Agreement, which shall not be cured within 10 days after written notice.

2.4 For purposes of this Agreement, the term "Good Reason" shall mean any of the following: (i) a material breach of this Agreement by the Corporation or the Partnership which shall not be cured within 10 days after written notice; (ii) a material reduction in the

Executive's duties or responsibilities; (iii) the relocation of the Executive's office or the Corporation's or Partnership's executive offices to a location more than 30 miles from New York City; or (iv) a "Change in Control", as defined below. As used herein, a "Change in Control" shall be deemed to occur if: (i) there shall be consummated (x) any consolidation or merger of the Corporation or the Partnership in which the Corporation or the Partnership is not the continuing or surviving corporation or pursuant to which the stock of the Corporation or the units of the Partnership would be converted into cash, securities or other property, other than a merger or consolidation of the Corporation or Partnership in which the holders of the Corporation's stock immediately prior to the merger or consolidation hold more than fifty percent (50%) of the stock or other forms of equity of the surviving corporation immediately after the merger, or (y) any sale, lease, exchange or other transfer (in one transaction or series of related transactions) of all, or substantially all, the assets of the Corporation or the Partnership; (ii) the Board approves any plan or proposal for liquidation or dissolution of the Corporation or the Partnership; or (iii) any person acquires more than 29% of the issued and outstanding common stock of the Corporation.

3. Compensation.

3.1 The Partnership shall pay to the Executive for the services to be rendered by the Executive hereunder to the Corporation and the Partnership a base salary at the rate of \$185,000 per annum. The base salary shall be payable in accordance with the Corporation's or Partnership's normal payroll practices, but not less frequently than twice a month. Such base salary will be reviewed at least annually and may be increased (but not decreased) by the Board of Directors of the

Corporation in its sole discretion. The Board of Directors of the Corporation in its sole discretion may grant to the Executive a bonus to be paid by the Corporation or Partnership, at any time and from time to time.

3.2 The Executive shall be entitled to participate in, and receive benefits from, on the basis comparable to other senior executives, any insurance, medical, disability, or other employee benefit plan of the Corporation, the Partnership or any of their subsidiaries which may be in effect at any time during the course of Executive's employment by the Corporation and the Partnership and which shall be generally available to senior executives of the Corporation, the Partnership or any of their subsidiaries.

3.3 The Partnership agrees to reimburse the Executive for all reasonable and necessary business expenses incurred by the Executive on behalf of the Corporation or the Partnership in the course of Executive's duties hereunder upon the presentation by the Executive of appropriate vouchers therefor, including continuing legal education, professional licenses and organizations and conferences approved by the CEO.

3.4 The Executive shall be entitled each year of this Agreement to paid vacation in accordance with the Corporation's or Partnership's policies but not less than 4 weeks plus personal and floating holidays (and a ratable number of sick days), which if not taken during such year will be forfeited (unless management requests postponement).

3.5 In recognition of Executive's need for an automobile for business purposes, the Corporation or the Partnership will reimburse the Executive for Executive's use of an automobile, including lease payments, if any, and all related costs, including maintenance, gasoline and insurance; provided, however, that such amount shall not exceed \$450.00 a month. Insurance, maintenance and gas for business use is additional.

3.6 If, during the period of employment hereunder, because of illness or other incapacity, the Executive shall fail for a period of 90 consecutive days, or for shorter periods aggregating more than six months during the term of this Agreement, to render the services contemplated hereunder, then the Corporation or the Partnership, at either of their options, may terminate the term of employment hereunder by notice from the Corporation or the Partnership, as the case may be, to the Executive, effective on the giving of such notice. During any period of disability of Executive during the term hereof, the Corporation shall continue to pay to Executive the salary and bonus to which the Executive is entitled pursuant to Section 3.1 hereof.

3.7 In the event of the death of the Executive during the term hereof, the employment hereunder shall terminate on the date of death of the Executive.

3.8 Each of the Corporation and the Partnership shall have the right to obtain for their respective benefits an appropriate life insurance policy on the life of the Executive, naming the Corporation or the Partnership as the beneficiary. If requested by the Corporation or the Partnership, the Executive agrees to cooperate with the Corporation or the Partnership, as the case may be, in obtaining such policy.

4. Severance Compensation Upon Termination of Employment

4.1 If the Executive's employment with the Corporation or the Partnership shall be terminated (a) by the Corporation or Partnership other than for Cause or pursuant to Sections 3.6 or 3.7, or (b) by the Executive for Good Reason, then the Corporation and the Partnership shall:

- (i) pay to the Executive as severance pay, within five days after termination, a lump sum payment equal to 250% of the sum of the Executive's

annual salary at the rate applicable on the date of termination and the average of the Executive's annual bonus for the preceding two full fiscal years;

(ii) arrange to provide Executive, for a 12 month period (or such shorter period as Executive may elect), with disability, accident and health insurance substantially similar to those insurance benefits which Executive is receiving immediately prior to the earlier of a Change in Control, if any, or the date of termination to the extent obtainable upon reasonable terms; provided, however, if it is not so obtainable the Corporation shall pay to the Executive in cash the annual amount paid by the Corporation or the Partnership for such benefits during the previous year of the Executive's employment. Benefits otherwise receivable by Executive pursuant to this Section 4.1(ii) shall be reduced to the extent comparable benefits are actually received by the Executive during such 12 month period following his termination (or such shorter period elected by the Executive), and any such benefits actually received by Executive shall be reported by the Executive to the Corporation; and

(iii) any options granted to Executive to acquire common stock of the Corporation, any restricted shares of common stock issued to the Executive and any other awards granted to the Executive under any employee benefit plan that have not vested shall immediately vest on said termination.

4.2 (a) The Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor, except to the extent provided in Section 4.1 above, shall the amount of any payment provided for under this Agreement be reduced by any compensation earned by the

Executive as a result of employment by another employer or by insurance benefits after the date of termination, or otherwise.

(b) The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish the Executive's existing rights, or rights which would accrue solely as a result of the passage of time, under any benefit plan of the Corporation or Partnership, or other contract, plan or arrangement.

4.3 (a) Notwithstanding anything to the contrary in this Agreement, if it shall be determined (as hereafter provided) that any payment, benefit or distribution (or combination thereof) by the Corporation, any of its affiliates (including the Partnership), one or more trusts established by the Corporation for the benefit of its employees, or any other person or entity, to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, restricted stock award, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any successor provision thereto) by reason of being "contingent on a change in ownership or control" of the Corporation or an affiliate, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such excise tax (such tax or taxes, together with any such interest and penalties, are hereafter collectively referred to as the "Excise Tax"), then the Corporation shall make an additional

payment (the "Gross-Up Payment") to the Executive such that, after payment of all Excise Taxes and any other taxes payable in respect of such Gross-Up Payment, the Executive shall retain the same amount as if no Excise Tax had been imposed. In addition, the Corporation shall reimburse the Executive for any and all costs and expenses (including attorneys' fees) incurred by the Executive with respect to (i) the determination of the Excise Tax, any other taxes payable in respect of the Gross-Up Payment or the Gross-Up Payment, (ii) any disputes regarding the determination of the Excise Tax, any other taxes payable in respect of the Gross-Up Payment or the Gross-Up Payment, or (iii) the applicability of this Section 4.3.

(b) Subject to the provisions of Section 4.3(a) hereof, all determinations required to be made under this Section 4.3, including whether an Excise Tax is payable by the Executive and the amount of such Excise Tax, shall be made by the nationally recognized firm of certified public accountants (the "Accounting Firm") used by the Corporation prior to the change in control (or, if such Accounting Firm declines to serve, the Accounting Firm shall be a nationally recognized firm of certified public accountants selected by the Executive). The Accounting Firm shall be directed by the Corporation or the Executive to submit its preliminary determination and detailed supporting calculations to both the Corporation and the Executive within 15 calendar days after the receipt of notice from the Executive or the Corporation (which notice shall include data sufficient to perform the determination and supporting calculations) that there has been a Payment which is or might be subject to an Excise Tax, or any other time or times as may be requested by the Corporation or the Executive. If the Accounting Firm determines that any Excise Tax is payable by the Executive, the Corporation shall make the Gross-Up Payment. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall, at the same time as it makes

such determination, furnish the Executive with an opinion from the Accounting Firm or from reputable legal counsel which is familiar with the Excise Tax provisions of the Code (which may but need not be regular or special counsel to the Corporation) that the Executive has substantial authority not to report any Excise Tax on his federal, state, local income or other tax return. Any determination by the Accounting Firm shall be binding upon the Corporation and the Executive absent a contrary determination by the Internal Revenue Service or a court of competent jurisdiction; provided, however, that no such determination shall eliminate or reduce the Corporation's obligation to provide any Gross-Up Payment that shall be due as a result of such contrary determination. As a result of the uncertainty in the application of Section 4999 of the Code (or any successor provision thereto) and the possibility of similar uncertainty regarding state or local tax law at the time of any determination by the Accounting Firm hereunder, it is possible that the amount of the Gross-Up Payment determined by the Accounting Firm to be due to (or on behalf of) the Executive was lower than the amount actually due (the "Underpayment"). In the event that the Corporation exhausts its remedies pursuant to Section 4.3(d) below, and the Executive thereafter is required to make a payment or an additional payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred as promptly as possible and notify the Corporation and the Executive of such calculations, and of the amount any such Underpayment and the resulting additional Gross-Up Payment to the Executive within 15 calendar days after the Accounting Firm received notice of the Underpayment from the Corporation or the Executive. Any Gross-Up Payments due under this Section 4.3 shall be promptly paid by the Corporation, at its expense, to or for the benefit of the Executive (including any withholding payment made directly by the Corporation to the Internal Revenue Service or the U.S. Treasury with respect to

the Executive's Excise Tax liability) within five (5) business days after receipt of the determination and calculations from the Accounting Firm. All fees and expenses of the Accounting Firm shall be paid by the Corporation in connection with the calculations required by this Section 4.3.

(c) The federal, state and local income or other tax returns filed by the Executive (or any filing made by a consolidated tax group which includes the Corporation) shall be prepared and filed on a consistent basis with the determination of the Accounting Firm with respect to the Excise Tax payable by the Executive. The Executive shall make proper payment of the amount of any Excise Tax, and at the request of the Corporation, provide to the Corporation true and correct copies (with any amendments) of the Executive's federal income tax return as filed with the Internal Revenue Service and corresponding state and local tax returns, if relevant, as filed with the applicable taxing authority, and such other documents reasonably requested by the Corporation, evidencing such payment.

(d) The Executive shall notify the Corporation in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Corporation of any Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Executive is informed in writing of such claim and shall apprise the Corporation of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty (30) day period following the date on which he gives such notice to the Corporation (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Corporation notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall (i) provide to the Corporation any

information which is in the Executive's possession reasonably requested by the Corporation relating to such claim, (ii) take such action in connection with contesting such claim as the Corporation shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Corporation, (iii) cooperate with the Corporation in good faith in order to effectively contest such claim, and (iv) permit the Corporation to participate in any proceedings relating to such claim; provided, however, that the Corporation shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 4.3, the Corporation shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Corporation shall determine; provided, further, that if the Corporation directs the Executive to pay such claim and sue for a refund, the Corporation shall pay the amount of such payment to the Executive, and the Executive shall use such amount received to pay such claim, and the Corporation shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such payment or with respect

to any imputed income with respect to such payment (including the applicable Gross-Up Payment); provided, further, that if the Executive is required to extend the statute of limitations to enable the Corporation to contest such claim, the Executive may limit this extension solely to such contested amount. The Corporation's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(e) If, after the receipt by the Executive of an amount paid or advanced by the Corporation pursuant to this Section 4.3, the Executive becomes entitled to receive any refund with respect to a Gross-Up Payment, the Executive shall (subject to the Corporation's complying with the requirements of Section 4.3(d)) promptly pay to the Corporation the amount of such refund received (together with any interest paid or credited thereon after taxes applicable thereto) (or, to the extent such payment would be deemed prohibited by applicable law, shall be treated as a prepayment by the Corporation of any amounts owed to the Executive). If, after the receipt by the Executive of an amount advanced by the Corporation pursuant to Section 4.3(d), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Corporation does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such payment made to the Executive thereunder shall offset, to the extent thereof, the amount of the Gross-Up Payment required to be paid.

5. Other Activities During Employment.

5.1 The Executive shall not during the term of this Agreement undertake or engage in any other employment, occupation or business enterprise. Subject to compliance with the provisions of this Agreement, the Executive may engage in reasonable activities with respect to personal investments of the Executive.

5.2 During the term of this Agreement, without the prior approval of the Board of Directors, neither the Executive nor any entity in which he may be interested as a partner, trustee, director, officer, employee, shareholder, option holder, lender of money or guarantor, shall be engaged directly or indirectly in any real estate development, leasing, marketing or management activities other than through the Corporation and the Partnership, except for activities existing on the date of this Agreement which have been disclosed to the Corporation; provided, however, that the foregoing shall not be deemed to (a) prohibit the Executive from being on the Board of Directors of another entity, (b) prevent the Executive from investing in securities if such class of securities in which the investment is so made is listed on a national securities exchange or is issued by a company registered under Section 12(g) of the Securities Exchange Act of 1934, so long as such investment holdings do not, in the aggregate, constitute more than 1% of the voting stock of any company's securities or (c) prohibit passive investments, subject to any limitations contained in subparagraph (b) above.

5.3 The Executive shall not at any time during this Agreement or after the termination hereof directly or indirectly divulge, furnish, use, publish or make accessible to any person or entity any Confidential Information (as hereinafter defined), except pursuant to subpoena, court order or applicable law. Any records of Confidential Information prepared by

the Executive or which come into Executive's possession during this Agreement are and remain the property of the Corporation or the Partnership, as the case may be, and upon termination of Executive's employment all such records and copies thereof shall be either left with or returned to the Corporation or the Partnership, as the case may be.

5.4 The term "Confidential Information" shall mean information disclosed to the Executive or known, learned, created or observed by Executive as a consequence of or through employment by the Corporation and the Partnership, not generally known in the relevant trade or industry, about the Corporation's or the Partnership's business activities, services and processes, including but not limited to information concerning advertising, sales promotion, publicity, sales data, research, copy, leasing, other printed matter, artwork, photographs, reproductions, layout, finances, accounting, methods, processes, business plans, contractors, lessee and supplier lists and records, potential lessee and supplier lists, and contractor, lessee or supplier billing.

6. Post-Employment Activities.

6.1 During the term of employment hereunder, and for a period of one year after termination of employment, regardless of the reason for such termination other than by the Corporation or Partnership without Cause or by the Executive for Good Reason, the Executive shall not directly or indirectly become employed by, act as a consultant to, or otherwise render any services to any person, corporation, partnership or other entity which is engaged in, or about to become engaged in, the retail shopping center business or any other business which is competitive with the business of the Corporation, the Partnership or any of their subsidiaries nor shall Executive use Executive's talents to make any such business competitive with the business of the Corporation, the Partnership or any of their subsidiaries. For the purpose of this

Section, a retail shopping center business or other business shall be deemed to be competitive if it involves the ownership, operation, leasing or management of any retail shopping centers which draw from the same related trade area, which is deemed to be within a radius of 10 miles from the location of (a) any then existing shopping centers of the Corporation, the Partnership or any of their subsidiaries or (b) any proposed centers for which the site is owned or under contract, is under construction or is actively being negotiated. The Executive shall be deemed to be directly or indirectly engaged in a business if Executive participates therein as a director, officer, stockholder, employee, agent, consultant, manager, salesman, partner or individual proprietor, or as an investor who has made advances or loans, contributions to capital or expenditures for the purchase of stock, or in any capacity or manner whatsoever; provided, however, that the foregoing shall not be deemed to prevent the Executive from investing in securities if such class of securities in which the investment is so made is listed on a national securities exchange or is issued by a company registered under Section 12(g) of the Securities Exchange Act of 1934, so long as such investment holdings do not, in the aggregate, constitute more than 1% of the voting stock of any company's securities.

6.2 The Executive acknowledges that Executive has been employed for Executive's special talents and that Executive's leaving the employ of the Corporation and the Partnership would seriously hamper the business of the Corporation and the Partnership. The Executive agrees that the Corporation and the Partnership shall each be entitled to injunctive relief, in addition to all remedies permitted by law, to enforce the provisions of Sections 5 and 6 hereof. The Executive further acknowledges that Executive's training, experience and technical skills are of such breadth that they can be employed to advantage in other areas which are not competitive with the present business of the Corporation and the Partnership and

consequently the foregoing obligation will not unreasonably impair Executive's ability to engage in business activity after the termination of Executive's present employment.

6.3 The Executive will not, during the period of one year after termination of employment, regardless of the reason for such termination, hire or offer to hire or entice away or in any other manner persuade or attempt to persuade, either in Executive's individual capacity or as agent for another, any of the Corporation's, the Partnership's or any of their subsidiaries' officers, employees or agents to discontinue their relationship with the Corporation, the Partnership or any of their subsidiaries nor divert or attempt to divert from the Corporation, the Partnership or any of their subsidiaries any business whatsoever by influencing or attempting to influence any contractor, lessee or supplier of the Corporation, the Partnership or any of their subsidiaries.

7. Assignment. This Agreement shall inure to the benefit of and be binding upon the Corporation, the Partnership and their successors and assigns, and upon the Executive and Executive's heirs, executors, administrators and legal representatives. The Corporation and the Partnership will require any successor or assign to all or substantially all of their business or assets to assume and perform this Agreement in the same manner and to the same extent that the Corporation and the Partnership would be required to perform if no such succession or assignment had taken place. This Agreement shall not be assignable by the Executive.

8. No Third Party Beneficiaries. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement, except as provided in Section 7 hereof.

9. Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

10. Interpretation. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein. If, moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

11. Notices. All notices under this Agreement shall be in writing and shall be deemed to have been given at the time when mailed by registered or certified mail, addressed to the address below stated of the party to which notice is given, or to such changed address as such party may have fixed by notice:

To the Corporation
or the Partnership:

Cedar Shopping Centers, Inc.
44 South Bayles Avenue
Port Washington, NY 11050
Attn: President

To the Executive:

Frank C. Ullman

provided, however, that any notice of change of address shall be effective only upon receipt.

12. Waivers. If either party should waive any breach of any provision of this Agreement, he or it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

13. Complete Agreement; Amendments. The foregoing is the entire agreement of the parties with respect to the subject matter hereof and may not be amended, supplemented, cancelled or discharged except by written instrument executed by both parties hereto.

14. Governing Law. This Agreement is to be governed by and construed in accordance with the laws of the State of New York without giving effect to principles of conflicts of law.

15. Counterparts. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all of the parties hereto, notwithstanding that all such parties are not signatories to the same counterpart.

16. Arbitration. Mindful of the high cost of litigation, not only in dollars but time and energy as well, the parties intend to and do hereby establish a quick, final and binding out-of-court dispute resolution procedure to be followed in the unlikely event any controversy should arise out of or concerning the performance of this Agreement. Accordingly, the parties do hereby covenant and agree that any controversy, dispute or claim of whatever nature arising out of, in connection with or in relation to the interpretation, performance or breach of this Agreement, including any claim based on contract, tort or statute, shall be settled, at the request of any party to this Agreement, through arbitration by a dispute resolution process administered by JAMS or any other mutually agreed upon arbitration firm involving final and binding arbitration conducted at a location determined by the arbitrator in New York City administered by and in accordance with the then existing rules of practice and procedure of such arbitration firm and judgment upon any award rendered by the arbitrator may be entered by any state or federal court having jurisdiction thereof; provided, however, that the Corporation and the

Partnership shall be entitled to seek judicial relief to enforce the provisions of Sections 5 and 6 of this Agreement.

17. Indemnification. During this Agreement and thereafter, the Corporation and the Partnership shall indemnify the Executive to the fullest extent permitted by law against any judgments, fine, amounts paid in settlement and reasonable expenses (including attorneys' fees) in connection with any claim, action or proceeding (whether civil or criminal) against the Executive as a result of the Executive serving as an officer or director of the Corporation or the Partnership, in or with regard to any other entity, employee benefit plan or enterprise (other than arising out of the Executive's act of willful misconduct, gross negligence, misappropriation of funds, fraud or breach of this Agreement). This indemnification shall be in addition to, and not in lieu of, any other indemnification the Executive shall be entitled to pursuant to the Corporation's or Partnership's Articles of Incorporation, By-Laws, Agreement of Limited Partnership or otherwise. Following the Executive's termination of employment, the Corporation and the Partnership shall continue to cover the Executive under the then existing director's and officer's insurance, if any, for the period during which the Executive may be subject to potential liability for any claim, action or proceeding (whether civil or criminal) as a result of his service as an officer or director of the Corporation or the Partnership or in any capacity at the request of the Corporation or the Partnership, in or with regard to any other entity, employee benefit plan or enterprise on the same terms such coverage was provided during this Agreement, at the highest level then maintained for any then current or former officer or director.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Cedar Shopping Centers, Inc.

By: /s/ LEO S. ULLMAN
Title: Leo S. Ullman, President

Cedar Shopping Centers Partnership, L.P.

By: Cedar Shopping Centers, Inc.,
General Partner

By: /s/ FRANK C. ULLMAN

Frank C. Ullman

AMENDED AND RESTATED LOAN AGREEMENT

Among

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P. a Delaware limited partnership

("Borrower")

and

KEYBANK, NATIONAL ASSOCIATION ("Administrative Agent"),

and

KEYBANK, NATIONAL ASSOCIATION,
MANUFACTURERS AND TRADERS TRUST COMPANY,

TD BANK, N.A.

REGIONS BANK

CITIZENS BANK OF PENNSYLVANIA

RAYMOND JAMES BANK, FSB

TRISTATE CAPITAL BANK

and any other Lenders, if any, which may become parties to this Agreement ("Lenders")

KEYBANC CAPITAL MARKETS LLC ("Arranger")

UP TO \$250,000,000.00 LOAN

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THIS AMENDED AND RESTATED LOAN AGREEMENT AMENDS AND RESTATES IN ITS ENTIRETY THAT CERTAIN LOAN AGREEMENT DATED AS OF JUNE 13, 2008 ENTERED INTO BETWEEN CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., AS BORROWER, KEYBANK, NATIONAL ASSOCIATION, AS ADMINISTRATIVE AGENT, AND THE VARIOUS LENDERS PARTY THERETO

AMENDED AND RESTATED LOAN AGREEMENT

This agreement ("Loan Agreement" or "Agreement") is made and entered into as of the 17th day of October, 2008, by and between **CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.**, a Delaware limited partnership having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Borrower"), **KEYBANK, NATIONAL ASSOCIATION**, a national banking association having an address at 225 Franklin Street, 18th Floor, Boston, Massachusetts, 02110; **MANUFACTURERS AND TRADERS TRUST COMPANY**, a New York banking corporation having an address at One M&T Plaza, Buffalo, New York 14203; **TD BANK, N.A.**, having an address at 15 Park Street, Framingham, Massachusetts 01702; **REGIONS BANK** having an address at 1900 5th Ave. N., 15th Floor, Birmingham, Alabama 35203; **CITIZENS BANK OF PENNSYLVANIA** having an address at 1215 Superior Ave., 6th Floor, Cleveland, Ohio 44114; **RAYMOND JAMES BANK, FSB**, having an address at 710 Carillon Parkway, St. Petersburg, Florida 33716; and **TRISTATE CAPITAL BANK**, having an address at 789 E. Lancaster Avenue, Suite 240, Villanova, Pennsylvania 19085, and the other lending institutions which are or may hereafter become parties to the Loan Agreement (as defined below), as the Lenders (collectively, the "Lenders"), and **KEYBANK, NATIONAL ASSOCIATION**, a national banking association having an address at 225 Franklin Street, 18th Floor, Boston, Massachusetts, 02110 as administrative agent on behalf of the Lenders (the "Administrative Agent").

WITNESSETH:

1. BACKGROUND.

1.1 **Defined Terms.** Capitalized terms used in this Agreement are defined either in **Exhibit A**, or in specific sections of this Agreement, or in another Loan Document, as referenced in **Exhibit A**.

1.2 **Borrower.** Borrower is a limited partnership organized under the laws of the State of Delaware of which the sole general partner is CSC.

1.3 **Use of Loan Proceeds.** Borrower has applied to Lenders for a revolving loan of not to exceed up to TWO HUNDRED FIFTY MILLION DOLLARS (\$250,000,000.00), with an initial Established Loan Amount of One Hundred Fifty Million Dollars (\$150,000,000.00) ("Loan"), the proceeds of which are to be used (a) to provide funds for the acquisition, development, construction, expansion, and renovation, of real estate properties by the Borrower, CSC, and the Borrower Subsidiaries, (b) to pay certain closing and transactional costs as

approved by the Administrative Agent, and (c) for other lawful REIT purposes, including, without limitation, the disbursements on the Funding Date.

1.4 Guaranties. As an inducement to Lenders to make the Loan, CEDAR SHOPPING CENTERS, INC., a Maryland corporation (“CSC”), and each Borrowing Base Property Owner (severally and collectively called “Guarantor” or “Guarantors”) have agreed to furnish guaranties to the Administrative Agent, for the ratable benefit of the Lenders. The establishment of the facility provided for herein and the making of the Loan is in the best interest of each of the Guarantors as the proceeds of the Loan are being, or may be, used to satisfy Debt of certain of the Guarantors and to make available funds to the Guarantors for working capital purposes and for acquisitions, development, capital expenditures, and refinancings of real estate properties. The Lenders have advised the Borrower that the Lenders will not establish this facility without the Guaranty from the Guarantors.

1.5 Loan. Subject to all of the terms, conditions and provisions of this Agreement, and of the agreements and instruments referred to herein, each of the Lenders agrees severally to make a loan to the Borrower up to a maximum aggregate principal amount equal to such Lender’s Commitment, and Borrower agrees to accept and repay the Loan in accordance with the terms of this Agreement.

2. LOAN PROVISIONS.

2.1 General Loan Provisions.

2.1.1 Limit.

(i) Subject to all of the terms and conditions hereof, the Lenders hereby agree to lend to Borrower, and Borrower may borrow, reborrow and repay from time to time sums (the “Loan Advances”) between the date hereof and the Maturity Date; provided, that (a) the aggregate of (1) the outstanding principal balance of the Loan plus (2) the L/C Exposure, shall at no time exceed (b) the least of (1) the Established Loan Amount, (2) the Total Commitment, or (3) the Availability (the least of (1), (2) or (3), the “Maximum Loan Amount”).

(ii) The obligations of the Lenders hereunder are several and independent and not joint. Failure of any Lender to fulfill its obligations hereunder shall not result in any other Lender becoming obligated to advance more than its Commitment Percentage of the Loan.

(iii) Provided no Default or Event of Default shall then be in existence, the Borrower may, on any one (1) or more occasions prior to the Maturity Date, request an increase the Established Loan Amount; provided, however, that (i) the amount of each such increase shall not be less than Ten Million (\$10,000,000.00) Dollars, (ii) the aggregate amount of all such increases shall not cause the Established Loan Amount to exceed Two Hundred Fifty Million (\$250,000,000.00) Dollars, and (iii) after any such increase the Established Loan Amount shall not exceed the Total Commitments (as such may be increased after the date hereof) as determined by the Administrative Agent. Such request may be made by the Borrower by written notice to the Administrative Agent, which election shall designate the desired increased Established Loan Amount. The Borrower shall execute, deliver and satisfy, and shall

cause each Loan Party to execute, deliver, and satisfy, any and all documentation and other conditions reasonably required by the Administrative Agent and any Lender increasing its Commitment in order to evidence and effectuate the increase in the Established Loan Amount, including, without limitation, any new or replacement Note as may be required by any Lender increasing its Commitment or any new Lender issuing a new Commitment. Any such increase of the Established Loan Amount shall not be effective until written confirmation from the Administrative Agent to the Borrower and the Lenders of such increased amount and the confirmation that such amount does not exceed the Total Commitments. The Administrative Agent shall give the existing Lenders written notice of the Borrower's request to so increase the Established Loan Amount hereunder, and the existing Lenders shall have a right of first refusal with respect to electing to increase their respective Commitments, which right must be exercised by providing the Administrative Agent with written notice of such election within ten (10) Business Days of the notice provided by the Administrative Agent. In the event the existing Lenders shall agree to increase their Commitments by an amount that is in excess of the requested increase, such increased Commitments shall be allocated by the Administrative Agent on a pro rata basis. In connection with any increase in the Established Loan Amount, no Lender shall be required to increase the amount of such Lender's Commitment.

2.1.2 Procedures and Limits. Until the Maturity Date, the Lenders shall, subject to the compliance with all of the other terms, conditions and provisions of this Agreement and there then continuing no Default or Event of Default, make disbursements to Borrower of Loan Advances in installments in accordance with the following:

(i) Written Requests. Loan Advances shall be made, at Borrower's written request to Administrative Agent, not more frequently than four (4) times a month, on the basis of written requests, made in accordance with the method and procedures described in Section 2.1.3 below; and Administrative Agent shall act upon such requests within three (3) Business Days following the receipt of a written request from Borrower for a Loan Advance, which action may include, without limitation, funding the requested Loan Advance, or specifying the basis for not funding and, when applicable, requesting additional information and supporting documentation. The date on which any Loan Advance is funded (or Letter of Credit issued) is herein called a "Drawdown Date."

(ii) Requisitions, Certifications. Each request for a Loan Advance shall be in writing and in the form attached hereto as Exhibit B-1, and shall include an updated Availability Certificate in the form of Exhibit B-1, attached hereto. Each such request shall specify (i) the amount of the Loan Advance requested, (ii) the purpose of the Loan Advance requested, (iii) the aggregate outstanding principal balance of the Loan plus L/C Exposure, (iv) the then aggregate remaining amount which may be funded under the Note, and (v) calculations evidencing the Borrower's continued compliance with the Financial Covenants, as satisfied by the Closing Compliance Certificate, or once delivered, the most recent Compliance Certificate delivered by the Borrower, except to the extent the contemplated Loan Advance will result in noncompliance with the Financial Covenants, and (vi) if the purpose of the Loan Advance is to fund project costs with respect to a Borrowing Base Property, such supporting invoices and other documentation as the Administrative Agent may reasonably require evidencing the project costs incurred or to be paid supporting such Loan Advance. Each request for a Loan Advance hereunder shall be for (a) a minimum amount of \$500,000.00, and (b) an amount not to exceed

(x) the Maximum Loan Amount less (y) the aggregate of the then outstanding principal balance of the Loan plus L/C Exposure.

2.1.3 Funding Procedures. The following terms and provisions shall apply to any Loan Advance:

(i) Upon the satisfaction of the conditions set forth in this Section 2.1, to the extent applicable, Administrative Agent on behalf of the Lenders will either (x) deposit into a Depository Account of the Borrower or (y) disburse to, or for the benefit of, the Borrower or any Borrower Subsidiary (as directed by the Borrower) the amount of the Loan Advance requested by Borrower pursuant to this Section 2.1. Provided the Administrative Agent has received from the Lenders immediately available funds not later than 1:00 p.m. (Eastern time) on the proposed Drawdown Date (to the extent immediately available funds are received later than 1:00 p.m. (Eastern time), Administrative Agent, on behalf of the Lenders, will make the deposit into the Depository Account on the following Business Day), provided that if Borrower's request for a Loan Advance so specifies, instead of making such deposit, Administrative Agent on behalf of the Lenders shall fund all or a portion of such Loan Advance received by the Administrative Agent from the Lenders directly by wire transfer of immediately available funds to a third party (in accordance with wiring instruction specified in such request), in which event such funds shall be wired by no later than 2:00 p.m. (Eastern time) on the proposed Drawdown Date.

(ii) Each request for a Loan Advance hereunder shall constitute a representation and warranty by Borrower that the conditions set forth in Section 5.1 hereof, as the case may be, have been satisfied on the date of such request and will be satisfied on the proposed Drawdown Date, unless otherwise disclosed in writing to the Administrative Agent prior to or at the time of such request, including the Borrower's continued compliance with the Financial Covenants, as satisfied by the Closing Compliance Certificate, or once delivered, the most recent Compliance Certificate delivered by the Borrower, except to the extent the contemplated Loan Advance will result in noncompliance with the Financial Covenants. Notwithstanding any such disclosure, the disclosure by Borrower to the Administrative Agent that one or more of the conditions set forth in Section 5.1 hereof are not satisfied as of the date of Borrower's request for a Loan Advance or will not be satisfied as of the proposed Drawdown Date shall entitle Administrative Agent and Lenders to refuse to make the Loan Advance requested by Borrower.

(iii) If any Event of Default shall occur and be continuing, the Administrative Agent may or shall (at the direction of the Required Lenders), by notice to Borrower, terminate the obligation of the Lenders to fund Loan Advances in respect of the then unfunded portion of the Note, and, upon such notice being given, such obligation of the Lenders to make any further Loan Advances in respect of the then unfunded portion of the Note shall terminate immediately and the Lenders shall be relieved of all further obligations to make any Loan Advances to Borrower.

2.2 Term of Loan

2.2.1 The Loan shall be for a term (the "Initial Term") commencing on the date hereof and ending on June 13, 2011 (the "Initial Maturity Date") or such earlier date as the Loan

is accelerated pursuant to the terms of this Agreement upon an Event of Default. The Initial Term may be extended for one year ("Extended Term") until June 13, 2012 ("Extended Maturity Date") upon satisfaction of the conditions set forth in Section 2.2.3 (hereinafter, the Initial Maturity Date and the Extended Maturity Date may be referred to herein sometimes as the "Maturity Date" as may be applicable).

2.2.2 Termination/Reduction.

(i) The Borrower shall have the right to terminate the Loan prior to the originally scheduled Maturity Date by providing the Administrative Agent (with the Administrative Agent giving prompt notice thereof to the Lenders) with ten (10) days' written notice of the Borrower's intention to terminate the Loan (the date of such termination being the "Borrower Termination Date"). In the event that the Borrower provides such written notice to the Administrative Agent, (i) as of the date of the notice, the Lenders shall have no further obligation to make or issue, and the Borrower shall have no further right to receive or request, any Loan Advances or any Letters of Credit hereunder, and (ii) the Borrower shall be obligated on the Borrower Termination Date to pay in full all accrued interest, principal and other charges due with respect to the Loan, including, without limitation, any Breakage Fees due on account of such payment and (y) either (1) provide Administrative Agent with cash collateral equal to the outstanding amount of all outstanding Letters of Credit from a source other than the proceeds of the Loan or (2) return all outstanding Letters of Credit to the Administrative Agent. If such cash collateral is posted, such funds shall be held in an interest bearing account at the Administrative Agent, shall be pledged to secure the Obligations, and shall be refunded on a dollar for dollar basis to the Borrower upon the return to the Administrative Agent, or the expiration, of each Letter of Credit.

(ii) The Borrower shall have the right to reduce the Established Loan Amount to an amount not less than \$100,000,000.00 prior to the originally scheduled Maturity Date by providing the Administrative Agent (with the Administrative Agent giving prompt notice thereof to the Lenders) with ten (10) days' written notice of the Borrower's intention to reduce the Established Loan Amount (the date of such reduction being the "Borrower Reduction Date"). In the event that the Borrower provides such written notice to the Administrative Agent, (i) as of the date of the notice, the Lenders shall have no further obligation to make or issue, and the Borrower shall have no further right to receive or request, any Loan Advances or any Letters of Credit such that (1) the outstanding principal balance of the Loan plus (2) the L/C Exposure, would exceed such reduced Established Loan Amount, and (ii) the Borrower shall be obligated on the Borrower Reduction Date to pay in full the excess of (1) the outstanding principal balance of the Loan plus (2) the L/C Exposure (less any portion of the L/C Exposure which is cash collateralized as set forth in section (y) below), over the reduced Established Loan Amount, including, without limitation, any Breakage Fees due on account of such payment due on account of such payment and/or (y) provide Administrative Agent with cash collateral equal to such excess with respect to Letters of Credit from a source other than the proceeds of the Loan. If such cash collateral is posted, such funds shall be held in an interest bearing account at the Administrative Agent, shall be pledged to secure the Obligations, and shall be refunded on a dollar for dollar basis to the Borrower upon the return to the Administrative Agent, or the expiration, of each Letter of Credit. In order to effect such reduced Established Loan Amount, the Administrative Agent shall reduce the Lenders' Commitments on a pro rata basis.

2.2.3 Upon satisfaction of each of the following conditions, Borrower may extend the Initial Maturity Date of the Loan until the Extended Maturity Date:

(i) No Default. No Default shall exist on the date of the Borrower's written notice for an extension as provided for below and on the Initial Maturity Date.

(ii) Notice From Borrower. Borrower shall have given Administrative Agent (and the Administrative Agent shall give prompt notice thereof to the Lenders) written notice of Borrower's request to exercise its extension right at least forty five (45) days, but no more than ninety (90) days, before the Initial Maturity Date.

(iii) Covenant Compliance. No breach of any covenants imposed upon Borrower or Guarantor shall exist including, without limitation, the Financial Covenants.

(iv) Conditions Satisfied. All of the conditions set forth in Section 5.1 of this Agreement, to the extent applicable, shall continue to be satisfied.

(v) Extension Fee. The Borrower shall have paid to the Administrative Agent an extension fee (the "Extension Fee") for the pro rata benefit of the Lenders of two-tenths of one percent (0.20%) of the outstanding Commitments of the Lenders, such Extension Fee to be payable at least five (5) days prior to the Initial Maturity Date.

(vi) Appraisals. If reasonably required by the Administrative Agent, the Administrative Agent shall have obtained an updated Appraisal on each Borrowing Base Property.

(vii) Additional Documents. Borrower and Guarantor shall have executed and delivered to Administrative Agent such agreements and documents as Administrative Agent may reasonably require incident to the extension.

Within thirty (30) days following receipt by Administrative Agent and each of the Lenders of Borrower's written notice under clause 2.2.3(ii) above requesting the extension accompanied by those of the items described above which are then available, Administrative Agent shall notify Borrower in writing if all of the conditions precedent to the extension, other than payment of the Extension Fee, have been satisfied, or if further information, certificates or work are required. If Administrative Agent determines that the conditions to extension have been satisfied, other than payment of the Extension Fee, Administrative Agent shall so notify Borrower and the Lenders and upon Administrative Agent's receipt of the Extension Fee not later than five (5) days prior to the Initial Maturity Date, so long as no Default exists, the term of the Loan shall be extended until the Extended Maturity Date.

2.3 Interest Rate and Payment Terms. The Loan shall be payable as to interest and principal in accordance with the provisions of this Agreement and the Note. This Agreement also provides for interest at a Default Rate, Late Charges and prepayment rights and fees. All payments for the account of Lenders shall be applied to the respective accounts of the Lenders in accordance with each Lender's Commitment Percentage of the Loan. Any and all interest rate selection and conversion provisions in this Agreement are to be administered by the

Administrative Agent and to be allocated on a pro rata basis to the portion of the balance due under the Note held by each Lender based upon such Lender's Commitment Percentage.

2.3.1 Borrower's Options. Principal amounts outstanding under the Loan shall bear interest at the following rates, at Borrower's selection, subject to the conditions and limitations provided for in this Agreement: (i) Variable Rate or (ii) Effective LIBO Rate.

2.3.2 Selection To Be Made. Borrower shall select, and thereafter may change the selection of, the applicable interest rate, from the alternatives otherwise provided for in this Agreement, by giving Administrative Agent a Notice of Rate Selection (in accordance with the requirements of Section 2.3.3, below): (i) three (3) Business Days prior to each Loan Advance, (ii) two (2) Business Days prior to the end of each Interest Period applicable to an Effective LIBO Rate Advance which shall be continued as an Effective LIBO Rate Advance, or (iii) two (2) Business Days prior to any Business Day on which Borrower desires to convert an outstanding Variable Rate Advance to an Effective LIBO Rate Advance.

2.3.3 Notice. A "Notice of Rate Selection" shall be a written notice, given by cable, tested telex, telecopier, or by telephone if immediately confirmed by such a written notice, from an Authorized Representative of Borrower which: (i) is received by Administrative Agent not later than 10:00 a.m. (Eastern time): (a) if an Effective LIBO Rate is selected, at least two (2) Business Days prior to the first day of the Interest Period to which such selection is to apply, (b) if a Variable Rate is selected, on the first day of the Interest Period to which such selection is to apply; and (ii) as to each selected interest rate option, sets forth the aggregate principal amount(s) to which such interest rate option(s) shall apply and the Interest Period(s) applicable to each Effective LIBO Rate Advance.

2.3.4 If No Notice. If Borrower fails to select an interest rate option in accordance with the foregoing prior to a Loan Advance, or at least two (2) Business Days prior to the last day of the applicable Interest Period of an outstanding Effective LIBO Rate Advance, or if an Effective LIBO Rate Advance is not available, any new Loan Advance made shall be deemed to be a Variable Rate Advance, and on the last day of the applicable Interest Period all outstanding principal amounts of the applicable Effective LIBO Rate Advance shall be deemed converted to a Variable Rate Advance.

2.3.5 Telephonic Notice. Without any way limiting Borrower's obligation to confirm in writing any telephonic notice, Administrative Agent may act without liability upon the basis of telephonic notice believed by Administrative Agent in good faith to be from Borrower prior to receipt of written confirmation. In each case Borrower hereby waives the right to dispute Administrative Agent's record of the terms of such telephonic Notice of Rate Selection in the absence of manifest error.

2.3.6 Limits On Options. Each Effective LIBO Rate Advance shall be in a minimum amount of \$1,000,000.00. At no time shall there be outstanding a total of more than five (5) Effective LIBO Rate Advances combined at any time.

2.3.7 Payment and Calculation of Interest. All interest shall be: (a) payable in arrears commencing on the first day of the calendar month following the Funding Date and on

the same day of each month thereafter until the principal together with all interest and other charges payable with respect to the Loan shall be fully paid; and (b) calculated on the basis of a 360 day year and the actual number of days elapsed. Each change in the Prime Rate shall simultaneously change the Variable Rate payable under this Agreement. Interest at the Effective LIBO Rate shall be computed from and including the first day of the applicable Interest Period to, but excluding, the last day thereof.

2.3.8 Mandatory Principal Payments.

(i) If, on any day, the aggregate of (a) the outstanding principal balance of the Loan, plus (b) the L/C Exposure, exceeds the Maximum Loan Amount, then the Borrower shall make a principal payment to the Administrative Agent, for the ratable benefit of the Lenders, in the amount of such excess, including, without limitation, any payment required to comply with the terms of Section 3.4, below, in immediately available funds within ten (10) Business Days of demand from the Administrative Agent; provided, however, if during such ten (10) Business Day period the Borrower delivers to the Administrative Agent satisfactory Funding Evidence, such ten (10) Business Day period shall be extended for such additional time as is determined by the Administrative Agent to be required for Borrower, acting in due diligence, to obtain such funds, not to exceed an additional sixty (60) days.

(ii) In connection with the release of the Lien in favor of the Administrative Agent on behalf of the Lenders on any Borrowing Base Property in accordance with Section 3.3, the Borrower shall prepay the Loan in an amount equal to the Release Price, if any, of the said Borrowing Base Property simultaneously with, or prior to, the release of the said Lien (any payment due under subsections (i) or (ii), a "Mandatory Principal Payment").

(iii) The entire principal balance of the Loan shall be due and payable in full on the Maturity Date.

2.3.9 Prepayment. The Loan or any portion thereof may be prepaid in full or in part at any time upon two (2) Business Days prior written notice to the Administrative Agent without premium or penalty with respect to Variable Rate Advances and, with respect to Effective LIBO Rate Advances subject to the Breakage Fee. Any Mandatory Principal Prepayment and any other partial prepayment of principal shall first be applied to the principal due in the reverse order of maturity, and no such partial prepayment shall relieve Borrower of the obligation to pay each installment of principal when due. Any amounts prepaid may be reborrowed subject to the terms hereof.

2.3.10 Maturity. At Maturity all accrued interest, principal and other charges due with respect to the Loan shall be due and payable in full and the principal balance and such other charges, but not unpaid interest, shall, at the option of the Administrative Agent, continue to bear interest thereafter at the Default Rate until so paid.

2.3.11 Method of Payment; Date of Credit. All payments of interest, principal and fees shall be made in lawful money of the United States in immediately available funds, without counterclaim or setoff and free and clear of, and without any deduction or withholding for, any taxes or other payments: (a) by direct charge to an account of Borrower maintained with

Administrative Agent, or (b) by wire transfer to Administrative Agent or (c) to such other bank or address as the holder of the Loan may designate in a written notice to Borrower. Payments shall be credited on the Business Day on which immediately available funds are received prior to 1:00 p.m. (Eastern time); payments received after 1:00 p.m. (Eastern time) shall be credited to the Loan on the next Business Day. Payments which are by check, which Administrative Agent may at its option accept or reject, or which are not in the form of immediately available funds shall not be credited to the Loan until such funds become immediately available to Administrative Agent, and, with respect to payments by check, such credit shall be provisional until the item is finally paid by the payor bank.

2.3.12 Billings. Administrative Agent may submit monthly billings reflecting payments due; however, any changes in the interest rate which occur between the date of billing and the due date may be reflected in the billing for a subsequent month. Neither the failure of Administrative Agent to submit a billing nor any error in any such billing shall excuse Borrower from the obligation to make full payment of all Borrower's payment obligations when due.

2.3.13 Default Rate. Administrative Agent shall have the option of imposing, and shall impose upon the direction of the Required Lenders, and Borrower shall pay upon billing therefor, an interest rate which is four percent (4.0%) per annum above the Effective LIBO Rate or Variable Rate then in effect with respect to Loan Advances (as the case may be) ("Default Rate"): (a) following any Event of Default, unless and until the Event of Default is waived by Required Lenders; and (b) after Maturity. Borrower's right to select pricing options shall cease upon the occurrence of any Event of Default unless and until the Event of Default is waived by Administrative Agent.

2.3.14 Late Charges. Borrower shall pay a late charge (herein, the "Late Charge") equal to five percent (5%) of the amount of any interest or scheduled payment of principal (other than the final principal payment due upon the Maturity Date), which is not paid within ten (10) days of the due date thereof. Late charges are: (a) payable in addition to, and not in limitation of, the Default Rate, (b) intended to compensate Administrative Agent and the Lenders for administrative and processing costs incident to late payments, (c) are not interest, and (d) shall not be subject to refund or rebate or credited against any other amount due.

2.3.15 Breakage Fees. Borrower shall pay to Administrative Agent, for the benefit of the Lenders, immediately upon request and notwithstanding contrary provisions contained in any of the Loan Documents, such amounts as shall, in the conclusive judgment of Administrative Agent (in the absence of manifest error), compensate Administrative Agent and the Lenders for the loss, cost or expense which it may reasonably incur as a result of (i) any payment or prepayment, under any circumstances whatsoever, whether voluntary or involuntary, of all or any portion of an Effective LIBO Rate Advance on a date other than the last day of the applicable Interest Period of an Effective LIBO Rate Advance, (ii) the conversion, for any reason whatsoever, whether voluntary or involuntary, of any Effective LIBO Rate Advance to a Variable Rate Advance on a date other than the last day of the applicable Interest Period, (iii) the failure of all or a portion of a Loan which was to have borne interest at the Effective LIBO Rate pursuant to the request of Borrower to be made under the Loan Agreement (except as a result of any act or omission of Lender), or (iv) the failure of Borrower to borrow in accordance with any request submitted by it for an Effective LIBO Rate Advance. Such amounts payable by

Borrower shall be equal to any administrative costs actually incurred plus any amounts required to compensate for any loss, cost or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by Administrative Agent or any Lender to fund or maintain an Effective LIBO Rate Advance (herein, collectively, the "Breakage Fee"). A certificate from a Lender provided to the Borrower by the Administrative Agent setting forth the calculation and amount of its Breakage Fee shall be conclusive absent manifest error.

2.4 Loan Fees; Administrative Agent's Fees.

2.4.1 Loan Fees. Borrower shall pay Administrative Agent for its own account the various fees in accordance with the fee letter between the Borrower and the Administrative Agent dated as of the date hereof.

2.4.2 Line Fee. Borrower agrees to pay an unused line fee (the "Line Fee") to the Administrative Agent, for the pro rata benefit of the Lenders. The amount of the Line Fee on any given day shall equal the Line Percentage multiplied by the amount on such day by which the Total Commitments exceed the sum of (a) the outstanding principal balance of the Loan, and (b) the L/C Exposure. The Line Fee shall be payable to the Administrative Agent quarterly in arrears on the first day of each calendar quarter for the immediately preceding calendar quarter or portion thereof, with a final payment on the Maturity Date and the first and last payments to be prorated based upon the partial calendar quarters to which they apply.

2.5 Acceleration. The Administrative Agent may, and upon the request of the Required Lenders shall, accelerate the Loan, upon the occurrence an Event of Default which remains continuing. Upon such an acceleration, all principal, accrued interest, Breakage Fee, any other fees, and costs and expenses shall be due and payable together with interest on such principal at the Default Rate from the date of the Event of Default until paid.

2.6 Additional Provisions Related to Interest Rate Selection.

2.6.1 Increased Costs. If, due to any one or more of: (i) the introduction of any applicable law or regulation or any change (other than any change by way of imposition or increase of reserve requirements already referred to in the definition of Effective LIBO Rate) in the interpretation or application by any authority charged with the interpretation or application thereof of any law or regulation; or (ii) the compliance with any guideline or request from any governmental central bank or other governmental authority (whether or not having the force of law) (an event described in the preceding clause (i) or (ii) an "Increased Cost Event"), there shall be an increase in the cost to any Lender of agreeing to make or making, funding or maintaining Effective LIBO Rate Advances, including without limitation changes which affect or would affect the amount of capital or reserves required or expected to be maintained by any such Lender, with respect to all or any portion of the Loan, or any corporation controlling any Lender, on account thereof, then Borrower from time to time shall, within twenty (20) days after written demand by Administrative Agent, pay to such Lender the incremental increase in Lender's cost due to the Increased Cost Event. A certificate as to the amount of the increased cost and the reason therefor submitted to Borrower by the Administrative Agent on behalf of an affected Lender, in the absence of manifest error, shall be conclusive and binding for all purposes.

2.6.2 Illegality. Notwithstanding any other provision of this Agreement, if the introduction of or change in or in the interpretation of any law, treaty, statute, regulation or interpretation thereof shall make it unlawful, or any central bank or government authority shall assert by directive, guideline or otherwise, that it is unlawful, for any Lender to make or maintain Effective LIBO Rate Advances or to continue to fund or maintain Effective LIBO Rate Advances, and such Lender, without cost or expense, cannot hold or administer its Commitment from an office where maintaining and funding Effective LIBO Rate Advances can be accomplished, then, on written notice thereof and demand by Administrative Agent or Required Lenders to Borrower, (a) the obligation of Administrative Agent to make Effective LIBO Rate Advances and to convert or continue any Loan as Effective LIBO Rate Advances shall terminate and (b) at the end of the applicable Interest Period (or on such earlier date as may be necessary to comply with such change), Borrower shall convert all principal outstanding under this Agreement into Variable Rate Advances.

2.6.3 Additional LIBO Rate Conditions. The selection by Borrower of an Effective LIBO Rate and the maintenance of the Effective LIBO Rate Advance at such rate shall be subject to the following additional terms and conditions:

A. Availability. If, before or after Borrower has selected to take or maintain an Effective LIBO Rate Advance, but before the Interest Period with respect thereto commences, the Administrative Agent notifies Borrower that:

(a) Dollar deposits in the amount and for the maturity requested are not available to lenders in the London interbank market at the rate specified in the definition of LIBO Rate set forth above, or

(b) reasonable means do not exist for Administrative Agent to determine the Effective LIBO Rate for the amounts and maturity requested,

then the principal which would have been an Effective LIBO Rate Advance shall be a Variable Rate Advance.

B. Payments Net of Taxes. All payments and prepayments of principal and interest under this Agreement shall be made net of any taxes (excluding Excluded Taxes) and costs (which are compensated under Section 2.6.1 above) resulting from having principal outstanding at or computed with reference to an Effective LIBO Rate. Without limiting the generality of the preceding obligation, illustrations of such taxes and costs as to which payments are to be made net of are taxes, or the withholding of amounts for taxes, of any nature whatsoever including income, excise, interest equalization taxes (other than United States or state income taxes) as well as all levies, imposts, duties or fees whether now in existence or as the result of a change in or promulgation of any treaty, statute, regulation, or interpretation thereof or any directive guideline or otherwise by a central bank or fiscal authority (whether or not having the force of law) or a change in the basis of, or the time of payment of, such taxes and other amounts resulting therefrom. Each Lender organized under the laws of a jurisdiction outside of the United States (a "Foreign Lender") shall provide to the Borrower and the Administrative Agent two properly completed and executed Internal Revenue Service Forms W-8BEN or other applicable forms, certificates or documents prescribed by the Internal Revenue

Service of the United States certifying as to such Foreign Lender's entitlement to complete exemption from United States withholding tax under an applicable statute or tax treaty with respect to payments to be made to such Foreign Lender hereunder ("Certificates of Exemption"). Each Foreign Lender shall provide such Certificates of Exemption on or before the Closing Date, and shall provide Certificates of Exemption on or before the first business day of each taxable year of such Foreign Lender thereafter. Each Foreign Lender that becomes a Lender pursuant to Section 13.3 after the Closing Date shall provide Certificates of Exemption on or before the date such Foreign Lender becomes a Lender and on or before the first business day of each taxable year of such Foreign Lender thereafter. If a Foreign Lender does not provide a Certificate of Exemption to Borrower and the Administrative Agent within the time periods set forth in the preceding sentence, Borrower shall withhold taxes from payments to such Foreign Lender at the applicable statutory rates and Borrower shall be permitted to deduct the amount withheld from the amount it otherwise would have been required to pay, provided that all such withholding shall cease upon delivery by such Foreign Lender of a Certificate of Exemption to Borrower and Administrative Agent. Each Lender that is not a Foreign Lender and is not exempt from backup withholding under the Code with respect to payments made under this Agreement shall provide a properly completed and executed IRS Form W-9 to the Borrower promptly after becoming a Lender under this Agreement. If a Lender fails to comply with its obligations under the preceding sentence and Borrower pays backup withholding as a result of such failure, Borrower shall be permitted to deduct the amount withheld from the amount it otherwise would have been required to pay to the Lender. Without limiting the foregoing, the Borrower shall timely pay any Other Taxes to the relevant governmental authority in accordance with applicable law.

2.6.4 Variable Rate Advances. Each Variable Rate Advance shall continue as a Variable Rate Advance until Maturity of the Loan, unless sooner converted, in whole or in part, to an Effective LIBO Rate Advance, subject to the limitations and conditions set forth in this Agreement.

2.7 Letters of Credit

2.7.1 The Letter of Credit Commitment

(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the Lenders set forth in this Section 2.7, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of the Borrower or any current or proposed Borrowing Base Property Owners (it being acknowledged that the Borrowing Base Property Requirements and/or the Equity Requirement for such proposed Borrowing Base Property may not yet have been met) as required in connection with the construction of improvements on a current or proposed Borrowing Base Property, and to amend or extend Letters of Credit previously issued by it, in accordance with Section 2.7.2 below, and (2) to honor drawings under the Letters of Credit; and (B) the Lenders severally agree to participate in Letters of Credit issued for the account of the Borrower, such current or proposed Borrower Base Property Owners and any drawings thereunder; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Total Outstandings shall not exceed the Total Commitment, (y) the aggregate Outstanding Amount of the Loans of any Lender, plus such Lender's Commitment Percentage of the Outstanding Amount of all L/C

Obligations, shall not exceed such Lender's Commitment, and (z) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit. Each request by the Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed. All Existing Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(ii) The L/C Issuer shall not issue any Letter of Credit, if:

(A) subject to Section 2.7.2(iii), the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Administrative Agent has approved such expiry date; or

(B) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless (x) the Administrative Agent shall have approved such expiry date, subject to Section 2.7.7, or (y) the subject Borrowing Base Property to which the Letter of Credit relates is scheduled to be completed at least ninety (90) days prior to the Letter of Credit Expiration Date.

(iii) The L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Legal Requirement applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of the L/C Issuer;

(C) except as otherwise agreed by the Administrative Agent and the L/C Issuer, such Letter of Credit is in an initial stated amount less than \$25,000.00, in the case of a standby Letter of Credit;

(D) such Letter of Credit is to be denominated in a currency other than Dollars;

(E) such Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder; or

(F) a default of any Lender's obligations to fund under Section 2.7.3 exists or any Lender is at such time a Delinquent Lender hereunder, unless the L/C Issuer has entered into satisfactory arrangements with the Borrower or such Lender to eliminate the L/C Issuer's risk with respect to such Lender, subject to the provisions of Section 13.2.8.

(iv) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(v) The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article 13 with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article 13 included the L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to the L/C Issuer.

2.7.2 Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by an Authorized Representative of the Borrower. Such Letter of Credit Application must be received by the L/C Issuer and the Administrative Agent not later than 11:00 a.m. (Eastern Time) at least two Business Days (or such later date and time as the Administrative Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the L/C Issuer (1) the Letter of Credit to be amended; (2) the proposed date of amendment thereof (which shall be a Business Day); (3) the nature of the proposed amendment;

and (4) such other matters as the L/C Issuer may reasonably require. Additionally, the Borrower shall furnish to the L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the L/C Issuer or the Administrative Agent may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will provide the Administrative Agent with a copy thereof. Unless the L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Sections 2.1.3(ii) or 2.1.3(iii) shall not then be satisfied, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Borrower or the applicable Borrower Subsidiary or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Commitment Percentage times the amount of such Letter of Credit.

(iii) If the Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, the Borrower shall not be required to make a specific request to the L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date (unless clause (x) or (y) of Section 2.7.1(ii)(B) shall apply); provided, however, that the L/C Issuer shall not permit any such extension if (A) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.7.1 or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Administrative Agent has not approved or the Borrower has not qualified for such extension or (2) from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Sections 2.1.3(ii) or 2.1.3(iii) are not then satisfied, and in each such case directing the L/C Issuer not to permit such extension.

(iv) If the Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that permits the automatic reinstatement of all or a portion of the stated amount thereof after any drawing thereunder (each, an "Auto-Reinstatement Letter of Credit"). Unless

otherwise directed by the L/C Issuer, the Borrower shall not be required to make a specific request to the L/C Issuer to permit such reinstatement. Once an Auto-Reinstatement Letter of Credit has been issued, except as provided in the following sentence, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to reinstate all or a portion of the stated amount thereof in accordance with the provisions of such Letter of Credit. Notwithstanding the foregoing, if such Auto-Reinstatement Letter of Credit permits the L/C Issuer to decline to reinstate all or any portion of the stated amount thereof after a drawing thereunder by giving notice of such non-reinstatement within a specified number of days after such drawing (the "Non-Reinstatement Deadline"), the L/C Issuer shall not permit such reinstatement if it has received a notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Non-Reinstatement Deadline (A) from the Administrative Agent that the Administrative Agent has not approved or the Borrower has not qualified for such reinstatement or (B) from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Sections 2.1.3(ii) or 2.1.3(iii) are not then satisfied (treating such reinstatement as an L/C Credit Extension for purposes of this clause) and, in each case, directing the L/C Issuer not to permit such reinstatement.

(v) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

2.7.3 Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the L/C Issuer shall notify the Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. (Eastern Time) on the date of any payment by the L/C Issuer under a Letter of Credit (each such date, an "Honor Date"), the Borrower shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing. If the Borrower fails to so reimburse the L/C Issuer by such time, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount"), and the amount of such Lender's Commitment Percentage thereof. In such event, the Borrower shall be deemed to have requested a Variable Rate Advance under the Note to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.1 for the principal amount of the Loan, but subject to the amount of the unutilized portion of the Total Commitment and the conditions set forth in Sections 2.1.3(ii) and 2.1.3(iii). Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.7.3(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender shall upon any notice pursuant to Section 2.7.3(i) make funds available to the Administrative Agent for the account of the L/C Issuer at the Administrative Agent's Office in an amount equal to its Commitment Percentage of the Unreimbursed Amount not later than 1:00 p.m. (Eastern Time) on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.7.3(iii), each Lender that so makes funds available shall be deemed to have made a Variable

Rate Advance to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Loan Advance because the conditions set forth in Section 2.1.3(ii) or 2.1.3(iii) cannot be satisfied or for any other reason, the Borrower shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.7.3(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.7.

(iv) Until each Lender funds its Commitment Percentage of any Loan Advance or L/C Advance pursuant to this Section 2.7.3 to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Commitment Percentage of such amount shall be solely for the account of the L/C Issuer.

(v) Each Lender's obligation to make Loan Advances or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.7.3, shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Lender's obligation to make Loans pursuant to this Section 2.7.3 is subject to the conditions set forth in Sections 2.1.3(ii) or 2.1.3(iii). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.7.3 by the time specified in Section 2.7.3(ii), the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by the L/C Issuer in accordance with banking industry rules on interbank compensation. A certificate of the L/C Issuer submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

2.7.4 Repayment of Participations.

(i) At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.7.3, if the Administrative Agent receives for the account

of the L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Commitment Percentage thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.7.3(i) is required to be returned under any of the provisions of this Agreement (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Commitment Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

2.7.5 Obligations Absolute. The obligation of the Borrower to reimburse the L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrower or any Borrower Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any debtor relief Legal Requirement; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any Borrower Subsidiary.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will, immediately after discovery thereof, notify the L/C Issuer. The Borrower shall be conclusively deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

2.7.6 Role of L/C Issuer. Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, the Administrative Agent, any of their respective Affiliates nor any correspondent, participant or assignee of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, the Administrative Agent, any of their respective Affiliates nor any correspondent, participant or assignee of the L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.7.5 provided, however, that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

2.7.7 Cash Collateral. Upon the request of the Administrative Agent, (i) if the L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, or (ii) if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, the Borrower shall, in each case, immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations. For purposes of this Agreement, "Cash Collateralize" means to pledge and deposit with or deliver to

the Administrative Agent, for the benefit of the L/C Issuer and the Lenders, as collateral for the L/C Obligations, cash or deposit account balances (the "Cash Collateral") pursuant to documentation in form and substance satisfactory to the Administrative Agent and the L/C Issuer (which documents are hereby consented to by the Lenders). Derivatives of such term have corresponding meanings. The Borrower hereby grants to the Administrative Agent, for the benefit of the L/C Issuer and the Lenders, a security interest in all such Cash Collateral and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts at KeyBank, National Association.

2.7.8 Applicability of ISP. Unless otherwise expressly agreed by the L/C Issuer and the Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), the rules of the ISP shall apply to each standby Letter of Credit.

2.7.9 Letter of Credit Fees. The Borrower shall pay to the Administrative Agent for the account of each Lender in accordance with its Commitment Percentage an annual Letter of Credit fee (the "Letter of Credit Fee") for each standby Letter of Credit equal to the Applicable Margin for Effective LIBO Rate Advances times the maximum stated amount available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 2.7.13. Letter of Credit Fees shall be (i) computed on a quarterly basis in arrears and (ii) due and payable on the first Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date. The first and last payments of such Letter of Credit Fee are to be prorated based upon the partial calendar quarters to which they apply. If there is any change in the Applicable Margin for Effective LIBO Rate Advances during any quarter, the daily amount available to be drawn under each standby Letter of Credit shall be computed and multiplied by the Applicable Margin for Effective LIBO Rate Advances separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

2.7.10 Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Borrower shall pay directly to the L/C Issuer for its own account a fronting fee with respect to each Letter of Credit, of one eighth of one percent (.125%) per annum, computed on the maximum stated amount of such Letter of Credit. Such fronting fee shall be due and payable on the first Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the maximum stated amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 2.7.13. In addition, the Borrower shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

2.7.11 Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

2.7.12 Letters of Credit Issued for Borrower Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Borrower Subsidiary, the Borrower shall be obligated to reimburse the L/C Issuer hereunder for any and all drawings under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Borrower Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Borrower Subsidiaries.

2.7.13 Amount. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time

3. SECURITY FOR THE LOAN; LOAN AND SECURITY DOCUMENTS

3.1 Security. The Loan together with interest thereon and all other charges and amounts payable by, and all other obligations of, Borrower and the other Loan Parties to the Administrative Agent and/or each of the Lenders, whenever incurred, direct or indirect, absolute or contingent, arising under or with respect to this Agreement, the Security Documents, or any other Loan Document, together with all other Obligations, shall be secured by the following collateral (the "Collateral") which Borrower agrees to provide and maintain, or cause to be provided and maintained (whether provided for each in separate agreements or combined with various other agreements):

3.1.1 Mortgage/Deed of Trust and Security Agreement

(i) A first priority mortgage/deed of trust (as applicable) and security agreement (individually and collectively, the "Mortgage") granted by each Borrowing Base Property Owner to the Administrative Agent or a trustee on behalf of the Administrative Agent, as applicable, for the ratable benefit of the Lenders, on (i) each Collateral Property, (ii) all land, improvements, furniture, fixtures, equipment, and other assets (including, without limitation, property management agreements, contracts, contract rights, accounts, Licenses and Permits and general intangibles), including all after-acquired property, owned, or in which each Borrowing Base Property Owner has or obtains any interest, in connection with each Collateral Property; (iii) all insurance proceeds and other proceeds therefrom, and (iv) all other assets of each Borrowing Base Property Owner, whether now owned or hereafter acquired and related to each Collateral Property.

(ii) Each Mortgage shall secure the payment and performance of the Obligations.

(iii) At the option of the Administrative Agent, each Mortgage shall be either (x) a first priority mortgage/deed of trust (as applicable) and security agreement granted by the applicable Borrowing Base Property Owner to the Administrative Agent or a trustee on behalf of the Administrative Agent, as applicable, on behalf of the Lenders, or (y) an amendment, restatement and consolidation of a first priority mortgage/deed of trust (as applicable) and security agreement acquired by the Administrative Agent, for the ratable benefit of the Lenders, with proceeds of a Loan Advance.

(iv) In the event that in connection with the granting of any Mortgage on a Borrowing Base Property, the Administrative Agent, for the ratable benefit of the Lenders, purchases by assignment an existing mortgage loan or loans on such Borrowing Base Property, the Borrower represents, warrants, covenants and agrees as follows:

(A) The request for the Administrative Agent to purchase by assignment such loan or loan shall constitute a representation and warranty by the Borrower that (i) all signatures by the Borrower, any Borrower Subsidiary and, to the best of the Borrower's knowledge, all other persons or entities on the assigned promissory note, mortgage, and all other documents, instruments, and agreements executed in connection therewith are genuine, (ii) such documents, together with any other documents or instruments supplied by the Borrower to the Administrative Agent, sets forth the entire agreement with respect to the loan arrangement evidenced thereby, and (iii) the applicable Borrowing Base Property Owner is absolutely and unconditionally indebted under said documents and does not have any offsets, defenses, or counterclaims thereunder, or otherwise against the lender thereunder, or any predecessor in interest to such lender;

(B) The Borrower waives, on its own behalf and on behalf of CSC and the Loan Parties any offsets, defenses or counterclaims that exist or may have existed with respect to such assigned loan arrangement and assigned documents; and

(C) The Borrower shall cause to be delivered to the Administrative Agent such documents, instruments and agreements as the Administrative Agent shall reasonably require in order to evidence and effectuate such assignment and the terms and conditions hereof.

3.1.2 Collateral Assignment of Leases and Rents. A first priority collateral assignment of leases and rents (individually and collectively, the "Assignment of Leases and Rents") granted by each Borrowing Base Property Owner to the Administrative Agent, for the ratable benefit of the Lenders, with respect to all Leases of each Collateral Property and all income and profits to be derived from the operation and leasing of each Collateral Property.

3.1.3 Collateral Assignment of Contracts. A first priority collateral assignment and security agreement granted by each Borrowing Base Property Owner to the Administrative Agent, for the ratable benefit of the Lenders, with respect to all Licenses and Permits and all contracts, agreements and warranties now owned or hereafter acquired by each Collateral Property Owner and related in any manner to each Collateral Property.

3.1.4 Guaranties. The unconditional, continuing guaranty (singly and collectively the “Guaranty”) from each Guarantor, pursuant to which each Guarantor shall guaranty the prompt, punctual, and faithful payment of the Loan and the performance of all Borrower’s other Obligations to the Administrative Agent and each of the Lenders under the Loan Documents, with the Guaranty from CSC being delivered on the Closing Date, and the Guaranty from each other Guarantor being delivered when the applicable Individual Property is admitted as a Borrowing Base Property.

3.1.5 Environmental Compliance and Indemnification Agreement. A compliance and indemnification agreement with respect to environmental matters (“Environmental Indemnity”) from Borrower and each Guarantor in favor of the Administrative Agent and each of the Lenders.

3.1.6 Ownership Interest and Inter-Company Loan Pledge. A first priority pledge granted to the Administrative Agent, for the ratable benefit of the Lenders, with respect to (i) the ownership interest in (x) each Borrowing Base Property Owner held by any Loan Party or Borrower Subsidiary (with the exception of any Borrowing Base Property directly owned by the Borrower) or JV Partner and (y) each manager/general partner of a Borrowing Base Property Owner (with the exception of any Borrowing Base Property directly owned by the Borrower) and (ii) any inter-company loans from time to time due from any Borrowing Base Property Owner held by the Borrower or any Loan Party to the Borrower.

3.1.7 Additional Documents. Any other documents, instruments and agreements set forth on the Loan Agenda.

3.2 Loan Documents and Security Documents. The Loan shall be made, evidenced, administered, secured and governed by all of the terms, conditions and provisions of the following loan documents (the “Loan Documents”), each as the same may be hereafter modified or amended, consisting of: (i) this Loan Agreement; (ii) separate promissory notes in the form of Exhibit C, annexed hereto, payable to each Lender in the aggregate principal amount of Established Loan Amount; (iii) the various documents and agreements referenced in Section 3.1, above, and (iv) any other documents, instruments, or agreements heretofore or hereafter executed to further evidence or secure the Loan.

The Loan Documents, referenced in items 3.1.1 through and including 3.1.7, together with any such other Loan Documents as may be executed in accordance with Section 3.5, below, as to any Collateral Property, are sometimes referred to herein, singly and collectively as the “Security Documents”.

3.3 Removal of Individual Property as a Borrowing Base Property — Borrower. From time to time during the term of this Agreement following (i) Borrower’s written request (“Collateral Release Request”) indicating that (x) the Borrower intends to sell or refinance the subject Borrowing Base Property or (y) the removal of one or more Borrowing Base Properties is necessary to cure or remedy a Default hereunder, and (ii) satisfaction of the Release Conditions, the Administrative Agent shall release such Borrowing Base Property from the Lien held by the Administrative Agent, for the ratable benefit of the Lenders, release the subject Borrowing Base Property Owner from the Guaranty, terminate the assignments made by such Borrowing Base

Property Owner pursuant to Sections 3.1.2 and 3.1.3, release the Environmental Indemnity (subject to the terms thereof) delivered pursuant to Section 3.1.5, and release its Lien upon the ownership interest in such Borrowing Base Property Owner and its manager or general partner which was pledged by the Borrower as Collateral pursuant to Section 3.1.6, and thereafter such Borrowing Base Property Owner shall no longer be a Loan Party for the purposes of this Agreement (provided, however, any such release by the Administrative Agent shall not be deemed to terminate or release such Borrowing Base Property Owner from any obligation or liability under any Loan Document which specifically by its terms survives the said release or the payment in full of the Obligations). The "Release Conditions" are the following:

3.3.1 The Borrower shall make a Mandatory Principal Payment equal to the Release Price, if any, relative to the subject Borrowing Base Property or substitute a new Borrowing Base Property subject to the requirements of Section 3.5 below.

3.3.2 Upon release of the Lien on the subject Borrowing Base Property, the Financial Covenants shall remain satisfied (or be satisfied if the release cures a Default which resulted from the Financial Covenants not being satisfied).

3.3.3 No Default shall exist under this Agreement or the other Loan Documents at the time of any such release, except for any Default which is cured or remedied by the removal of such Individual Property from being a Borrowing Base Property.

3.3.4 No Event of Default shall exist under this Agreement or the other Loan Documents at the time of the Collateral Release Request or at the time of any such release, except for any Event of Default which is cured or remedied by the removal of such Individual Property from being a Borrowing Base Property.

3.3.5 All representations and warranties contained herein or in the other Loan Documents shall be true and correct in all material respects as of the time of any such release (other than representations and warranties which speak as of a specific date or which Administrative Agent was notified of were not true and correct prior to a request for a Loan Advance which was nonetheless made or which apply to the Individual Property being released).

3.3.6 The Borrower shall pay or reimburse the Administrative Agent for all appraisal fees, title insurance and recording costs, reasonable legal fees and expenses and other reasonable costs and expenses incurred by Administrative Agent in connection with the release.

Any failure of any removal and release requested by the Borrower to meet in all material respects all of the Release Conditions shall be deemed a rejection of the proposed Collateral Release Request and, subject to the other terms and conditions hereof as to whether any Individual Property is a Borrowing Base Property, such Borrowing Base Property shall remain a Borrowing Base Property hereunder and shall be included within the Collateral. At the request of the Borrower, the Administrative Agent shall use reasonable efforts to cooperate in the assignment of the Security Documents to a new lender with respect to any Borrowing Base Property being released, subject to the execution of customary documents with respect to any such assignment.

3.4 Removal of Individual Property as a Borrowing Base Property — Administrative Agent

3.4.1 An Individual Property shall no longer be deemed to be a Borrowing Base Property upon the determination by the Administrative Agent of the occurrence of any of the following:

(i) A Major Event of Loss occurs as to a Borrowing Base Property, or a Borrowing Base Property as to which an Event of Loss occurs is not, or ceases to be, a Restoration Property, or upon completion of the Repair Work, will not meet all of the Borrowing Base Property Requirements, unless such Major Event of Loss or Event of Loss will not materially interfere with the contemplated development and completion of the Borrowing Base Property; or

(ii) Subsections (f) or (g) in the definition of Eligibility Criteria are no longer satisfied with respect to such Borrowing Base Property; or

(iii) The Required Lenders have instructed the Administrative Agent to remove a Borrowing Base Property if a tenant or tenants which have Leases or prospective tenant or tenants which have letters of intent with respect to such Borrowing Base Property are subject to bankruptcy or insolvency proceedings and have filed a motion to reject such Lease or letter of intent, or have not assumed such Lease or letter of intent within sixty (60) days (or such longer period granted by the applicable bankruptcy court, not to exceed one hundred eighty (180) days) after such tenant's or prospective tenant's bankruptcy filing, and to the extent the space occupied or to be occupied by such tenants is deemed vacant, either subsection (f) or (g) of the Eligibility Criteria for such Borrowing Base Property would not be satisfied.

3.4.2 Upon any such Individual Property no longer being deemed to be a Borrowing Base Property, the Borrower shall make a Mandatory Principal Payment when required equal to the Release Price (if any) for such Borrowing Base Property.

3.4.3 With respect to any Individual Property determined by the Administrative Agent to no longer be deemed a Borrowing Base Property in accordance with this Section 3.4, if the Release Conditions are satisfied with respect thereto, the Administrative Agent shall release such Individual Property from the Lien held by the Administrative Agent, release the subject Borrowing Base Property Owner from the Guaranty, terminate the assignments made by such Borrowing Base Property Owner pursuant to Sections 3.1.2 and 3.1.3, release the Environmental Indemnity delivered pursuant to Section 3.1.5, and release its Lien upon the ownership interest in such Borrowing Base Property Owner and its manager or general partner which was pledged by the Borrower as Collateral pursuant to Section 3.1.6, and thereafter such Borrowing Base Property Owner shall no longer be a Loan Party for the purposes of this Agreement (provided, however, any such release by the Administrative Agent shall not be deemed to terminate or release such Borrowing Base Property Owner from any obligation or liability under any Loan Document which specifically by its terms survives the said release or the payment in full of the Obligations). However, if the said Release Conditions are not satisfied with respect to such Individual Property, although such Individual Property shall no longer be a Borrowing Base Property, the Individual Property shall not be released from the Lien held by the Administrative

Agent (shall continue to be a Collateral Property) and there shall be no release of the Collateral relating to such Individual Property or the subject Borrowing Base Property Owner, until such time as the Release Conditions are satisfied with respect thereto.

3.5 Additional Borrowing Base Property. From time to time during the term of this Agreement following Borrower's written request ("Additional Collateral Request"), compliance with the provisions of this Section 3.5, and compliance with the requirements for inclusion as a Borrowing Base Property, as set forth in the definition thereof, the Required Lenders shall authorize the Administrative Agent to accept one or more Individual Properties as Borrowing Base Properties (as identified by the Borrower in its written request) to be held by the Administrative Agent as Collateral. The Required Lenders shall agree to the acceptance of the Individual Property as an additional Borrowing Base Property only upon the satisfaction of the following conditions, in a manner reasonably acceptable to the Administrative Agent and the Required Lenders:

3.5.1 If sought by the Borrower, the Borrower shall have obtained Preliminary Approval for the addition of such Individual Property.

3.5.2 The Borrower (or applicable Loan Party) shall have satisfied all of the Borrowing Base Property Requirements as to such Individual Property.

3.5.3 No Event of Default shall exist under this Agreement or the other Loan Documents at the time of the Additional Collateral Request or at the time of any such Individual Property becoming a Borrowing Base Property, except for any Default which is cured or remedied by such Individual Property becoming a Borrowing Base Property.

3.5.4 All representations and warranties contained herein or in the other Loan Documents shall be true and correct in all material respects as of the time of any such Individual Property becoming a Borrowing Base Property (or shall become true by virtue of such Individual Property becoming a Borrowing Base Property) (other than representations and warranties which speak as of a specific date or which Administrative Agent was notified of were not true and correct prior to a request for a Loan Advance which was nonetheless made), including the Borrower's continued compliance with the Financial Covenants, as satisfied by the Closing Compliance Certificate, or once delivered, the most recent Compliance Certificate delivered by the Borrower.

3.5.5 The Borrower shall pay or reimburse the Administrative Agent for all appraisal fees, title insurance and recording costs, reasonable legal fees and expenses and other costs and expenses incurred by Administrative Agent in connection with the additional Borrowing Base Property.

3.5.6 The Borrower, the subject Borrowing Base Property Owner, and the subject Individual Property shall have satisfied all applicable conditions precedent set forth in Article 5 prior to the inclusion of the Individual Property as a Borrowing Base Property.

Any failure of the proposed Borrowing Base Property to meet in all material respects all of the foregoing conditions shall be deemed a rejection of the proposed Borrowing Base Property for that Additional Collateral Request and such proposed Borrowing Base Property shall not be

included in the Borrowing Base for any purpose unless and until all of the foregoing conditions are satisfied or waived by the Administrative Agent and the Required Lenders. The Administrative Agent shall give the Borrower prompt written notice of the decision of the Required Lenders with respect to the admission or rejection of any Individual Property as a Borrowing Base Property.

4. CONTINUING AUTHORITY OF AUTHORIZED REPRESENTATIVES. Administrative Agent and each of the Lenders are authorized to rely upon the continuing authority of the persons, officers, signatories or agents hereafter designated ("Authorized Representatives") to bind Borrower with respect to all matters pertaining to the Loan and the Loan Documents including, but not limited to, the selection of interest rates, the submission of requests for Loan Advances and certificates with regard thereto. Such authorization may be changed only upon written notice to Administrative Agent accompanied by evidence, reasonably satisfactory to Administrative Agent, of the authority of the person giving such notice and such notice shall be effective not sooner than five (5) Business Days following receipt thereof by Administrative Agent. The present Authorized Representatives are listed on Exhibit D.

5. CONDITIONS PRECEDENT.

5.1 Closing Loan and Funding Initial Loan Advance. It shall be a condition precedent of Lenders' obligation to close the Loan and to fund the initial proceeds of the Loan that each of the following conditions precedent be satisfied in full (as determined by each Lender in its discretion which discretion shall be exercised reasonably and in good faith having due regard for the advice of the Administrative Agent), unless specifically waived in writing by all of the Lenders at or prior to the date of the closing and funding of the initial Loan Advance (the "Closing Date") (in the event that the closing of the Loan is an earlier date than the date of the initial funding of the Loan, then the term "Closing Date" shall refer to the date of the closing by execution of this Agreement, and the term "Funding Date" shall refer to the date of funding of the initial Loan Advance):

5.1.1 Satisfactory Loan Documents. On the Closing Date, each of the Loan Documents shall be satisfactory in form, content and manner of execution and delivery to Administrative Agent and Administrative Agent's counsel and all Loan Documents shall be in full force and effect.

5.1.2 Financial Information: No Material Change.

(i) No change shall have occurred in the financial condition, business, affairs, operations or control of Borrower and/or the Loan Parties, since the date of the Consolidated financial statements of CSC, the Borrower, and the Loan Parties most recently delivered to Administrative Agent or any of the Lenders, which change has had or could reasonably be expected to have a Material Adverse Effect; and Borrower and the other Loan Parties shall have furnished Administrative Agent such other financial information, and certifications as reasonably requested by the Administrative Agent.

(ii) The Borrower shall have provided to the Administrative Agent such certificates and other evidence as the Administrative Agent may reasonably require to

evidence that the Borrower, CSC and each of the Borrowing Base Property Owners (both before and after giving effect to the Loan) is solvent, has assets having a fair value in excess of the amount required to pay such Person's probable liabilities and existing Debts as such become absolute and mature, and has adequate capital for the conduct of such Person's business and the ability to pay such Person's Debts from time to time incurred in connection therewith as such Debts mature, including the Closing Compliance Certificate (the "Closing Compliance Certificate") set forth as Exhibit CC hereto or in such other form reasonably acceptable to Administrative Agent.

5.1.3 Warranties and Representations Accurate. All warranties and representations made by or on behalf of any of the Borrower and the other Loan Parties, or any of them, to Administrative Agent or any of the Lenders shall be true, accurate and complete in all material respects and shall not omit any material fact necessary to make the same not misleading.

5.1.4 Validity and Sufficiency of Security Documents. The Security Documents shall create a valid and perfected lien in and to the Collateral and each of the Security Documents and related UCC filings shall have been duly recorded and filed to the satisfaction of Administrative Agent and Administrative Agent's counsel, including, without limitation, as follows:

(i) Prior to funding the Loan Advances, the Borrower, the other Loan Parties, and any other Persons executing Loan Documents on the Closing Date shall have delivered to the Administrative Agent with respect to the Security Documents or, in the case of UCC-1 financing statements, delivery of such financing statements in proper form for recording, and shall have taken all such other actions as may be necessary or, in the reasonable opinion of the Administrative Agent, desirable to perfect the Liens and security interests intended to be created by the Security Documents in the Collateral covered thereby. Notwithstanding the foregoing, the recordation of the Security Documents and the UCC filings shall not be a condition precedent under this Section 5.1.4 provided that Administrative Agent shall obtain satisfactory gap title insurance coverage. Such filings, recordings and other actions shall include, without limitation, in addition to the Mortgage, the Assignment of Leases and Rents, and the UCC-1 financing statements; and

(ii) on or prior to the Closing Date, the Administrative Agent shall have received the results of a UCC, tax lien and judgment search as may be reasonably requested by the Administrative Agent with respect to the Borrower, and any other Loan Parties, and the results of such search shall indicate there are no judgments which the Administrative Agent shall reasonably determine in good faith could reasonably be expected to have a Material Adverse Effect or Liens not permitted under the Loan Documents or to be satisfied with the proceeds of the initial Loan Advance or otherwise permitted by Administrative Agent.

5.1.5 Litigation. On the Closing Date, there shall not be any actions, suits or proceedings at law or in equity or by or before any governmental instrumentality or other agency or regulatory authority by any entity (private or governmental) pending or, to the best of the Borrower's knowledge, threatened (a) with respect to the Loan, the transactions contemplated in the Loan Documents, or (b) with respect to the Borrower, any other Loan Party, or any other Borrower Subsidiary, which, in the case of this clause (b), are not fully covered (subject to

deductibles) by an insurance policy issued by a reputable and financially viable insurance company, or, to the extent not so covered, which the Administrative Agent shall reasonably determine in good faith could reasonably be expected to have a Material Adverse Effect.

5.1.6 Formation Documents and Entity Agreements.

(i) On the Closing Date, the Administrative Agent shall have received a certificate of an officer of each limited liability company which is a manager or general partner of a Loan Party or limited partnership which is a general partner of a Loan Party annexing and certifying as to (a) resolutions of such limited liability company authorizing and approving the transactions contemplated by the Loan Documents, and the execution and delivery thereof by such limited liability company in respect of the documents to which it is a party on its own behalf, or as a general partner or manager of such other Loan Party or limited partnership, in respect of any of the Loan Documents, (b) signatures and incumbency of all officers of such limited liability company executing documentation on behalf of such entity or on behalf of any entity as to which such limited liability company is a general partner or manager, as the case may be, in connection with the transactions contemplated by the Loan Documents, (c) the Formation Documents of such limited liability company, the Loan Party which it is a manager or general partner of, the limited partnership which it is general partner of, and the Loan Party which such limited partnership is a general partner of, having been duly executed, delivered and filed (to the extent required by applicable Legal Requirements) and remaining in full force and effect and unmodified except as stated therein as of the date of such certificate (and annexing copies thereof) and (d) such limited liability company, the Loan Party which it is a manager or general partner of, the limited partnership which it is general partner of, and the Loan Party which such limited partnership is a general partner of, being in good standing and authorized to do business in each jurisdiction where the conduct of its business and ownership of its assets requires such qualification.

(ii) On the Closing Date, the Administrative Agent shall have received a certificate of the secretary of each corporation which is a Loan Party or the general partner of another Loan Party annexing and certifying as to (a) corporate resolutions of such entity authorizing and approving the transactions contemplated by the Loan Documents, and the execution and delivery thereof by such entity in respect of the documents to which it is a party on its own behalf, or as a general partner of such other Loan Party, in respect of any of the Loan Documents, (b) signatures and incumbency of all officers of such corporation executing documentation on behalf of such entity or on behalf of any entity as to which such corporation is a general partner, in connection with the transactions contemplated by the Loan Documents, (c) the Formation Documents of such corporation and Loan Party having been duly executed, delivered and filed (to the extent required by applicable Legal Requirements) and remaining in full force and effect and unmodified except as stated therein as of the date of such certificate (and annexing copies thereof) and (d) such corporation and Loan Party being in good standing and authorized to do business in each jurisdiction where the conduct of its business and ownership of its assets requires such qualification.

5.1.7 Compliance With Law. Administrative Agent and each of the Lenders shall have received and approved evidence that there are no Legal Requirements which prohibit

or adversely limit the capacity or authority of the Borrower or any Loan Party to enter into the Loan and perform the obligations of such Person with respect thereto.

5.1.8 Compliance With Financial Covenants. Administrative Agent shall have received the Closing Compliance Certificate or other evidence reflecting the Borrower's compliance with the Financial Covenants and the terms and conditions hereof.

5.1.9 Borrowing Base Property Due Diligence. Administrative Agent shall have received and completed a review of such due diligence as the Administrative Agent may reasonably require with respect to any Borrowing Base Property, consistent with customary commercial lending practices for properties of a similar nature including, without limitation, satisfaction of the Borrowing Base Property Requirements.

5.1.10 Condition of Property. There shall have been no material unrepaired or unrestored damage or destruction by fire or otherwise to any of the real or tangible personal property comprising or intended to comprise the Borrowing Base Properties.

5.1.11 Insurance. Borrower shall have provided to Administrative Agent with respect to each Borrowing Base Property, the Borrower and the Collateral evidence of: (i) insurance coverages which meet the property, hazard, and other insurance requirements set forth on Exhibit E of this Loan Agreement to the satisfaction of Administrative Agent; and (ii) payment of the premiums for such insurance in accordance with the requirements set forth in Section 7.5.3.

5.1.12 Third Party Consents and Agreements. The Administrative Agent shall have received such third party consents and agreements as the Administrative Agent may reasonably require with respect to the Loan.

5.1.13 Cash Management. The Borrower shall open the Depository Account, as provided for herein.

5.1.14 Legal and other Opinions. Administrative Agent shall have received and approved legal opinion letters from counsel representing the Borrower and the other Loan Parties which meet Administrative Agent's legal opinion requirements and covering such matters incident to the transactions contemplated herein as the Administrative Agent may request.

5.1.15 Equity Requirement. The Equity Requirement with respect to each Borrowing Base Property shall have been and shall remain satisfied.

5.1.16 No Default. There shall not be any Default under any of the Loan Documents.

6. WARRANTIES AND REPRESENTATIONS. Borrower, the Administrative Agent and the Lenders acknowledge and agree that all representations and warranties made in this Section 6 shall be deemed to be made as of the date hereof; however, as provided for in Section 6.22 all such representations and warranties shall be deemed to be reaffirmed as of any proposed Drawdown Date, unless, in the case of Sections 6.4, 6.7, 6.9, and 6.14 as modified only by such additional disclosures as shall be provided to the Administrative Agent in writing after

the date hereof to reflect events occurring after the date hereof which do not constitute a Default hereunder, and including the Borrower's continued compliance with the Financial Covenants, as satisfied by the Closing Compliance Certificate, or once delivered, the most recent Compliance Certificate delivered by the Borrower, except to the extent the contemplated action will result in noncompliance with the Financial Covenants. Subject to such limitations, Borrower warrants and represents to Administrative Agent and each of the Lenders for the express purpose of inducing Lenders to enter into this Agreement, to make each Loan Advance, to issue each Letter of Credit and to otherwise complete all of the transactions contemplated hereby as follows:

6.1 Formation. Each Loan Party has been duly formed and is validly existing and in good standing as a corporation, partnership or limited liability company, as the case may be, under the laws of the State of its formation. Each Loan Party has the requisite corporate, partnership or company power and authority, as applicable, to own its assets and conduct its businesses as currently conducted and owned, and to enter into and perform its obligations under each Loan Document to which it is a party. Each Loan Party is in good standing and authorized to do business in each jurisdiction where the ownership of its assets and/or the conduct of its business requires such qualification except where the failure to be so qualified would not have a Material Adverse Effect.

6.2 Proceedings: Enforceability. Each Loan Party has taken all requisite corporate, partnership or company action, as applicable, to authorize the execution, delivery and performance by such Loan Party of the Loan Documents to which it is a party. Each Loan Document which is required to be executed and delivered on or prior to the date on which this representation and warranty is being made has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of each Loan Party thereto, enforceable against each such Loan Party in accordance with its respective terms except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally and to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

6.3 Conflicts. Neither the execution, delivery and performance of the Loan Documents by the Loan Parties or compliance by any Loan Party with the terms and provisions thereof (including, without limitation, the granting of Liens pursuant to the Security Documents), (i) will contravene any provision of any law, statute, rule or regulation or any order, writ, injunction or decree of any court or governmental instrumentality having jurisdiction over Borrower, the Property or any Loan Party, (ii) will conflict with or result in any breach of any of the terms, covenants, conditions of, or constitute a default under, or result in the creation or imposition (or the obligation to create or impose) of any Lien (except pursuant to the Security Documents) upon any of the property or assets of any Loan Party pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement or any other agreement, contract or instrument to which any Loan Party is a party or by which it or any of its properties or assets is bound or to which it may be subject, or (iii) will violate any provision of any Formation Document of any Loan Party.

6.4 Ownership and Taxpayer Identification Numbers. All of the partners, owners, stockholders, and members, respectively and as may be applicable, of each Loan Party (other than the Borrower and CSC) are listed in Exhibit F (as such may be updated from time to time in

accordance with Section 6.22). The exact correct name and organizational number(s) and federal employment identification number(s) of the Borrower, CSC and each such Loan Party are accurately stated in Exhibit F. Each Borrowing Base Property Owner is a Wholly-Owned Subsidiary of the Borrower, a JV Entity or CSC.

6.5 Litigation. There are no actions, suits or proceedings at law or in equity or by or before any governmental instrumentality or other agency or regulatory authority by any entity (private or governmental) pending or, to the best of each Loan Party's knowledge, threatened with respect to the Loan, the transactions contemplated in the Loan Documents, or any other Borrower Subsidiary, which are not fully covered (subject to deductibles) by an insurance policy issued by a reputable and financially viable insurance company, or, to the extent not so covered, have or could reasonably be expected to have a Material Adverse Effect.

6.6 Information. All factual information furnished by or on behalf of the Borrower or any Loan Party to the Administrative Agent and/or any of the Lenders (including, without limitation, all information contained in the Loan Documents) for purposes of or in connection with this Agreement, the other Loan Documents or any transaction contemplated herein or therein is, and all other such factual information hereafter furnished by or on behalf of the Borrower or any Loan Party to the Administrative Agent and/or any of the Lenders will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information not misleading in any material respect at such time in light of the circumstances under which such information was provided. There is no material fact presently known to the Borrower which has not been disclosed to Administrative Agent, and thereupon disclosed by Administrative Agent to the Lenders, which has or could reasonably be expected to have a Material Adverse Effect.

6.7 Taxes. All Loan Parties have made all required tax filings and are not delinquent in the payment of any federal, state and local taxes, assessments, impositions or other governmental charges applicable to them and/or their respective assets, except to the extent same are being contested in a manner which complies with the requirements of Section 8.2.3.

6.8 Financial Information. The Consolidated financial statements of CSC, the Borrower, and the Loan Parties delivered to the Administrative Agent present fairly the financial condition of each at the dates of such statements of financial condition and the results of operations for the periods covered thereby in accordance with GAAP, consistently applied. Since December 31, 2007, no change has occurred which could reasonably be expected to have a Material Adverse Effect. All financial statements of the Borrower, the Borrower Subsidiaries, or any other Loan Parties hereafter furnished to Administrative Agent or any of the Lenders shall be true, accurate and complete in all material respects and shall fairly present the financial condition of Borrower and respective Loan Party as of the date thereof in accordance with GAAP, consistently applied.

6.9 Control Provisions. The Borrower controls, directly or indirectly, and without the requirement for consent of any other Person (other than CSC), the management of each Borrowing Base Property Owner, subject to the rights of those minority or other equity interest holders as the Administrative Agent may approve.

6.10 Formation Documents. The Borrower has delivered or caused to be delivered to the Administrative Agent true and complete copies of all Formation Documents of the Loan Parties, and all amendments thereto.

6.11 Bankruptcy Filings. No Loan Party is contemplating either a filing of a petition under any state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of its assets or property, and the Borrower has no knowledge of any Person contemplating the filing of any such petition against any Loan Party.

6.12 Investment Company. No Loan Party is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

6.13 {RESERVED}

6.14 Borrowing Base Properties.

6.14.1 Each of the Borrowing Base Property Owners possesses such Licenses and Permits issued by the appropriate federal, state, or local regulatory agencies or bodies necessary to develop, own and operate (as applicable) each Borrowing Base Property given status of the development of the Borrowing Base Property, except where the failure to possess any such License or Permit would not have a Material Adverse Effect. The Borrowing Base Property Owners are in material compliance with the terms and conditions of all such Licenses and Permits, except where the failure so to comply would not, singly or in the aggregate, result in a Material Adverse Effect. All of the Licenses and Permits are valid and in full force and effect, except where the invalidity of such Licenses and Permits or the failure of such Licenses and Permits to be in full force and effect would not result in a Material Adverse Effect. Neither the Borrower nor any of the Borrowing Base Property Owners has received any written notice of proceedings relating to the revocation or modification of any such Licenses and Permits which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

6.14.2 (i) The Borrowing Base Property Owners have either (x) fee simple title to the Borrowing Base Properties or (y) a leasehold estate interest in the Borrowing Base Properties, as set forth in Schedule 6.14.2(i) (as such may be updated from time to time in accordance with Section 6.22); (ii) the interest of the Borrowing Base Property Owners in the Borrowing Base Properties are not subject to any Liens except for those in favor of the Administrative Agent for the ratable benefit of the Lenders securing the repayment of Obligations and other Permitted Liens; (iii) neither the Borrower nor any of the Borrowing Base Property Owners has received written notice of the assertion of any claim by anyone adverse to any Loan Party's ownership, or leasehold rights in and to any Borrowing Base Property (except as may be disclosed in any update from time to time in accordance with Section 6.22); and (iv) no Person has an option or right of first refusal to purchase all or part of any Borrowing Base Property or any interest therein which has not been waived (except as may be disclosed in Schedule 6.14.2(i) or in any update from time to time in accordance with Section 6.22);

6.14.3 Except to the extent the failure of the following to be true would not result in a Material Adverse Effect or is disclosed in the Environmental Reports (as defined in the Environmental Indemnity) (i) each Borrowing Base Property is free of any Hazardous Materials in violation of any Environmental Legal Requirements applicable to such property; (ii) none of the Borrowing Base Property Owners or Borrower has received any written notice of a claim under or pursuant to any Environmental Legal Requirements applicable to a Borrowing Base Property or under common law pertaining to Hazardous Materials on or originating from any Borrowing Base Property (except as may be disclosed in any update from time to time in accordance with Section 6.22); and (iii) none of the Borrowing Base Property Owners or Borrower has received any written notice from any Governmental Authority claiming any material violation of any Environmental Legal Requirements that is uncured or unremediated (except as may be disclosed in any update from time to time in accordance with Section 6.22);

6.14.4 Except to the extent the failure of the following to be true would not result in a Material Adverse Effect, (i) with respect to the Borrowing Base Properties, each Major Lease is in full force and effect (except as may be disclosed in any update from time to time in accordance with Section 6.22), (ii) except as set forth in Schedule 6.14.4(ii) (as such may be updated from time to time in accordance with Section 6.22), to the Borrower's knowledge, none of the Borrowing Base Property Owners is in default after notice and the expiration of all applicable cure periods in the performance of any material obligation under any Major Lease and the Borrower has no knowledge of any circumstances which, with the passage of time or the giving of notice, or both, would constitute an event of default by any party under any of the Major Leases, (iii) except as set forth in Schedule 6.14.4(iii) (as such may be updated from time to time in accordance with Section 6.22), to the Borrower's knowledge, no tenant is in default under any Major Lease, (iv) except as otherwise expressly set forth in Schedule 6.14.4(iv) (as such may be updated from time to time in accordance with Section 6.22), to the Borrower's Knowledge, there are no actions, voluntary or involuntary, pending against any tenant under a Major Lease under any bankruptcy or insolvency laws, and (v) none of the Major Leases and none of the rents or other amounts payable thereunder has been assigned, pledged or encumbered by any of the Borrowing Base Property Owners or any other Person, except with respect to the Lien in favor of the Administrative Agent on behalf of the Lenders securing the repayment of Obligations.

6.14.5 Except to the extent the failure of the following to be true would not result in a Material Adverse Effect, (i) each Ground Lease with respect to a Borrowing Base Property is valid, binding and in full force and effect as against the applicable Borrowing Base Property Owners and, to the Borrower's knowledge, the other party thereto, (ii) none of Borrowing Base Property Owner's interest in the Ground Leases is subject to any pledge, lien, assignment, license or other agreement granting to any third party any interest therein, and (iii) no payments under any Ground Lease with respect to a Borrowing Base property are delinquent and no notice of default thereunder has been sent or received by any Loan Party which has not been cured or waived prior to the date hereof, and to the knowledge of the Borrower, there does not exist under any of the Ground Leases any default by any Borrowing Base Property Owners or any event which merely with notice or lapse of time or both, would constitute such a default by any of the Borrowing Base Property Owners, and (iv) the identity of each ground lessor under a Ground Lease with respect to a Borrowing Base Property and whether each such ground lessor is an Affiliate of any Loan Party are set forth in Schedule 6.14.5.

6.15 Use of Proceeds. The proceeds of the Loan shall be used solely and exclusively as provided in Section 1.3. No portion of the proceeds of the Loan shall be used directly or indirectly, and whether immediately, incidentally or ultimately (i) to purchase or carry any margin stock or to extend credit to others for the purpose thereof or to repay or refund indebtedness previously incurred for such purpose, or (ii) for any purpose which would violate or be inconsistent with the provisions of regulations of the Board of Governors of the Federal Reserve System including, without limitation, Regulations T, U and X thereof.

6.16 Insurance. The Collateral Properties are insured by insurers of recognized financial responsibility against such losses and risks in compliance with the requirements of Exhibit E hereto.

6.17 Deferred Compensation and ERISA. Neither Borrower nor any other Loan Party, other than CSC, has any pension, profit sharing, stock option, insurance or other arrangement or Plan for employees covered by ERISA except as may be designated to Administrative Agent in writing by Borrower from time to time and, to the best of the Borrower's Knowledge, no Reportable Event has occurred and is now continuing with respect to any such ERISA Plan. The granting of the Loan, the performance by Borrower and/or any of the Loan Parties of their respective obligations under the Loan Documents and Borrower's and/or such other Loan Parties' conducting of their respective operations do not and will not violate any provisions of ERISA.

6.18 Conditions Satisfied. Assuming that the Administrative Agent and the Lenders have approved all matters requiring their approval, all of the conditions precedent to closing and funding the initial Loan Advance have been satisfied or waived.

6.19 No Default. There is no Default on the part of Borrower or any of the other Loan Parties under this Agreement or any of the other Loan Documents and no event has occurred and is continuing which could, with the passing of time, the giving of notice, or both, constitute a Default under any Loan Document.

6.20 Other Loan Parties' Warranties and Representations. Borrower has no reason to believe that any warranties or representations made in writing by any of the Loan Parties to the Administrative Agent or any of the Lenders are untrue, incomplete and or misleading in any material respect.

6.21 Qualification as a REIT. CSC qualified as a REIT under the provisions of the Code, as applicable, for its fiscal year ended December 31, 2002, and has remained qualified from December 31, 2002 through the date hereof. All appropriate federal income tax returns for the fiscal years through December 31, 2006 have been filed by CSC with the IRS and no previously filed return has been examined and reported on by the IRS. CSC has not incurred any liability for excise taxes pursuant to Section 4981 of the Code. CSC is organized in conformity with the requirements for qualification as a REIT pursuant to Sections 856 through 860 of the Code, and CSC's proposed method of operation consistent with CSC's business and the business activities contemplated by this Agreement will enable it to meet the requirements for qualification and taxation as a REIT under the Code.

6.22 Regarding Representations and Warranties. Each request by any Borrower for a Loan Advance and/or the issuance of a Letter of Credit: (i) shall constitute an affirmation by Borrower that the foregoing representations and warranties remain true and correct as of the date of such request (except as to the representations and warranties in Sections 6.4, 6.7, 6.9, and 6.14 which may be modified only to reflect events occurring after the date hereof as specifically disclosed in writing to Administrative Agent prior to or simultaneously with such written request) and, unless Administrative Agent is notified to the contrary prior to the disbursement of the requested Loan Advance or the issuance of the requested Letter of Credit, will be so on the date of such Loan Advance or issuance of such Letter of Credit, and (ii) shall constitute the representation and warranty of Borrower to Administrative Agent and each of the Lenders that the information set forth in each such request is true and correct in all material respects and omits no material fact necessary to make the same not misleading. All representations, warranties, covenants and agreements made in this Agreement or in the other Loan Documents by each Loan Party shall be deemed to have been relied upon by the Administrative Agent and each of the Lenders notwithstanding any investigation heretofore or hereafter made by the Administrative Agent and/or any of the Lenders or on its behalf.

7. AFFIRMATIVE COVENANTS. Borrower covenants and agrees that from the date hereof and so long as any indebtedness is outstanding hereunder, or any of the Loan or other obligations remains outstanding, as follows:

7.1 Notices. Borrower shall within five (5) business days after it has actual knowledge thereof, notify Administrative Agent in writing (and Administrative Agent shall thereafter promptly notify the Lenders) of the occurrence of any act, event or condition which constitutes a Default or Event of Default under any of the Loan Documents. Such notification shall include a written statement of any remedial or curative actions which Borrower proposes to undertake and/or to cause any of other Loan Parties to cure or remedy such Default or Event of Default.

7.2 Financial Statements; Reports; Officer's Certificates. Borrower shall furnish or cause to be furnished to Administrative Agent (and Administrative Agent shall thereafter promptly furnish copies of same to the Lenders), the following financial statements, reports, certificates, and other information, all in form and manner of presentation reasonably acceptable to Administrative Agent:

7.2.1 Annual Statements. Within ninety (90) days after the close of each Fiscal Year, (i) the Consolidated statement of financial condition of CSC, as at the end of such Fiscal Year and the related Consolidated statement of income and retained earnings and statement of cash flows for such Fiscal Year, in each case, commencing with the Fiscal Year ending December 31, 2008, setting forth comparative figures for the preceding fiscal year and certified by Ernst & Young LLP or other independent certified public accountants of recognized national standing reasonably acceptable to the Administrative Agent, in an unqualified opinion, together with (ii) consolidating income statements for the Borrower and each Borrower Subsidiary; such financial statements to include and to be supplemented by such detail and supporting data and schedules as Administrative Agent may from time to time reasonably determine;

7.2.2 Periodic Statements. (A) Within forty five (45) days after the close of each calendar quarter (except for the quarter ending on December 31), the following (i) the Consolidated statement of financial condition of CSC, as at the end of such quarterly period, the related Consolidated statement of income and retained earnings (for the current quarter and on a year to date basis), and statement of cash flows (on a year to date basis), in each case commencing with the Fiscal Year ending December 31, 2008, setting forth comparative figures for the related periods in the prior Fiscal Year, internally prepared, in accordance with GAAP, consistently applied, subject to normal year-end audit adjustments, all in form and manner of presentation reasonably acceptable to Administrative Agent, such financial statements to include and to be supplemented by such detail and supporting data and schedules as Administrative Agent may from time to time reasonably determine, together with (ii) consolidating income statements for the Borrower and each Borrower Subsidiary, (iii) an Officer's Certificate from the Borrower certifying that such financial statements fairly present the financial condition of CSC in accordance with GAAP, consistently applied, and that no Event of Default has occurred and is continuing, or if it is, a statement as to the nature thereof, and (iv) an updated Cash Flow Projection in the form of Schedule CF, and (B) a listing of all filings by Borrower or CSC with the SEC, including, without limitation, full copies of Guarantor's 10-Q and 10-K filings not later than five (5) Business Days following filing with the SEC.

7.2.3 Borrowing Base Property Reports. Quarterly and annually, upon delivery of each of the financial statements required pursuant to Sections 7.2.1 and 7.2.2, above, the following financial statements for each of the Borrowing Base Property Owners internally prepared by Borrower and certified by Borrower to be true, accurate and complete in all material respects: (i) upon commencement of payment of rent by any tenant, to the extent not included in the deliveries under Section 7.2.1 or 7.2.2, an operating statement showing all Net Operating Income, including, without limitation, the results of operation for the current quarter and on a year-to-date basis for the period just ended and, annually, an operating statement for the year just ended; (ii) in the form customarily used by the Borrower, a detailed, current rent roll of the subject Borrowing Base Property, containing such details as Administrative Agent may reasonably request, and (iii) any update to the Operating Pro Forma originally delivered in connection with each Borrowing Base Property.

7.2.4 SEC Reports. Within five (5) days after being received, copies of all correspondence from the SEC, other than routine non-substantive general communications from the SEC.

7.2.5 Compliance Certificates. Within forty-five (45) days after the close of each quarterly accounting period in each Fiscal Year of the Borrower (except for the quarter ending on December 31, which shall be submitted within ninety days after the close of such quarter), a Compliance Certificate in form of Exhibit G, annexed hereto, together with an Officer's Certificate from the Borrower providing and otherwise certifying the compliance or non-compliance by the Borrower with the Financial Covenants, with such supporting detail as is reasonably deemed necessary by the Administrative Agent to verify the calculations incorporated therein, along with a report containing, to the extent not included in the deliveries under Sections 7.2.1, 7.2.2, or 7.2.3 for all Individual Properties, a summary listing of all Net Operating Income, revenues, rent roll, mortgage Debt, in each case, as applicable, and, in addition, for each

Individual Property acquired during the quarter just ended, the cost basis and the amount and terms of any assumed Debt.

7.2.6 Data Requested. Within a reasonable period of time and from time to time, such other financial data or information as Administrative Agent or any Lender (through the Administrative Agent) may reasonably request with respect to the Collateral Properties, the Borrower, and/or the other Loan Parties including, but not limited to, rent rolls, aged receivables, aged payables, leases, budgets, forecasts, reserves, cash flow projections, deposit accounts, mortgage information, physical condition of the Collateral Properties and pending lease proposals;

7.2.7 Tax Returns. Upon Administrative Agent's or Required Lenders' (through the Administrative Agent) request, copies of all federal and state tax returns of the Borrower and the other Loan Parties;

7.2.8 Lease Notices. Concurrently with the giving or receipt thereof, and within ten (10) Business Days of receipt thereof, copies of all notices of default given or received by any Loan Party with respect to any Major Lease.

7.2.9 Ground Lessor Interest Notices. Concurrently with the giving thereof, and within five (5) Business Days of receipt thereof, copies of all material notices, other than routine correspondence, given or received by any Loan Party with respect to any Ground Lease with respect to a Borrowing Base Property.

7.2.10 Entity Notices. Concurrently with the issuance thereof, copies of all material written notices (excluding routine correspondence) given to the partners, owners, stockholders, and/or members, respectively, of the Borrower.

7.2.11 Property Acquisition or Sale. Within five (5) Business Days of receipt thereof, copies of all notices in any way relating to a proposed sale or acquisition of any Individual Property which the Borrower or any Borrower Subsidiary intends to consummate.

7.2.12 Property Finance. Within five (5) Business Days of receipt thereof, copies of all notices in any way relating to (a) a proposed finance or refinance of any Individual Property which the Borrower or any Borrower Subsidiary intends to consummate, (b) the occurrence of any monetary or material non-monetary default or monetary or material non-monetary event of default under any Debt which is recourse to the Borrower, or any other default or event of default under any Debt which is recourse to the Borrower, the occurrence of which could reasonably be expected to have a Material Adverse Effect, or (c) the occurrence of any monetary or material non-monetary default or monetary or material non-monetary event of default under any Debt in excess of \$10,000,000.00 which is secured by an Individual Property, or any other default or event of default under any Debt in excess of \$10,000,000.00 which is secured by an Individual Property, the occurrence of which could reasonably be expected to have a Material Adverse Effect.

7.2.13 Notice of Litigation. Within ten (10) Business Days after an officer of either Borrower, any Borrower Subsidiary, or any Loan Party obtains knowledge thereof, written notice of any pending or, to the best of the Borrowers' knowledge, threatened action, suit or

proceeding at law or in equity or by or before any governmental instrumentality or other agency or regulatory authority by any entity (private or governmental) (a) relating in any way to the Loan, the transactions contemplated in the Loan Documents (including, without limitation, with regard to all Distributions), or (b) the transactions contemplated in any documentation executed in connection therewith, or the Borrower, any other Loan Party, or any other Borrower Subsidiary, which, in the case of this clause (b), is not fully covered (subject to deductibles) by an insurance policy issued by a reputable and financially viable insurance company, or, to the extent not so covered, which could reasonably be expected to have a Material Adverse Effect.

7.3 Existence. Borrower shall do or cause to be done all things necessary to (i) preserve, renew and keep in full force and effect (x) the partnership, company or corporate existence, as applicable, of each Loan Party and (y) the material rights, licenses, permits and franchises of each Loan Party, (ii) comply with all laws and other Legal Requirements applicable to it and its assets, business and operations, the non-compliance with which could reasonably be expected to have a Material Adverse Effect, (iii) to the extent applicable, at all times maintain, preserve and protect all material franchises and trade names and all the remainder of its property used or useful in the conduct of its business, and (iv) keep and cause each Loan Party to keep, its assets in good working order and repair, ordinary wear and tear and damage by casualty or taking by condemnation excepted, and from time to time make, or cause to be made, all reasonably necessary repairs, renewals, replacements, betterments and improvements thereto.

7.4 Payment of Taxes. Borrower shall duly pay and discharge, and cause each Loan Party to duly pay and discharge, before the same shall become overdue, all taxes, assessments, impositions, and other governmental charges payable by it or with respect to the Collateral Properties, to the extent that same are not paid by the tenants under the respective Leases; provided, however, the failure of any Loan Party to pay such taxes, assessments, impositions, or other governmental charges shall not constitute a Default or Event of Default as long as same are being contested in a manner which complies with the requirements of Section 8.2.3.

7.5 Insurance: Casualty, Taking.

7.5.1 Borrower shall at all times maintain or cause the appropriate Person to maintain in full force and effect the following insurance: (i) the Collateral Properties shall be insured by insurers of recognized financial responsibility against such losses and risks in compliance with the Major Leases and the requirements set forth in Exhibit E hereto, and (ii) all other assets of the Borrower and the Borrower Subsidiaries shall be insured with such insurance as is reasonable and usual for Persons conducting business operations similar to those of the Borrower and in compliance with the terms of any secured financing with respect thereto.

7.5.2 Without limiting the generality of the insurance requirements set forth herein, only if commercially available at commercially reasonable rates (in an amount reasonably consistent with the amount of such insurance generally obtained by companies engaging in real estate business operations of a similar size and nature as that of the Borrower) either (i) the insurance policies required hereunder shall not include any so called "terrorist exclusion" or similar exclusion or exception to insurance coverage relating to the acts of terrorist groups or individuals, or (ii) excess or blanket coverage with respect thereto shall be provided,

which excess or blanket coverage must be in an amount, from an insurer, and in accordance with terms and conditions reasonably acceptable to the Administrative Agent.

7.5.3 All insurance premiums shall be paid, at Borrower's option either annually in advance or in installments when due, and Administrative Agent shall be provided with evidence of such payment of insurance premiums (or evidence of the relevant installment payment) prior to each renewal or replacement of such coverages.

7.5.4 In the event of any damage or destruction to any Collateral Property by reason of fire or other hazard or casualty, Borrower shall give immediate written notice thereof to Administrative Agent. With respect to any such damage or destruction, the Borrower shall make the Mandatory Principal Payment, if any is required, set forth herein. If there is any condemnation for public use of any Collateral Property, Borrower shall give immediate written notice thereof to Administrative Agent (and Administrative Agent shall thereafter promptly notify the Lenders). With respect to any such condemnation, the Borrower shall make the Mandatory Principal Payment, if any is required, set forth herein. Further, Borrower shall upon the request of the Administrative Agent provide to the Administrative Agent a report as to the status of any insurance adjustment, condemnation claim, or restoration resulting from any casualty or taking.

7.6 Inspection. Borrower shall cause the other Loan Parties to permit the Administrative Agent and the Lenders and its/their agents, representatives and employees to inspect the Collateral Properties, and any and all other assets of the Borrower or any of the Loan Parties, at reasonable hours upon reasonable notice. The Borrower shall be responsible for the reasonable costs incurred by the Administrative Agent of one (1) such inspection of each Borrowing Base Property or other asset per year, and all such inspections by Administrative Agent (accompanied by any Lender or Lenders) if an Event of Default is in existence.

7.7 Loan Documents. Borrower shall (and shall cause the other Loan Parties to) observe, perform and satisfy all the terms, provisions, covenants and conditions to be performed by it under, and to pay when due all costs, fees and expenses, and other Obligations to the extent required under, the Loan Documents.

7.8 Further Assurances. Borrower shall and shall cause the other Loan Parties to execute and deliver to the Administrative Agent such documents, instruments, certificates, assignments and other writings, and do such other acts, necessary or desirable in the reasonable judgment of the Administrative Agent, to evidence, preserve and/or protect the Collateral at any time securing or intended to secure the Obligations or for the better and more effective carrying out of the intents and purposes of this Agreement and the other Loan Documents.

7.9 Books and Records. Borrower shall and shall cause the other Loan Parties and Borrower Subsidiaries to keep and maintain in accordance with GAAP (or such other accounting basis reasonably acceptable to the Administrative Agent), proper and accurate books, records and accounts reflecting all of the financial affairs of the Borrower and such other Loan Parties and Borrower Subsidiaries and all items of income and expense in connection with their respective business and operations and in connection with any services, equipment or furnishings provided in connection with the operation of the business of the Borrower, the other Loan Parties, and the

Borrower Subsidiaries, whether such income or expense is realized thereby or by any other Person. The Administrative Agent (accompanied by any Lender or Lenders) shall have the right, not more than once each quarter (unless an Event of Default shall have occurred and be continuing in which case as often as the Administrative Agent shall reasonably determine), during normal business hours and upon reasonable notice, to examine such books, records and accounts at the office of the Person maintaining such books, records, correspondence, and accounts and to make such copies or extracts thereof as the Administrative Agent shall desire at Administrative Agent's cost and expense. Borrower shall give the Administrative Agent fifteen (15) Business Days notice of any change in the location of its financial records from the address specified at the beginning of this Agreement. The Administrative Agent may discuss the financial and other affairs of the Borrower, the other Loan Parties, and the Borrower Subsidiaries with any of its partners, owners, and any accountants hired by Borrower, it being agreed that Administrative Agent and each of the Lenders shall use reasonable efforts not to divulge information obtained from such examination to others except in connection with Legal Requirements and in connection with administering the Loan, enforcing its rights and remedies under the Loan Documents and in the conduct, operation and regulation of its banking and lending business (which may include, without limitation, the transfer of the Loan or of participation interests therein). Any assignee or transferee of the Loan, co-lender, or any holder of a participation interest in the Loan shall deal with such information in the same manner and in connection with any subsequent transfer of its interest in the Loan or of further participation interests therein.

7.10 Business and Operations. Borrower shall (and shall cause the other Loan Parties and Borrower Subsidiaries to) (i) continue to engage in the type of businesses, acquisition, sale, financing, development and operation of retail properties and usual and customary uses incidental to such retail activities presently conducted by them as of the Closing Date, respectively, and (ii) be qualified to do business and in good standing under the laws of each jurisdiction, and otherwise to comply with all Legal Requirements, as and to the extent the same are required for the ownership, maintenance, management and operation of the assets of such Person except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

7.11 Title. (i) Borrower shall and shall cause the other Loan Parties to warrant and defend (x) the title to each item of Collateral owned by such Person and every part thereof, subject only to the Liens (if any) permitted hereunder, (y) the validity and priority of the Liens and security interests held by the Administrative Agent pursuant to the Loan Documents, in each case against the claims of all Persons whomsoever, and (z) the title to and in the Collateral Properties, and (ii) Borrower and the other Loan Parties shall be responsible, jointly and severally, to reimburse Administrative Agent and the Lenders for any losses, costs, damages or expenses (including reasonable attorneys' fees and court costs) incurred by the Administrative Agent and/or any of the Lenders if an interest in any item of Collateral, other than as permitted hereunder, is claimed by another Person.

7.12 Estoppel. Borrower shall (and shall cause the other Loan Parties to), within ten (10) Business Days after a request therefor from the Administrative Agent, which request shall not be made by Administrative Agent more than once each Fiscal Year, furnish to the Administrative Agent a statement, duly acknowledged and certified, setting forth (i) the amount

then owing by Borrower in respect of the Obligations, (ii) the date through which interest on the Loan has been paid, (iii) any offsets, counterclaims, credits or defenses to the payment by any Loan Party to the Obligations of which Borrower has knowledge and (iv) whether any written notice of Default from Administrative Agent to the Borrower or any of the other Loan Parties is then outstanding and acknowledging that this Agreement and the other Loan Documents are in full force and effect and unmodified, or if modified, giving the particulars of such modification.

7.13 ERISA. Borrower shall (and shall cause each of the other Loan Parties and Borrower Subsidiaries to) as soon as possible and, in any event, within ten (10) days after any Loan Party, Borrower Subsidiary, or any ERISA Affiliate knows of the occurrence of any of the following which could reasonably be expected to have a Material Adverse Effect, deliver to Administrative Agent a certificate of an executive officer of the Borrower setting forth details as to such occurrence and the action, if any, that the applicable Borrower or other Loan Party or Borrower Subsidiary or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed with or by such Borrower, Loan Party, the ERISA Affiliate, the PBGC, a Plan participant or the Plan administrator with respect thereto: (i) that a Reportable Event has occurred; (ii) that an accumulated funding deficiency has been incurred or an application may be or has been made to the Secretary of the Treasury for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code with respect to a Plan; (iii) that a contribution required to be made to a Plan has not been timely made; (iv) that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA; (v) that a Plan has an Unfunded Current Liability giving rise to a lien under ERISA or the Code; (vi) that proceedings may be or have been instituted to terminate or appoint a trustee to administer a Plan; (vii) that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; (viii) that such Borrower, Loan Party, Borrower Subsidiary, or ERISA Affiliate will or may incur any liability (including any indirect, contingent, or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or with respect to a Plan under Section 401(a)(29), 4971, 4975 or 4980 of the Code or Section 409 or 502(i) or 502(l) of ERISA; or (ix) or that such Borrower, the Loan Party or Borrower Subsidiary may incur any material liability pursuant to any employee welfare benefit plan (as defined in Section 3(l) of ERISA) that provides benefits to retired employees or other former employees (other than as required by Section 601 of ERISA) or any employee pension benefit plan (as defined in Section 3(2) of ERISA). Upon the request of the Administrative Agent, the Borrower shall (and shall cause the other Loan Parties and Borrower Subsidiaries to) deliver to Administrative Agent a complete copy of the annual report (Form 5500) of each Plan required to be filed with the Internal Revenue Service. In addition to any certificates or notices delivered to Administrative Agent pursuant to the first sentence hereof, copies of any material notices received by the Borrower, a Loan Party, a Borrower Subsidiary, or any ERISA Affiliate with respect to any Plan shall be delivered to Administrative Agent no later than ten (10) days after the date such report has been filed with the Internal Revenue Service or such notice has been received by such Borrower, Loan Party or Borrower Subsidiary or ERISA Affiliate, as applicable.

7.14 Depository Account.

7.14.1 Borrower shall maintain an operating and other depository account (the “Depository Account”) with KeyBank, National Association (or any successor thereto), unless otherwise agreed by Administrative Agent in writing.

7.14.2 Administrative Agent is hereby authorized, on or after the due date, to charge such Depository Account of Borrower with the amount of all payments due under this Agreement, the Note or the other Loan Documents, with the Borrower’s obligation to make any required payment being satisfied to the extent there are sufficient collected funds in the Depository Account in the amount of such payment.

7.15 Costs and Expenses. Borrower shall pay all costs and expenses (excluding salaries or wages of full time employees of Administrative Agent) reasonably incurred by Administrative Agent in connection with the implementation and syndication of the Loan and the administration of the Loan, and reasonably incurred by the Administrative Agent or any of the Lenders in connection with the enforcement of the Administrative Agent’s and Lenders’ rights under the Loan Documents, including, without limitation, legal fees and disbursements, appraisal fees, inspection fees, plan review fees, travel costs, fees and out-of-pocket costs of independent engineers and other consultants. Borrower’s obligations to pay such costs and expenses shall include, without limitation, all reasonable attorneys’ fees and other costs and expenses for preparing and conducting litigation or dispute resolution arising from any breach by Borrower or the Loan Parties of any covenant, warranty, representation or agreement under any one or more of the Loan Documents.

7.16 Appraisals.

7.16.1 Appraisal. Administrative Agent shall have the right at its option (which it shall exercise at the direction of the Required Lenders), from time to time, to order an appraisal of one or more of the Borrowing Base Properties prepared at Administrative Agent’s direction by an appraiser selected by Administrative Agent (the “Appraisal”), after notice to the Borrower. An appraiser selected by Administrative Agent shall be an MAI member with an appropriate level of professional experience appraising commercial properties in the respective area(s) of the Borrowing Base Properties and otherwise qualified pursuant to provisions of applicable laws and regulations under and pursuant to which Administrative Agent operates.

7.16.2 Costs of Appraisal. Borrower shall pay for the costs of each Appraisal and each updated Appraisal only (i) after the occurrence of an Event of Default, or (ii) in connection with an annual Appraisal to be ordered by the Administrative Agent for each Borrowing Base Property, or (iii) in connection with any request by the Borrower to extend the Initial Maturity Date to the Extended Maturity Date, or (iv) if a material adverse change has occurred to any Borrowing Base Property.

7.17 Indemnification. Borrower shall at all times, both before and after repayment of the Loan, at its sole cost and expense defend, indemnify, exonerate and save harmless Administrative Agent and each of the Lenders and all those claiming by, through or under Administrative Agent and each of the Lenders (“Indemnified Party”) against and from all

damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements or expenses of any kind whatsoever, including, without limitation, reasonable attorneys' fees and experts' fees and disbursements, which may at any time (including, without limitation, before or after discharge or foreclosure of the Security Documents) be imposed upon, incurred by or asserted or awarded against the Indemnified Party and arising from or out of:

- (i) any damage to person or property arising out of any violation of any Legal Requirement, or
- (ii) any brokerage or finder's fees in respect of the Loan arising from any act or course of dealing by the Borrower or any Loan Party, or
- (iii) any claim brought by any third party related to the Collateral or the Loan or arising out of the execution and delivery of the Loan Documents; or
- (iv) any act, omission, negligence or conduct at any Collateral Property, or arising or claimed to have arisen, out of any act, omission, negligence or conduct of Borrower, any Borrower Subsidiary, or any tenant, occupant or invitee thereof which is in any way related to any Collateral Property.

Notwithstanding the foregoing, an Indemnified Party shall not be entitled to indemnification in respect of claims arising from acts of its own gross negligence or willful misconduct to the extent that such gross negligence or willful misconduct is determined by the final judgment of a court of competent jurisdiction, not subject to further appeal, in proceedings to which such Indemnified Party is a proper party.

7.18 Leasing Matters.

7.18.1 Administrative Agent's Approval Required.

(i) Except as provided for herein, the Loan Parties may enter into, modify, terminate, or amend any Lease for any Individual Property without the approval of the Administrative Agent or the Lenders.

(ii) Administrative Agent's prior written approval, which shall not be unreasonably withheld or delayed, shall be required in each instance as to the entering into of any Major Lease.

(iii) For any Major Lease requiring approval hereunder, the approval shall relate to: (i) the economic and other terms of the Major Lease; (ii) each tenant under a proposed Major Lease; (iii) each guarantor of a tenant's obligations under a proposed Major Lease; (iv) any material modification or amendment to the Major Lease, and (v) any optional termination, cancellation or surrender of any Major Lease by the Loan Party thereto but not a termination resulting from a default of the tenant thereunder.

7.18.2 Borrower's Requests. Subject to Section 7.18.5, any request by Borrower for an approval from Administrative Agent with respect to leasing matters shall be sent to the

Administrative Agent and shall be accompanied to the extent available, by the following: (i) the proposed lease or amendment or modification thereof complete with all applicable schedules and exhibits and a lease abstract; (ii) a complete copy of any proposed guaranty; (iii) comprehensive financial information with respect to the proposed tenant and, if applicable, the proposed guarantor (as to new leases or amendments or modifications to existing leases involving material economic changes); and (iv) an executive summary of the terms and conditions of the proposed lease and, if applicable, the proposed guaranty.

7.18.3 Response. The Administrative Agent shall act on requests from Borrower for any approval required under Section 7.18.2 in a commercially reasonable manner and shall use commercially reasonable efforts to respond to any such request within ten (10) Business Days for approvals required under Section 7.18.2, in each instance following Administrative Agent's receipt thereof with all required supporting information. Administrative Agent's response may consist of an approval or disapproval of the request, or a conditional approval thereof subject to specified conditions, or a request for further data or information, or any combination thereof.

7.18.4 Advance Information. In order to expedite the processing of requests for such approvals, Borrower agrees to provide the Administrative Agent with as much advance information as is possible in a commercially reasonable manner in advance of Borrower's formal request for an approval.

7.18.5 Preliminary Submission.

(i) At Borrower's option, after the preparation or execution of a term sheet or letter of intent with any proposed tenant under a Major Lease requiring approval herein, the Borrower may deliver to the Administrative Agent a preliminary submission consisting of, to the extent available, (x) an executive summary or abstract of the terms and conditions of the proposed lease and, if applicable, the proposed guaranty and (y) comprehensive financial information with respect to the proposed tenant and, if applicable, the proposed guarantor. Administrative Agent shall act on requests from Borrower for any approval under this section in a commercially reasonable manner and shall use commercially reasonable efforts to respond to any such request within ten (10) Business Days following Administrative Agent's receipt thereof. In the event that Administrative Agent approves such summary material and financial information for any Major Lease, the material shall be referred to herein as an "Approved Lease Term Sheet".

(ii) Administrative Agent shall not withhold its approval of (x) the economic terms of any lease which are not materially less favorable than the economic terms established by an Approved Lease Term Sheet, or (y) the identity of the tenant and each guarantor, and any terms or other substantive provisions, reflected in an Approved Lease Term Sheet, unless there has been a material adverse change in the financial condition of the tenant or any such guarantor since the approval of such Approved Lease Term Sheet.

7.19 Permanent Financings. The Borrower and/or the Borrower Subsidiaries shall not incur any multi-property cross-collateralized financings in excess of \$25,000,000.00 outstanding in the aggregate without the prior approval of the Administrative Agent.

7.20 Leverage Ratio. The Leverage Ratio as determined as of each Calculation Date shall be less than seventy percent (70%). The Leverage Ratio covenant shall be tested by the Administrative Agent as of each Calculation Date, such calculation and results to be verified by the Administrative Agent.

7.21 Fixed Charge Ratio. The Fixed Charge Ratio as determined as of each Calculation Date shall be not less than 1.35:1. The Fixed Charge Ratio covenant shall be tested by the Administrative Agent as of each Calculation Date with results based upon the results for the most recent Calculation Period, such calculation and results to be verified by the Administrative Agent.

7.22 Net Worth. The Borrower's Net Worth as determined as of each Calculation Date shall be equal to or greater than the aggregate of (a) \$536,025,018.00, plus (b) eighty-five percent (85%) of the cumulative net cash proceeds received from and the value of assets acquired (net of Debt incurred or assumed in connection therewith) through the issuance of Capital Stock by CSC or the Borrower after December 31, 2003. For purposes of this section "net" means net of underwriters' discounts, commissions and other reasonable out-of-pocket expenses of issuance actually paid to any Person (other than a Loan Party or an Affiliate of any Loan Party). The Net Worth covenant shall be tested by the Administrative Agent as of each Calculation Date, such calculation and results to be verified by the Administrative Agent.

7.23 Borrowing Base Property Covenants.

7.23.1 Each Borrowing Base Property shall at all times following completion thereof be a retail center located in the United States owned by a Borrowing Base Property Owner.

7.23.2 The ownership of each Borrowing Base Property shall at all times be consistent with the Borrower's business strategy, and following completion thereof each Borrowing Base Property shall at all times be of an asset quality consistent with the quality of other completed Borrowing Base Properties owned by the Borrowing Base Property Owners as of the date hereof.

7.24 Variable Rate Debt. The aggregate Pro Rata amount of the Debt (including the Loan) of the Consolidated CSC Entities and the Unconsolidated CSC Entities which is Variable Rate Indebtedness shall not exceed thirty (30%) percent of the Total Asset Value.

7.25 Replacement Documentation. Upon receipt of an affidavit of an officer of Administrative Agent as to the loss, theft, destruction or mutilation of the Note or any other security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other security document, Borrower will issue, in lieu thereof, a replacement Note or other security document in the same principal amount thereof and otherwise of like tenor.

7.26 Other Covenants. The Borrower hereby represents and warrants to Administrative Agent and the Lenders that no Collateral is in the possession of any third party bailee (such as at a warehouse) other than construction materials stored offsite pursuant to the customary bailee or custodial procedures. In the event that the Borrower and/or any of the other

Loan Parties, after the date hereof, intends to store or otherwise deliver any Collateral or other personal property in which the Administrative Agent has been granted a security interest to such a bailee, then the Borrower shall receive the prior written consent of the Administrative Agent not to be unreasonably withheld or delayed and such bailee must acknowledge in writing that the bailee is holding such Collateral or such other personal property for the benefit of the Administrative Agent and the Lenders.

7.27 Maintenance of REIT Status. CSC shall engage in such business activities, and shall refrain from engaging in such activities, so as to continue to meet the requirements for qualification and taxation as a REIT under the Code.

7.28 Lenders' Consultants.

7.28.1 Right to Employ. The Borrower agrees that the Administrative Agent shall have the right to employ on its behalf and on behalf of the Lenders, its own personnel, or one or more engineers, architects, environmental advisors, scientists, accountants, and attorneys to act as an advisor to Administrative Agent and the Lenders in connection with the Loan (each of which shall be a "Lenders' Consultant").

7.28.2 Functions. The functions of a Lenders' Consultant shall include, without limitation: (i) inspection and physical review of any Collateral Property; (ii) review and analysis of environmental matters; (iii) review and analysis of financial and legal matters; and (iv) providing usual inspection and review services in connection with the development and construction of the Borrowing Base Properties or in the event of the use of Net Proceeds for any Repair Work.

7.28.3 Payment. The reasonable costs and fees of Lenders' Consultants shall be paid by Borrower upon billing therefor and, if not so paid within thirty (30) days, may be paid directly by the Lenders through a Loan Advance.

7.28.4 Access. Borrower shall provide Lenders' Consultants with reasonable access to all Collateral Properties.

7.28.5 No Liability. Neither Administrative Agent nor any Lender shall have liability to Borrower, any Loan Party, Guarantor, or third party on account of: (i) services performed by Lenders' Consultant; or (ii) any failure or neglect by Lenders' Consultant to properly perform services. Borrower shall have no rights under or relating to any agreement, report, or similar document prepared by any Lenders' Consultant for Administrative Agent or Lenders. No Lenders' Consultant shall have liability to Borrower, any Loan Party, Guarantor, or third party on account of: (x) services performed by such Lenders' Consultant; or (y) any failure or neglect by such Lenders' Consultant to properly perform services, except for its gross negligence or willful misconduct.

7.29 USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and

address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Act.

8. NEGATIVE COVENANTS. Borrower covenants and agrees that from the date hereof and so long as any indebtedness is outstanding hereunder, or any of the Loan or other obligations remains outstanding, the Borrower shall not (and shall not suffer or permit the other Loan Parties, and/or the Borrower Subsidiaries to):

8.1 No Changes to Borrower and other Loan Parties. Without the prior written consent of the Administrative Agent, not to be unreasonably withheld or delayed after not less than thirty (30) days' prior written notice (with reasonable particularity of the facts and circumstances attendant thereto): (i) change its jurisdiction of organization, (ii) change its organizational structure or type, (iii) change its legal name, or (iv) change the organizational number (if any) assigned by its jurisdiction of formation or its federal employment identification number (if any). Borrower agrees to take all such action and execute all such documents as the Administrative Agent may reasonably require in order to maintain the Administrative Agent's priority and perfection in the Collateral.

8.2 Restrictions on Liens. Create, incur, assume or suffer to exist any Lien upon or with respect to any property or assets (real or personal, tangible or intangible, including, without limitation, the Borrowing Base Properties), whether now owned or hereafter acquired, or sell any such property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable with recourse) or assign any right to receive income or permit the filing of any financing statement under the UCC or any other similar notice of Lien under any similar recording or notice statute, or grant rights with respect to, or otherwise encumber or create a security interest in, such property or assets (including, without limitation, any item of Collateral) or any portion thereof or any other revenues therefrom or the proceeds payable upon the sale, transfer or other disposition of such property or asset or any portion thereof, or permit or suffer any such action to be taken, except the following (singly and collectively, "Permitted Liens"):

8.2.1 Liens created by the Loan Documents;

8.2.2 Liens to secure Permitted Debt that by the terms of Section 8.4 is permitted to be secured, provided that (x) the Borrower will be in compliance with the Financial Covenants considering the consequences of the granting of any such Lien and (y) no such Lien shall be secured by any Borrowing Base Property, the ownership interest in any Borrowing Base Property Owner, or any other assets of any Borrowing Base Property Owner;

8.2.3 Liens for taxes, assessments or other governmental charges not yet delinquent or which are being diligently contested in good faith and by appropriate proceedings, if (x) to the extent such contest concerns a Borrowing Base Property, reasonable reserves in an amount not less than the tax, assessment or governmental charge being so contested shall have been established in a manner reasonably satisfactory to the Administrative Agent or deposited in cash (or cash equivalents) with the Administrative Agent to be held during the pendency of such contest, or such contested amount shall have been duly bonded in accordance with applicable law, (y) no imminent risk of sale, forfeiture or loss of any interest in any Borrowing Base

Property or the Collateral or any part thereof arises during the pendency of such contest and (z) such contest does not have and could not reasonably be expected to have a Material Adverse Effect;

8.2.4 Liens in respect of property or assets imposed by law, which do not secure Debt, such as judgment Liens (provided such judgment Liens do not cause the occurrence of an Event of Default under Section 10.1), carriers', warehousemen's, material men's and mechanics' liens and other similar Liens arising in the ordinary course of business, (x) which, except for such judgment Liens, do not in the aggregate materially detract from the value of any property or assets or have, and could not reasonably be expected to have, a Material Adverse Effect, (y) which, except for such judgment Liens, are being contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien, and (z) which as to any Borrowing Base Property do not have a lien priority prior to the Lien in favor of the Administrative Agent, for the benefit of the Lenders, with respect to the Obligations, including, without limitation, any future Loan Advances;

8.2.5 Personal property financing leases entered into in the ordinary course of business with respect to equipment, fixtures, furniture, furnishings and similar assets.

8.3 Consolidations, Mergers, Sales of Assets, Issuance and Sale of Equity. (i) Dissolve, terminate, liquidate, consolidate with or merge with or into any other Person, (ii) issue, sell, lease, transfer or assign to any Persons or otherwise dispose of (whether in one transaction or a series of transactions) any portion of its assets (whether now owned or hereafter acquired), including, without limitation, any securities, membership or partnership interests, or other interests of any kind in any other Loan Party or Borrower Subsidiary, directly or indirectly (whether by the issuance of rights of, options or warrants for, or securities convertible into, any such security, membership or partnership interests or other interests of any kind), (iii) permit another Person to merge with or into it, (iv) acquire all or substantially all the capital stock, membership or partnership interests or assets of any other Person, or (v) take any action which could have the effect, directly or indirectly, of diluting the economic interest of any Loan Party in any other Loan Party or Borrower Subsidiary; except the following:

8.3.1 Transfers pursuant to the Security Documents and other agreements in favor of Administrative Agent for the ratable benefit of the Lenders;

8.3.2 Any such dissolution, liquidation, or termination which does not involve a Loan Party;

8.3.3 With the prior written consent of the Administrative Agent, such consent not to be unreasonably withheld or delayed, any consolidation, merger, or issuance so long as the Borrower is the surviving entity, provided that (w) no Event of Default is continuing before or after giving effect thereto, (x) the Borrower will be in compliance with the Financial Covenants considering the consequences of such event, (y) no such event shall cause a Change of Control, and (z) except as otherwise approved by the Administrative Agent, each Borrowing Base Property Owner will continue to be a Wholly-Owned Subsidiary of the Borrower, CSC or a JV Entity;

8.3.4 Sales of any Borrowing Base Property, provided the Release Conditions are satisfied with respect thereto;

8.3.5 Leases of all or any portion of any Borrowing Base Property which either (i) are permitted by the terms of this Agreement without Administrative Agent's consent or approval or (ii) are approved as provided for in this Loan Agreement;

8.3.6 Sales, transfers or assignments of other assets of the Borrower, any Loan Party or any Borrower Subsidiary which are not within the Collateral, provided that the Borrower will be in compliance with the Financial Covenants considering the consequences of the sale; provided further, however, that the prior written approval of the Administrative Agent must be obtained (not to be unreasonably withheld or delayed), in every instance, in the event that the aggregate amount of any such sales, transfers, or assignments of said other assets exceeds ten percent (10%) of the Total Asset Value, as verified by the Administrative Agent;

8.3.7 Sales or dispositions in the ordinary course of business of worn, obsolete or damaged items of personal property or fixtures which are suitably replaced;

8.3.8 Transactions, whether outright or as security, for which Administrative Agent's, the Required Lenders' or the Lenders', as applicable, prior written consent has been obtained to the extent such approval is required under this Agreement;

8.3.9 In connection with a Permitted Investment;

8.3.10 The issuance or sale of equity interests in the Borrower or CSC, so long as such sale or issuance does not result in a Change of Control; or

8.3.11 Mergers of and between Loan Parties, provided (i) the Borrower and CSC shall at all times remain surviving entities, (ii) the Administrative Agent receives ten (10) Business Days prior written notice of the proposed merger, and (iii) Borrower agrees to take all such action and execute all such documents as the Administrative Agent may reasonably require in order to maintain the Administrative Agent's priority and perfection in the Collateral.

8.4 Restrictions on Debt. (i) Create, incur or assume any Debt, or make any voluntary prepayments of any Debt in respect of which it is an obligor, (ii) enter into, acquiesce, suffer or permit any amendment, restatement or other modification of the documentation evidencing and/or securing any Debt under which it is an obligor, (iii) increase the amount of any Debt existing as of the Closing Date; except with respect to the following (singly and collectively, "Permitted Debt"):

8.4.1 The Obligations;

8.4.2 Individual Property secured Debt of the Borrower, CSC or any Borrower Subsidiary which is recourse to the Borrower or CSC consistent with customary project finance market terms and conditions (excluding the Obligations) in an amount not to exceed twenty five percent (25%) of the Total Asset Value in the aggregate outstanding at any one time, provided that the Borrower will be in compliance with the Financial Covenants considering the consequences of the incurrence of such Debt;

8.4.3 Individual Property secured Debt of the Borrower, CSC or any Borrower Subsidiary which is nonrecourse to the Borrower (other than recourse in connection with customary nonrecourse or “bad boy” carve out provisions) or CSC, provided that the Borrower will be in compliance with the Financial Covenants considering the consequences of the incurrence of such Debt;

8.4.4 Indebtedness incurred in the ordinary course of business for the purchase of goods or services which are payable, without interest, within ninety (90) days of billing; and

8.4.5 Transactions, whether secured or unsecured, for which Administrative Agent’s prior written consent has been obtained to the extent such approval is required under this Agreement; and

8.4.6 Unsecured Debt not to exceed \$10,000,000.00 in the aggregate outstanding at any time.

8.4.7 Debt under capital leases of the type described in Section 8.2.5.

8.5 Other Business. Enter into any line of business or make any material change in the nature of its business, purposes or operations, or undertake or participate in activities other than the continuance of its present business except as otherwise specifically permitted by this Agreement or the other Loan Documents.

8.6 Change of Control. Permit or otherwise suffer to occur any Change of Control.

8.7 Forgiveness of Debt. Voluntarily cancel or otherwise forgive or release any Debt owed to it by any Person, except for adequate consideration and except for settlement of lease obligations of tenants in the Borrower’s reasonable business judgment.

8.8 Affiliate Transactions. After the Closing Date, enter into, or be a party to, any transaction with any Person which is an Affiliate of any Loan Party, except transactions (a) involving the offering or sale of a Person’s equity interests on an arm’s length basis, or (b) entered into in the ordinary course of business and on terms which are no less favorable to such Loan Party or Borrower Subsidiary than would be obtained in a comparable arm’s-length transaction with an unrelated third party, provided that this Section 8.8 shall not apply to transactions entirely between and among Loan Parties or entirely between and among Borrower Subsidiaries that are not Loan Parties.

8.9 ERISA. Except for Code Section 401(k) plans, establish or be obligated to contribute to any Plan.

8.10 Bankruptcy Filings. With respect to any of the Loan Parties, file a petition under any state or federal bankruptcy or insolvency laws for the liquidation of all or a major portion of its assets or property.

8.11 Investment Company. Become an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended.

8.12 Use of Proceeds. Permit the proceeds of the Loan, or any other accommodation at any time made hereunder, to be used for any purpose which entails a violation of, or is inconsistent with, Regulation T, U or X of the Board, or for any purpose other than those set forth in Section 1.3.

8.13 Distributions. Authorize, declare, or pay any Distributions on behalf of the Borrower, except for Permitted Distributions.

8.14 Restrictions on Investments. Make or permit to exist or to remain outstanding any Investment except which are in:

(i) marketable direct or guaranteed general obligations of the United States of America which mature within one year from the date of purchase;

(ii) bank deposits, certificates of deposit and banker's acceptances, or other obligations in or of the Lenders or banks located within and chartered by the United States of America or a state and having assets of over \$500,000,000.00;

(iii) the Borrower's Subsidiaries (both Subsidiaries as of the date hereof and any other Person that becomes a Borrower Subsidiary), subject in all instances to the terms of this Agreement; and

(iv) Permitted Investments.

8.15 Negative Pledges, etc. Enter into any agreement subsequent to the Closing Date (other than a Loan Document) which (a) prohibits the creation or assumption of any Lien upon any of the Collateral, including, without limitation, any hereafter acquired property, (b) specifically prohibits the amendment or other modification of this Agreement or any other Loan Document, or (c) could reasonably be expected to have a Material Adverse Effect.

9. SPECIAL PROVISIONS.

9.1 Legal Requirements. Borrower, any Borrower Subsidiary or any Loan Party may contest in good faith any claim, demand, levy or assessment under any Legal Requirements by any person or entity if: (i) the contest is based upon a material question of law or fact raised by Borrower in good faith; (ii) such Person properly commences and thereafter diligently pursues the contest; (iii) the contest will not materially impair the ability to ultimately comply with the contested Legal Requirement should the contest not be successful; (iv) if the contest concerns a Borrowing Base Property or a Borrowing Base Property Owner, reasonable reserves in an amount necessary to undertake and pay for such contest and any corrective or remedial action then or thereafter reasonably likely to be necessary shall have been established in a manner reasonably satisfactory to the Administrative Agent or deposited in cash (or cash equivalents) with the Administrative Agent to be held during the pendency of such contest, or such contested amount shall have been duly bonded in accordance with applicable law; (v) no Event of Default exists; (vi) if the contest relates to an Environmental Legal Requirement, the conditions set forth in the Environmental Indemnity relating to such contests shall be satisfied; (viii) no imminent risk of sale, forfeiture or loss of any interest in any Borrowing Base Property or the Collateral or

any part thereof arises during the pendency of such contest; and (ix) such contest could not reasonably be expected to have a Material Adverse Effect.

9.2 Limited Recourse Provisions.

9.2.1 Borrower Fully Liable. Borrower shall be fully liable for the Loan and the Obligations of Borrower to the Administrative Agent and each of the Lenders.

9.2.2 Certain Non-Recourse. This Agreement and all Loan Documents have been executed by the undersigned in its capacity as an officer of CSC, as general partner of the Borrower on behalf of the Borrower or the Loan Parties, and not individually, and none of the trustees, officers, directors, members, limited partners, or shareholders of the Borrower or CSC or any Loan Party shall be bound or have any personal liability hereunder or thereunder except under any Guaranty or other Loan Document signed by such Person, other than a signature in a representative capacity. Under no circumstances shall any party be entitled to seek recourse or commence any action against any of the trustees, officers, directors, members, limited partners, or shareholders of the Borrower or CSC or any such Person's personal assets for the performance or payment of any obligation hereunder. In all other Loan Documents, all parties shall not seek recourse or commence any action against any of the trustees, officers, directors, members, limited partners, or shareholders of Borrower or CSC or any of such Person's personal assets for the performance or payment of any obligation hereunder or thereunder, except under any Guaranty or other Loan Document signed by such Person, other than a signature in a representative capacity.

9.2.3 Additional Matters. Nothing contained in the foregoing non-recourse provisions or elsewhere shall: (i) limit the right of Administrative Agent or any of the Lenders to obtain injunctive relief or to pursue equitable remedies under any of the Loan Documents, excluding only any injunctive relief ordering payment of obligations by any Person or entity for which personal liability does not otherwise exist; or (ii) limit the liability of any attorney, law firm, accountant or other professional who or which renders or provides any written opinion or certificate to Administrative Agent or any of the Lenders in connection with the Loan even though such person or entity may be a limited partner of Borrower.

9.3 Payment of Obligations. Upon the return to the Administrative Agent, or the expiration, of all of the Letters of Credit and the payment in full of the Obligations, in immediately available funds, including, without limitation, all unreimbursed costs and expenses of the Administrative Agent and of each Lender for which the Borrower is responsible, and the termination of the Loan, the Administrative Agent shall release any security and other collateral interests as provided for herein and under the other Loan Documents and shall execute and deliver such documents and termination statements as Borrower or any other Loan Party reasonably requests to evidence such termination and release. However, such release by the Administrative Agent shall not be deemed to terminate or release any Person from any obligation or liability under the Loan Documents which specifically by its terms survives the payment in full of the Obligations. At the request of the Borrower, the Administrative Agent shall use reasonable efforts to cooperate in the assignment of the Security Documents to a new lender, subject to the execution of customary documents with respect to any such assignment

10. EVENTS OF DEFAULT. The following provisions deal with Default, Events of Default, notice, grace and cure periods, and certain rights of Administrative Agent following an Event of Default.

10.1 Default and Events of Default. The term “Default” as used herein or in any of the other Loan Documents shall mean any fact or circumstance which constitutes, or upon the lapse of time, or giving of notice, or both, could constitute, an Event of Default. The occurrence of any of the following events, continuing uncured beyond any applicable grace, notice or cure period, respectively, shall constitute an event of default (“Event of Default”). Upon the occurrence of any Event of Default described in Section 10.1.8, any and all Obligations shall become due and payable without any further act on the part of the Administrative Agent. Upon the occurrence of any other Event of Default, the Administrative Agent may declare that any and all Obligations shall become immediately due and payable.

10.1.1 Failure to Pay the Loan. The failure by the Borrower to pay when due any principal of, interest on, or fees in respect of, the Loan, and the specific grace period, if any, allowed for the default in question in Section 10.2 or elsewhere in this Agreement shall have expired without such default having been cured.

10.1.2 Failure to Make Other Payments. The failure by the Borrower to pay when due (or upon demand, if payable on demand) any payment Obligation other than any payment Obligation on account of the principal of, or interest on, or fees in respect of, the Loan, and the specific grace period, if any, allowed for the default in question in Section 10.2 or elsewhere in this Agreement shall have expired without such default having been cured.

10.1.3 Note, Security Documents, and Other Loan Documents. Any other default in the performance of any term or provision of the Note, or of the Security Documents, or of any of the other Loan Documents, or a breach, or other failure to satisfy, any other term, provision, condition or warranty under the Note, the Security Documents, or any other Loan Document, regardless of whether any then undisbursed portion of the Loan is sufficient to cover any payment of money required thereby, and the specific grace period, if any, allowed for the default in question in Section 10.2 or elsewhere in this Agreement shall have expired without such default having been cured.

10.1.4 Default under Other Agreements. The occurrence of any breach of any covenant or Obligation imposed by, or of any default under, any agreement (including any Loan Document) between the Administrative Agent and/or the Lenders and the Borrower, and/or the Loan Parties in connection with the Loan, or any instrument given by the Borrower and such Persons to the Administrative Agent and/or the Lenders, in connection with the Loan and the expiry, without cure, of any applicable grace period in Section 10.2, elsewhere in this Agreement, or in the applicable Loan Document (notwithstanding that the Administrative Agent and/or the Lenders may not have exercised all or any of its/their rights on account of such breach or default).

10.1.5 Representations and Warranties. If any representation or warranty made by the Borrower or by any of the other Loan Parties or the Borrower Subsidiaries in the Loan Documents was untrue or misleading in any material respect as of the date made or deemed

made (updated as provided for herein), including, without limitation, all representations and warranties made in Article 6 herein, and shall have a Material Adverse Effect.

10.1.6 Affirmative Covenants. The breach of any covenant contained in Article 7 herein, including, without limitation, the Financial Covenants.

10.1.7 Negative Covenants. The breach of any covenant contained in Article 8 herein.

10.1.8 Financial Status and Insolvency.

A. Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) file a petition in bankruptcy or a petition to take advantage of any insolvency act; (iii) make an assignment for the benefit of creditors; (iv) consent to, or acquiesce in, the appointment of a receiver, liquidator or trustee of itself or of the whole or any substantial part of its properties or assets; (v) file a petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Federal Bankruptcy laws or any other applicable law; (vi) have a court of competent jurisdiction enter an order, judgment or decree appointing a receiver, liquidator or trustee of Borrower, or of the whole or any substantial part of the property or assets of Borrower, and such order, judgment or decree shall remain unvacated or not set aside or unstayed for ninety (90) days; (vii) have a petition filed against it seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the Federal Bankruptcy laws or any other applicable law and such petition shall remain undismissed for ninety (90) days; (viii) have, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assume custody or control of Borrower or of the whole or any substantial part of its property or assets and such custody or control shall remain unterminated or unstayed for ninety (90) days; or (ix) have an attachment or execution levied against any substantial portion of the property of Borrower or against any portion of the Collateral which is not discharged or dissolved by a bond within sixty (60) days; or

B. any such event set forth in subsection A above shall occur with respect to any Loan Party;

10.1.9 Loan Documents. If any Loan Document for any reason other than the satisfaction in full of all Obligations shall cease to be in full force and effect (other than in accordance with its terms), thereby preventing the Administrative Agent and/or the Lenders from obtaining the practical realization of the benefits thereof, or if any Loan Document shall be declared null and void or any Loan Party shall claim or declare any such Loan Document to no longer be in full force and effect or is null and void, or if the Liens and security interests purported to be created by any of the Loan Documents shall cease to be valid, perfected, first priority (except as otherwise expressly provided herein) security interests;

10.1.10 Judgments. One or more judgments or decrees shall be entered against Borrower or any Loan Party or Borrower Subsidiary involving a liability (not paid or fully covered (subject to deductibles) by a reputable and solvent insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated,

discharged or stayed or bonded pending appeal for any period of sixty (60) consecutive days, and the aggregate amount of all such judgments exceeds \$750,000.00;

10.1.11 ERISA. (i) If any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof and a waiver of such standard or extension of any amortization period is not granted under Section 412 of the Code, any Plan shall have had or is likely to have a trustee appointed to administer such Plan, any Plan is, shall have been or is likely to be terminated or to be the subject of a distress termination proceeding under ERISA, any Plan shall have an Unfunded Current Liability, a contribution required to be made to a Plan has not been timely made, a Loan Party or any ERISA Affiliate has incurred or is likely to incur a liability to or on account of a Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971, 4975 or 4980 of the Code, or a Loan Party has incurred or is likely to incur liabilities pursuant to one or more employee welfare benefit plans (as defined in Section 3(l) of ERISA) that provide benefits to retired employees or other former employees (other than as required by Section 601 of ERISA) or employee pension benefit plans (as defined in Section 3(2) of ERISA) and any of the foregoing could have a Material Adverse Effect; (ii) if there shall result from any such event or events the imposition of a lien, the granting of a security interest, or a liability or a material risk of incurring a liability which could have, or reasonably be expected to have, a Material Adverse Effect; or (iii) if any such lien, security interest or liability is imposed or granted and, individually, and/or in the aggregate, in the reasonable opinion of the Administrative Agent could have, or reasonably be expected to have, a Material Adverse Effect.

10.1.12 Change of Control. If a Change of Control shall occur.

10.1.13 Indictment; Forfeiture. The indictment of, or institution of any legal process or proceeding against, the Borrower, any other Loan Party, and/or any Borrower Subsidiary under any applicable law where the relief, penalties, or remedies sought or available include the forfeiture of any property of Borrower and/or any other such Person and/or the imposition of any stay or other order, the effect of which could be to restrain in any material way the conduct by the Borrower and/or any other such Person of its business in the ordinary course.

10.1.14 Termination of Guaranty or Consent. Except as otherwise provided herein, the termination or attempted termination of any Guaranty by any Guarantor of the Obligations.

10.1.15 Cross-Default. The existence of a BOFA Event of Default.

10.1.16 Generally. A default by Borrower in the performance of any term, provision or condition of this Agreement to be performed by Borrower, or a breach, or other failure to satisfy, any other term provision, condition, covenant or warranty under this Agreement and such default remains uncured beyond any applicable specific grace period provided for in this Agreement, including, without limitation, as set forth in Section 10.2. below.

10.2 Grace Periods and Notice. As to each of the foregoing events the following provisions relating to grace periods and notice shall apply:

10.2.1 No Notice or Grace Period. There shall be no grace period and no notice provision with respect to the payment of principal at maturity and/or in connection with a Mandatory Principal Prepayment (except as provided in Section 2.3.8 above) and no grace period and no notice provision with respect to defaults related to the voluntary filing of bankruptcy or reorganization proceedings or an assignment for the benefit of creditors (any of which events shall also result in an immediate termination of the Lenders' Commitments hereunder), or subject to Sections 10.2.4 and 10.2.5, with respect to a breach of warranty or representation under Article 6, or (subject to Section 10.2.5) with respect to the breach of any of the affirmative covenants set forth in Article 7 (unless a grace or cure period is specifically provided for therein) or (subject to Section 10.2.5) with respect to the breach of any of the negative covenants set forth in Article 8.

10.2.2 Nonpayment of Interest. As to the nonpayment of interest there shall be a three (3) Business Day grace period without any requirement of notice from Administrative Agent.

10.2.3 Other Monetary Defaults. All other monetary defaults shall have a three (3) Business Day grace period following notice from Administrative Agent.

10.2.4 Nonmonetary Defaults Capable of Cure. Subject to Section 10.2.1, as to non-monetary Defaults which are reasonably capable of being cured or remedied, unless there is a specific shorter or longer grace period provided for in this Loan Agreement or in another Loan Document, there shall be a thirty (30) day grace period following notice from Administrative Agent or, if such Default would reasonably require more than thirty (30) days to cure or remedy, such longer period of time not to exceed a total of ninety (90) days from Administrative Agent's notice as may be reasonably required so long as Borrower shall commence reasonable actions to remedy or cure the default within thirty (30) days following such notice and shall diligently prosecute such curative action to completion within such ninety (90) day period. However, where there is an emergency situation in which there is danger to person or property, it shall be an immediate Event of Default if such curative action shall not be commenced as promptly as possible. As to breaches of warranties and representations there shall be a thirty (30) day grace period following notice from Administrative Agent.

10.2.5 Borrowing Base Property Defaults. As to any non-monetary Defaults which are reasonably capable of being cured or remedied by the removal of any Individual Property or Individual Properties from being Borrowing Base Properties, there shall be a thirty (30) day grace period following notice from the Administrative Agent for the Borrower to cure or remedy such Default by paying the Release Price with respect thereto, if required.

11. REMEDIES.

11.1 Remedies. Upon the occurrence and during the continuance of an Event of Default, whether or not the indebtedness evidenced by the Note and secured by the Security Documents shall be due and payable or Administrative Agent shall have instituted any foreclosure or other action for the enforcement of the Security Documents or the Note, Administrative Agent may, and shall upon the direction of the Required Lenders, in addition to any other remedies which Administrative Agent may have hereunder or under the other Loan

Documents, or otherwise, and not in limitation thereof, and in Administrative Agent's and Required Lenders' sole and absolute discretion:

11.1.1 Accelerate Debt. Administrative Agent may, and with the direction of the Required Lenders shall, declare the indebtedness evidenced by the Note and secured by the Security Documents immediately due and payable (provided that in the case of a voluntary petition in bankruptcy filed by Borrower or an involuntary petition in bankruptcy filed against Borrower (after expiration of the grace period, if any, set forth in Section 10.1.8), such acceleration shall be automatic).

11.1.2 Collateralize Letters of Credit. Administrative Agent may require the Borrower to deposit into accounts maintained with, and pledged to the Administrative Agent, cash proceeds in an amount equal to the L/C Exposure, which deposits shall secure the L/C Exposure.

11.1.3 Pursue Remedies. Administrative Agent may pursue any and all remedies provided for hereunder, under any one or more of the other Loan Documents, and/or otherwise.

11.2 Written Waivers. Except as otherwise provided in Section 13.4, if a Default or an Event of Default is waived by the Required Lenders, in their sole discretion, pursuant to a specific written instrument executed by an authorized officer of Administrative Agent, the Default or Event of Default so waived shall be deemed to have never occurred.

11.3 Power of Attorney. For the purpose of exercising the rights granted by this Article 11, as well as any and all other rights and remedies of Administrative Agent under the Loan Documents, Borrower hereby irrevocably constitutes and appoints Administrative Agent (or any agent designated by Administrative Agent) its true and lawful attorney-in-fact, with full power of substitution, upon and following any Event of Default which is continuing, to execute, acknowledge and deliver any instruments and to do and perform any acts in the name and on behalf of Borrower. In connection with the foregoing power of attorney, the Borrower hereby grants unto the Administrative Agent (acting through any of its officers) full power to do any and all things necessary or appropriate in connection with the exercise of such powers as fully and effectually as the Borrower might or could do, hereby ratifying all that said attorney shall do or cause to be done by virtue of this Agreement. The foregoing power of attorney shall not be affected by any disability or incapacity suffered by the Borrower and shall survive the same. All powers conferred upon the Administrative Agent by this Agreement, being coupled with an interest, shall be irrevocable until this Agreement is terminated by a written instrument executed by a duly authorized officer of the Administrative Agent.

12. SECURITY INTEREST AND SET-OFF

12.1 Security Interest. Borrower hereby grants (and shall cause each other Loan Party to grant in an applicable Security Document) to the Administrative Agent and each of the Lenders, a continuing lien, security interest and right of setoff (with setoff being subject to Section 12.2) as security for all of the Obligations, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of

Administrative Agent or any of the Lenders or any entity under common control with the Administrative Agent and its successors and assigns, or in transit to any of them.

12.2 Set-Off. If any Event of Default occurs, any such deposits, balances or other sums credited by or due from Administrative Agent, any affiliate of Administrative Agent or any of the Lenders, or from any such affiliate any of the Lenders, to Borrower may to the fullest extent not prohibited by applicable law at any time or from time to time, without regard to the existence, sufficiency or adequacy of any other collateral, and without notice or compliance with any other condition precedent now or hereafter imposed by statute, rule of law or otherwise, all of which are hereby waived, be set off, appropriated and applied by Administrative Agent against any or all of Borrower's Obligations irrespective of whether demand shall have been made and although such obligations may be unmatured, in the manner set forth herein. Within five (5) Business Days of making any such set off, appropriation or application, Administrative Agent agrees to notify Borrower thereof, provided the failure to give such notice shall not affect the validity of such set off or appropriation or application. ANY AND ALL RIGHTS TO REQUIRE ADMINISTRATIVE AGENT OR ANY OF THE LENDERS TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE LOAN, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWER OR ANY GUARANTOR, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED. Each of the Lenders agrees with each other Lender that (a) if an amount to be set off is to be applied to indebtedness of the Borrower to such Lender, other than the Obligations evidenced by the Note due to such Lender, such amount shall be applied ratably to such other indebtedness and to the Obligations evidenced by the Note due to such Lender, and (b) if such Lender shall receive from the Borrower, whether by voluntary payment, exercise of the right of setoff, counterclaim, cross action, enforcement of the claim evidenced by the Note due to such Lender by proceedings against the Borrower at law or in equity or by proof thereof in bankruptcy, reorganization, liquidation, receivership or similar proceedings, or otherwise, and shall retain and apply to the payment of the Note due to such Lender any amount in excess of its ratable portion of the payments received by all of the Lenders with respect to Obligations under the Note due to all of the Lenders, such Lender will make such disposition and arrangements with the other Lenders with respect to such excess, either by way of distribution, pro tanto assignment of claims, subrogation or otherwise as shall result in each Lender receiving in respect of the Note its proportionate payment as contemplated by this Agreement; provided that if all or any part of such excess payment is thereafter recovered from such Lender, such disposition and arrangements shall be rescinded and the amount restored to the extent of such recovery, but without interest.

12.3 Right to Freeze. The Administrative Agent and each of the Lenders shall also have the right, at its option, upon the occurrence of any event which would entitle the Administrative Agent and each of the Lenders to set off or debit as set forth in Section 12.2, to freeze, block or segregate any such deposits, balances and other sums so that Borrower may not access, control or draw upon the same.

12.4 Additional Rights. The rights of Administrative Agent, the Lenders and each affiliate of Administrative Agent and each of the Lenders under this Article 12 are in addition to,

and not in limitation of, other rights and remedies, including other rights of set off, which Administrative Agent or any of the Lenders may have.

13. THE ADMINISTRATIVE AGENT AND THE LENDERS

13.1 Rights, Duties and Immunities of the Administrative Agent

13.1.1 Appointment of Administrative Agent. Each Lender hereby irrevocably designates and appoints KeyBank, National Association, as Administrative Agent of such Lender to act as specified herein and in the other Loan Documents, and each such Lender hereby irrevocably authorizes the Administrative Agent to take such actions, exercise such powers and perform such duties as are expressly delegated to or conferred upon the Administrative Agent by the terms of this Loan Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Administrative Agent agrees to act as such upon the express conditions contained in this Article 13. The Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein or in the other Loan Documents, nor shall it have any fiduciary relationship with any Lender, and no implied covenants, responsibilities, duties, obligations or liabilities shall be read into this Loan Agreement or otherwise exist against the Administrative Agent. Except as provided for in Section 13.3, the provisions of this Article 13 are solely for the benefit of the Administrative Agent and the Lenders, and the Borrower shall not have any rights as a third party beneficiary of any of the provisions hereof; provided, however, the Borrower may rely on any consent, waiver, approval, certificate or instrument delivered by the Administrative Agent as evidencing that the Administrative Agent has received, to the extent required hereunder, the prior approval of the Required Lenders or the Lenders.

13.1.2 Administration of Loan by Administrative Agent. The Administrative Agent shall be responsible for administering the Loan on a day-to-day basis. In the exercise of such administrative duties, the Administrative Agent shall use the same diligence and standard of care that is customarily used by the Administrative Agent with respect to similar loans held by the Administrative Agent solely for its own account.

Each Lender delegates to the Administrative Agent the full right and authority on its behalf to take the following specific actions in connection with its administration of the Loan:

- (i) to fund the Loan in accordance with the provisions of the Loan Documents, but only to the extent of immediately available funds provided to the Administrative Agent by the respective Lenders for such purpose;
- (ii) to receive all payments of principal, interest, fees and other charges paid by, or on behalf of, the Borrower and, except for fees to which the Administrative Agent is entitled pursuant to the Loan Documents or otherwise, to distribute all such funds to the respective Lenders as provided for hereunder;
- (iii) to keep and maintain complete and accurate files and records of all material matters pertaining to the Loan, and make such files and records available for inspection and copying by each Lender and its respective employees and agents during normal business hours upon reasonable prior notice to the Administrative Agent;

(iv) to provide the Lenders with copies of all material and/or substantive notices, reports and other information, and notice of all material and/or substantive matters or occurrences, obtained by the Administrative Agent provided by or with respect to the Borrower or any other Loan Party; and

(v) to do or omit doing all such other actions as may be reasonably necessary or incident to the implementation, administration and servicing of the Loan and the rights and duties delegated hereinabove.

13.1.3 Delegation of Duties. The Administrative Agent may execute any of its duties under this Loan Agreement or any other Loan Document by or through its agents or attorneys-in-fact, and shall be entitled to the advice of counsel concerning all matters pertaining to its rights and duties hereunder or under the Loan Documents. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

13.1.4 Exculpatory Provisions. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be liable for any action lawfully taken or omitted to be taken by it or them under or in connection with this Loan Agreement or the other Loan Documents, except for its or their gross negligence or willful misconduct. Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be responsible for or have any duty to ascertain, inquire into, or verify (i) any recital, statement, representation or warranty made by the Borrower or any of its officers or agents contained in this Loan Agreement or the other Loan Documents or in any certificate or other document delivered in connection therewith; (ii) the performance or observance of any of the covenants or agreements contained in, or the conditions of, this Loan Agreement or the other Loan Documents; (iii) the state or condition of any properties of the Borrower or any other obligor hereunder constituting Collateral for the Obligations of the Borrower hereunder, or any information contained in the books or records of the Borrower; (iv) the validity, enforceability, collectibility, effectiveness or genuineness of this Loan Agreement or any other Loan Document or any other certificate, document or instrument furnished in connection therewith; or (v) the validity, priority or perfection of any lien securing or purporting to secure the Obligations or the value or sufficiency of any of the Collateral.

13.1.5 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any notice, consent, certificate, affidavit, or other document or writing believed by it to be genuine and correct and to have been signed, sent or made by the proper person or persons, and upon the advice and statements of legal counsel (including, without, limitation, counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Loan Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of the taking or failing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Loan Agreement and the other Loan Documents in accordance with any written request of the Required Lenders, or all of the Lenders, if required

hereunder, and each such request of the Required Lenders, or all of the Lenders, if required hereunder, and any action taken or failure to act by the Administrative Agent pursuant thereto, shall be binding upon all of the Lenders; provided, however, that the Administrative Agent shall not be required in any event to act, or to refrain from acting, in any manner which is contrary to the Loan Documents or to applicable law.

13.1.6 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has actual knowledge of the same or has received notice from a Lender or the Borrower referring to this Loan Agreement, describing such Default or Event of Default and stating that such notice is a notice of default (a "Notice of Default"). In the event that the Administrative Agent obtains such actual knowledge or receives such a notice, the Administrative Agent shall give prompt notice thereof to each of the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders, or all of the Lenders, if required hereunder. Unless and until the Administrative Agent shall have received such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to any such Default or Event of Default as it shall deem advisable in the best interest of the Lenders.

13.1.7 Lenders' Credit Decisions. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on the financial statements prepared by the Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and investigation into the business, assets, operations, property, and financial and other condition of the Borrower and has made its own decision to enter into this Loan Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in determining whether or not conditions precedent to Closing any Loan hereunder have been satisfied and in taking or not taking any action under this Loan Agreement and the other Loan Documents.

13.1.8 Administrative Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Administrative Agent, ratably in proportion to their respective Commitments, for (i) any amounts not reimbursed by the Borrower for which the Administrative Agent is entitled to reimbursement by the Borrower under this Loan Agreement or the other Loan Documents, (ii) any other expenses incurred by the Administrative Agent on behalf of the Lenders in connection with the preparation, execution, delivery, administration, amendment, waiver and/or enforcement of this Loan Agreement and the other Loan Documents, and (iii) any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of this Loan Agreement or the other Loan Documents or any other document delivered in connection therewith or any transaction contemplated thereby, or the enforcement of any of the terms hereof or thereof, provided that no Lender shall be liable for any of the foregoing to the extent that they arise from the gross negligence or willful misconduct of the Administrative Agent. If any indemnity furnished to the Administrative Agent for any purpose shall, in the opinion of the

Administrative Agent, be insufficient or become impaired, the Administrative Agent may call for additional indemnity and cease, or not commence, to do the action indemnified against until such additional indemnity is furnished.

13.1.9 Administrative Agent in its Individual Capacity. With respect to its Commitment as a Lender, and the Loans made by it and the Note issued to it, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document as any Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent and its subsidiaries and affiliates may accept deposits from, lend money to, and generally engage in any kind of commercial or investment banking, trust, advisory or other business with the Borrower or any subsidiary or affiliate of the Borrower as if it were not the Administrative Agent hereunder.

13.1.10 Successor Administrative Agent. The Administrative Agent may resign at any time by giving thirty (30) days' prior written notice to the Lenders and Borrower. The Required Lenders, for good cause, may remove Administrative Agent at any time by giving thirty (30) days' prior written notice to the Administrative Agent, the Borrower and the other Lenders. Upon any such resignation or removal, the Required Lenders shall appoint a successor Administrative Agent, which successor Administrative Agent shall, if such appointment is prior to the occurrence of an Event of Default which is continuing, be subject to the approval of the Borrower, which approval shall not be unreasonably withheld or delayed. If no successor Administrative Agent shall have been so appointed by the Required Lenders and accepted such appointment within thirty (30) days after the retiring Administrative Agent's giving notice of resignation or the Required Lenders' giving notice of removal, as the case may be, then the retiring Administrative Agent may appoint, on behalf of the Borrower and the Lenders, a successor Administrative Agent. If in such instance the retiring Administrative Agent appoints as the successor Administrative Agent a Lender, such Lender shall accept such appointment. Each such successor Administrative Agent shall be a Lender or a financial institution which meets the requirements of an Eligible Assignee. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. After any retiring Administrative Agent's resignation hereunder, the provisions of this Article 13 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder.

13.1.11 Duties in the Case of Enforcement. In case one or more Events of Default have occurred and shall be continuing, and whether or not acceleration of the Obligations shall have occurred, the Administrative Agent may, and shall at the direction of the Required Lenders, or all of the Lenders, if required hereunder, and provided that the Lenders have given to the Administrative Agent such additional indemnities and assurances against expenses and liabilities as the Administrative Agent may reasonably request, proceed to enforce the provisions of this Loan Agreement and the other Loan Documents respecting the foreclosure, the sale, or other disposition of all or any part of the Collateral and the exercise of any other legal or equitable rights or remedies as it may have hereunder or under any other Loan Document or

otherwise by virtue of applicable law, or to refrain from so acting if similarly requested by the Required Lenders. The Administrative Agent shall be fully protected in so acting or refraining from acting upon the instruction of the Required Lenders, or all of the Lenders, if required hereunder, and such instruction shall be binding upon all the Lenders. The Required Lenders may direct the Administrative Agent in writing as to the method and the extent of any such foreclosure, sale or other disposition or the exercise of any other right or remedy, the Lenders hereby agreeing to indemnify and hold the Administrative Agent harmless from all costs and liabilities incurred in respect of all actions taken or omitted in accordance with such direction, provided that the Administrative Agent need not comply with any such direction to the extent that the Administrative Agent reasonably believes the Administrative Agent's compliance with such direction to be unlawful or commercially unreasonable in any applicable jurisdiction. The Administrative Agent may, in its discretion but without obligation, in the absence of direction from the Required Lenders, take such interim actions as it believes necessary to preserve the rights of the Lenders hereunder and in and to any Collateral securing the Obligations, including but not limited to petitioning a court for injunctive relief, appointment of a receiver or preservation of the proceeds of any Collateral. Each of the Lenders acknowledges and agrees that no individual Lender may separately enforce or exercise any of the provisions of any of the Loan Documents, including without limitation the Note, other than through the Administrative Agent.

13.2 Respecting Loans and Payments.

13.2.1 Procedures for Loans. Administrative Agent shall give written notice to each Lender of each request for a Loan Advance, or conversion of an existing Loan Advance from a Variable Rate Advance to an Effective LIBO Rate Advance, by facsimile transmission, hand delivery or overnight courier, not later than 11:00 a.m. (Eastern time) (i) three (3) Business Days prior to the making of any Loan Advance, (ii) two (2) Business Days prior to any conversion of an existing Loan Advance to an Effective LIBO Rate Advance, or (iii) on the first day of any conversion to a Variable Rate Advance. Each such notice shall be accompanied by a written summary of the request for a Loan Advance and shall specify (a) the date of the requested Loan Advance, (b) the aggregate amount of the requested Loan Advance, (c) each Lender's pro rata share of the requested Loan Advance, and (d) the applicable interest rate selected by Borrower with respect to such Loan Advance, or any portion thereof, together with the applicable Interest Period, if any, selected, or deemed selected, by Borrower. Each Lender shall, before 11:00 a.m. (Eastern time) on the date set forth in any such request for a Loan Advance, make available to Administrative Agent, at an account to be designated by Administrative Agent at KeyBank, National Association, Boston, Massachusetts, in same day funds, each Lender's ratable portion of the requested Loan Advance provided that no Lender shall be required to fund any Loan Advance to the extent that such Lender's aggregate outstanding Loan Advances would exceed its Commitment. After Administrative Agent's receipt of such funds and upon Administrative Agent's determination that the applicable conditions to making the requested Loan Advance have been fulfilled, Administrative Agent shall make such funds available to Borrower as provided for in this Loan Agreement. Within a reasonable period of time following the making of each Loan Advance, but in no event later than ten (10) Business Days following such Loan Advance, Administrative Agent shall deliver to each Lender a copy of Borrower's request for Loan Advance. Promptly after receipt by Administrative Agent of written request from any Lender, Administrative Agent shall deliver to

the requesting Lender the accompanying certifications and such other instruments, documents, certifications and approvals delivered by or on behalf of Borrower to Administrative Agent in support of the requested Loan Advance.

13.2.2 Nature of Obligations of Lenders. The obligations of the Lenders hereunder are several and not joint. Failure of any Lender to fulfill its obligations hereunder shall not result in any other Lender becoming obligated to advance more than its Commitment Percentage of the Loan, nor shall such failure release or diminish the obligations of any other Lender to fund its Commitment Percentage provided herein.

13.2.3 Payments to Administrative Agent. All payments of principal of and interest on the Loan or the Note shall be made to the Administrative Agent by the Borrower or any other obligor or guarantor for the account of the Lenders in immediately available funds as provided in the Note and this Loan Agreement. Except as otherwise expressly provided herein, the Administrative Agent agrees promptly to distribute to each Lender, on the same Business Day upon which each such payment is made, such Lender's proportionate share of each such payment in immediately available funds excluding Liquidation Proceeds which shall be distributed in accordance with Section 13.2.4 below. The Administrative Agent will disburse such payments to the Lenders on the date of receipt thereof if received prior to 1:00 p.m. on such date and, if not, on the next Business Day. The Administrative Agent shall upon each distribution promptly notify Borrower of such distribution and each Lender of the amounts distributed to it applicable to principal of, and interest on, the proportionate share held by the applicable Lender. Each payment to the Administrative Agent under the first sentence of this Section shall constitute a payment by the Borrower to each Lender in the amount of such Lender's proportionate share of such payment, and any such payment to the Administrative Agent shall not be considered outstanding for any purpose after the date of such payment by the Borrower to the Administrative Agent without regard to whether or when the Administrative Agent makes distribution thereof as provided above. If any payment received by the Administrative Agent from the Borrower is insufficient to pay both all accrued interest and all principal then due and owing, the Administrative Agent shall first apply such payment to all outstanding interest until paid in full and shall then apply the remainder of such payment to all principal then due and owing, and shall distribute the payment to each Lender accordingly.

13.2.4 Distribution of Liquidation Proceeds. Subject to the terms and conditions hereof, the Administrative Agent shall distribute all Liquidation Proceeds in the order and manner set forth below:

- First: To the Administrative Agent, towards any fees and any expenses for which the Administrative Agent is entitled to reimbursement under this Agreement or the other Loan Documents not theretofore paid to the Administrative Agent.
- Second: To all applicable Lenders in accordance with their proportional share based upon their respective Commitment Percentages (or pro rata if the Lenders have not ratably funded such amounts) until all Lenders have been reimbursed for all fees and expenses which such Lenders have previously paid to the Administrative Agent and not theretofore paid to such Lenders.

- Third: To all applicable Lenders in accordance with their proportional share based upon their respective Commitment Percentages until all Lenders have been paid in full all principal and interest due to such Lenders under the Loan, with each Lender applying such proceeds for purposes of this Agreement first against the outstanding principal balance due to such Lender under the Loan and then to accrued and unpaid interest due under the Loan.
- Fourth: To all applicable Lenders in accordance with their proportional share based upon their respective Commitment Percentages (or pro rata if the Lenders have not ratably funded such amounts) until all Lenders have been paid in full all other amounts due to such Lenders under the Loan including, without limitation, any costs and expenses incurred directly by such Lenders to the extent such costs and expenses are reimbursable to such Lenders by the Borrower under the Loan Documents.
- Fifth: To the Borrower or such third parties as may be entitled to claim Liquidation Proceeds.

13.2.5 Adjustments. If, after Administrative Agent has paid each Lender's proportionate share of any payment received or applied by Administrative Agent in respect of the Loan and other Obligations, that payment is rescinded or must otherwise be returned or paid over by Administrative Agent, whether pursuant to any bankruptcy or insolvency law, sharing of payments clause of any loan agreement or otherwise, such Lender shall, at Administrative Agent's request, promptly return its proportionate share of such payment or application to Administrative Agent, together with such Lender's proportionate share of any interest or other amount required to be paid by Administrative Agent with respect to such payment or application.

13.2.6 Setoff. If any Lender (including the Administrative Agent), acting in its individual capacity, shall exercise any right of setoff against a deposit balance or other account of the Borrower held by such Lender on account of the obligations of the Borrower under this Loan Agreement, such Lender shall remit to the Administrative Agent all such sums received pursuant to the exercise of such right of setoff, and the Administrative Agent shall apply all such sums for the benefit of all of the Lenders hereunder in accordance with the terms of this Loan Agreement.

13.2.7 Distribution by Administrative Agent. If in the opinion of the Administrative Agent distribution of any amount received by it in such capacity hereunder or under the Note or under any of the other Loan Documents might involve any liability, it may refrain from making distribution until its right to make distribution shall have been adjudicated by a court of competent jurisdiction or has been resolved by the mutual consent of all Lenders. In addition, the Administrative Agent may request full and complete indemnity from the Lenders, in form and substance satisfactory to it, prior to making any such distribution. If a court of competent jurisdiction shall adjudge that any amount received and distributed by the Administrative Agent is to be repaid, each person to whom any such distribution shall have been made shall either repay to the Administrative Agent its proportionate share of the amount so adjudged to be repaid or shall pay over to the same in such manner and to such persons as shall be determined by such court.

13.2.8 Delinquent Lender. If for any reason any Lender shall fail or refuse to abide by its obligations under this Loan Agreement, including without limitation its obligation to make available to Administrative Agent its pro rata share of any Loans, expenses or setoff (a "Delinquent Lender") and such failure is not cured within five (5) days of receipt from the Administrative Agent of written notice thereof, then, in addition to the rights and remedies that may be available to Administrative Agent, other Lenders, the Borrower or any other party at law or in equity, and not at limitation thereof, (i) such Delinquent Lender's right to participate in the administration of, or decision-making rights related to, the Loans, this Loan Agreement or the other Loan Documents shall be suspended during the pendency of such failure or refusal, with such Delinquent Lender's Commitment not being included when calculating any Required Lender or Unanimous Lender decision hereunder, and (ii) a Delinquent Lender shall be deemed to have assigned any and all payments due to it from the Borrower, whether on account of outstanding Loans, interest, fees or otherwise, to the remaining non-delinquent Lenders for application to, and reduction of, their proportionate shares of all outstanding Loans until, as a result of application of such assigned payments the Lenders' respective pro rata shares of all outstanding Loans shall have returned to those in effect immediately prior to such delinquency and without giving effect to the nonpayment causing such delinquency. The Delinquent Lender's decision-making and participation rights and rights to payments as set forth in clauses (i) and (ii) hereinabove shall be restored only upon the payment by the Delinquent Lender of its pro rata share of any Loans or expenses as to which it is delinquent, together with interest thereon at the Default Rate from the date when originally due until the date upon which any such amounts are actually paid.

The non-delinquent Lenders shall also have the right, but not the obligation, in their respective, sole and absolute discretion, to acquire for no cash consideration, pro rata, based on the respective Commitments of those Lenders electing to exercise such right) the Delinquent Lender's Commitment to fund future Loans (the "Future Commitment"). Upon any such purchase of the pro rata share of any Delinquent Lender's Future Commitment, the Delinquent Lender's share in future Loans and its rights under the Loan Documents with respect thereto shall terminate on the date of purchase, and the Delinquent Lender shall promptly execute all documents reasonably requested to surrender and transfer such interest, including, if so requested, an Assignment and Acceptance. Each Delinquent Lender shall indemnify Administrative Agent and each non-delinquent Lender from and against any and all loss, damage or expenses, including but not limited to reasonable attorneys' fees and funds advanced by Administrative Agent or by any non-delinquent Lender, on account of a Delinquent Lender's failure to timely fund its pro rata share of a Loan or to otherwise perform its obligations under the Loan Documents.

13.2.9 Holders. The Administrative Agent may deem and treat the Lender designated in the Register as the proportionate owner of such interest in the Note for all purposes hereof unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Administrative Agent. Any request, authority or consent of any person or entity who, at the time of making such request or giving such authority or consent, is the holder of any designated interest in the Note shall be conclusive and binding on any subsequent holder, transferee or endorsee, as the case may be, of such interest in the Note or of any Note or Note issued in exchange therefor.

13.3 Assignment by Lenders.

13.3.1 Assignment. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this Section 13.3.1, participations in L/C Obligations) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, no minimum amount needs to be assigned; and

(B) in any case not described in Section 13.3.1(i)(A) above, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Acceptance, as of the Trade Date, shall not be less than \$5,000,000 unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by Section 13.3.1(i)(B) and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such

assignment is to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the consent of the L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding).

(iv) Assignment and Acceptance. The parties to each assignment shall execute and deliver to the Administrative Agent for recording in the Register an Assignment and Acceptance, substantially in the form of Exhibit H hereto (the "Assignment and Acceptance"), together with a processing and recordation fee in the amount of \$3,000.00; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Borrower. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Person. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 13.3.2, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.3.11, 2.6, 7.15 and 7.17 with respect to facts and circumstances occurring prior to the effective date of such assignment. Promptly following delivery of notice of such assignment and written request, the Borrower (at its expense) shall, in exchange for each surrendered Note, execute and deliver a Note to the assignee Lender. Such new Notes shall provide that they are replacements for the surrendered Notes, shall be in an aggregate principal amount equal to the aggregate principal amount of the surrendered Notes, shall be dated the effective date of such Assignment and Acceptance and shall otherwise be substantially in the form of the assigned Notes. The surrendered Notes shall be cancelled and returned to the Borrower. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 13.3.3.

13.3.2 Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and L/C

Obligations, owing to each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

13.3.3 Participations. Any Lender may at any time, without the consent of the Borrower or the Administrative Agent, but upon notice to the Borrower and the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent, the Lenders and the L/C Issuer shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in Section 13.4.1(i) through (viii) that affects such Participant. Subject to Section 13.3.4 below, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.3.11 and 2.6 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 13.3.1 above. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 12.2 as though it were a Lender, provided such Participant agrees to be subject to Section 12.2 as though it were a Lender.

13.3.4 Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 2.3.11 or 2.6 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent, provided in no instance shall the Borrower's Obligations be increased as a result thereof. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.3.11 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.3.11 as though it were a Lender.

13.3.5 Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment or foreclosure with respect

to any such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

13.3.6 Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Acceptance shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

13.4 Administrative Matters.

13.4.1 Amendment, Waiver, Consent, Etc. Except as otherwise provided herein or as to any term or provision hereof which specifically provides for the consent or approval of the Administrative Agent, the Required Lenders and/or the Lenders, as applicable, no term or provision of this Loan Agreement or any other Loan Document may be changed, waived, discharged or terminated, nor may any consent required or permitted by this Loan Agreement or any other Loan Document be given, unless such change, waiver, discharge, termination or consent receives the written approval of the Required Lenders.

Notwithstanding the foregoing, the unanimous written approval of all the Lenders (other than a Delinquent Lender) shall be required with respect to any proposed amendment, waiver, discharge, termination, or consent which:

(i) has the effect of (a) extending the final scheduled maturity or the date of any amortization payment of any Loan or Note, (b) reducing the rate or extending the time of payment of interest or fees thereon, (c) increasing or reducing the principal amount thereof, or (d) otherwise postponing or forgiving any indebtedness thereunder,

(ii) releases or discharges any material portion of the Collateral other than in accordance with the express provisions of the Loan Documents,

(iii) amends, modifies or waives any provisions of this Section 13.4,

(iv) amends any of the Financial Covenants,

(v) amends the definition of Eligibility Criteria,

(vi) amends any payment distribution provisions hereunder;

(vii) modifies the percentage specified in the definition of Required Lenders,

(viii) except as otherwise provided in this Loan Agreement, changes the amount of any Lender’s Commitment or Commitment Percentage, or

(ix) releases or waives any guaranty of the Obligations or indemnifications provided in the Loan Documents;

and provided, further, that without the consent of the Administrative Agent, no such action shall amend, modify or waive any provision of this Article or any other provision of any Loan Document which relates to the rights or obligations of the Administrative Agent.

13.4.2 Deemed Consent or Approval. With respect to any requested amendment, waiver, consent or other action which requires the approval of the Required Lenders or all of the Lenders, as the case may be, in accordance with the terms of this Loan Agreement, or if the Administrative Agent is required hereunder to seek, or desires to seek, the approval of the Required Lenders or all of the Lenders, as the case may be, prior to undertaking a particular action or course of conduct, the Administrative Agent in each such case shall provide each Lender with written notice of any such request for amendment, waiver or consent or any other requested or proposed action or course of conduct, accompanied by such detailed background information and explanations as may be reasonably necessary to determine whether to approve or disapprove such amendment, waiver, consent or other action or course of conduct. The Administrative Agent may (but shall not be required to) include in any such notice, printed in capital letters or boldface type, a legend substantially to the following effect:

“THIS COMMUNICATION REQUIRES IMMEDIATE RESPONSE. FAILURE TO RESPOND WITHIN TEN (10) CALENDAR DAYS FROM THE RECEIPT OF THIS COMMUNICATION SHALL CONSTITUTE A DEEMED APPROVAL BY THE ADDRESSEE OF THE ACTION REQUESTED BY THE BORROWER OR THE COURSE OF CONDUCT PROPOSED BY THE ADMINISTRATIVE AGENT AND RECITED ABOVE,”

and if (and only if) the foregoing legend is included by the Administrative Agent in its communication, a Lender shall be deemed to have approved or consented to such action or course of conduct for all purposes hereunder if such Lender fails to object to such action or course of conduct by written notice to the Administrative Agent within ten (10) calendar days of such Lender’s receipt of such notice.

13.5 Arranger. Notwithstanding the provisions of this Agreement or of the other Loan Documents, the Arranger, in its capacity as such, shall have no powers, rights, duties, responsibilities or liabilities with respect to this Agreement and the other Loan Documents. To the extent requested by the Administrative Agent, the Arranger has coordinated, or will coordinate, the initial syndication of the Loan and the assignment of interests in the Loan.

14. CASUALTY AND TAKING.

14.1 Casualty or Taking; Obligation To Repair. In the event of the occurrence of an Event of Loss as to any Collateral Property, Borrower shall give immediate written notice thereof to Administrative Agent and proceed with reasonable diligence, in full compliance with all Legal Requirements and the other requirements of the Loan Documents, to repair, restore,

rebuild or replace the affected Collateral Property to the condition immediately prior to such Event of Loss (each, the "Repair Work").

14.2 Adjustment of Claims. All insurance claims or condemnation or similar awards shall be adjusted or settled by Borrower, at Borrower's sole cost and expense, but subject to Administrative Agent's prior written approval for any Borrowing Base Property, which approval shall not be unreasonably withheld; provided that (i) the Administrative Agent shall have the right to participate in any adjustment or settlement for any Borrowing Base Property with respect to which the Net Proceeds in the aggregate are equal to or greater than Five Hundred Thousand Dollars (\$500,000.00) and (ii) if any Event of Default exists under any of the Loan Documents, Administrative Agent shall have the right to adjust, settle, and compromise such claims without the approval of Borrower.

14.3 Payment and Application of Insurance Proceeds and Condemnation Awards

14.3.1 Except as otherwise provided for herein, all Net Proceeds shall be paid to Administrative Agent and, at Administrative Agent's option, be applied to Borrower's Obligations or released, in whole or in part, to pay for the actual cost of repair, restoration, rebuilding or replacement to the condition immediately prior to such Event of Loss (collectively, "Cost To Repair"). If any Net Proceeds are received directly by any Loan Party, such Loan Party shall hold such Net Proceeds in trust for the Administrative Agent and shall promptly deliver such Net Proceeds in kind to the Administrative Agent. Notwithstanding any other term or provision of this Agreement, provided no Default or Event of Default is then in existence, all Net Proceeds related to any Collateral Property which is not a Borrowing Base Property shall be released to the Borrower to such repair and reconstruction, without the Borrower having to satisfy the conditions of section 14.3 and 14.4 hereof.

14.3.2 Notwithstanding the terms and provisions hereof, with respect to any Borrowing Base Property, if the Net Proceeds do not exceed Five Hundred Thousand Dollars (\$500,000.00) and the Insurance/Taking Release Conditions have been satisfied in a manner reasonably acceptable to the Administrative Agent, Administrative Agent shall release the Net Proceeds to pay for the actual Cost to Repair and the applicable Loan Party shall commence and diligently prosecute to completion, the Repair Work relative to the subject Collateral Property, with any excess being retained by the applicable Loan Party.

14.3.3 Notwithstanding the terms and provisions hereof, with respect to any Borrowing Base Property, if either (i) the Net Proceeds are equal to or greater than Five Hundred Thousand Dollars (\$500,000.00) or (ii) the Net Proceeds do not exceed Five Hundred Thousand Dollars (\$500,000.00), but the Insurance/Taking Release Conditions have not been satisfied with respect to such Event of Loss, the Administrative Agent shall release so much of the Net Proceeds as may be required to pay for the actual Cost To Repair in accordance the limitations and procedures set forth in Section 14.4, if the following conditions are satisfied in a manner reasonably acceptable to the Administrative Agent:

- (i) no Default or Event of Default shall have occurred and be continuing under the Loan Documents;

(ii) in Administrative Agent's good faith judgment such Net Proceeds together with any additional funds as may be deposited with and pledged to Administrative Agent, on behalf of the Lenders, are sufficient to pay for the Cost To Repair. In order to make this determination, Administrative Agent shall be furnished by the Borrower with an estimate of the Cost to Repair accompanied by an independent architect's or engineer's certification as to such Cost to Repair and appropriate plans and specifications for the Repair Work;

(iii) the subject Event of Loss was not a Major Event of Loss;

(iv) Administrative Agent in the exercise of its reasonable discretion, shall have determined that all rent payments from Leases of the subject Collateral Property which have commenced at the time of the casualty which are to abate pursuant to their terms are to be payable to the Borrowing Base Property Owner, subject to deductibles, if any, permitted pursuant to the insurance policies to be maintained pursuant to this Agreement, from Rent Loss Proceeds;

(v) in Administrative Agent's good faith judgment, the Repair Work can reasonably be completed on or before the time required under applicable Legal Requirements; and

(vi) the Borrowing Base Property continues to satisfy the Borrowing Base Property Requirements.

14.4 Conditions To Release of Insurance Proceeds. If Administrative Agent elects or is required to release insurance proceeds, Administrative Agent may impose reasonable conditions on such release which shall include, but not be limited to, the following:

14.4.1 Prior written approval by Administrative Agent, which approval shall not be unreasonably withheld or delayed of plans, specifications, cost estimates, contracts and bonds for the Repair Work to the extent such materials were not previously approved by the Administrative Agent in connection with the admission of the Borrowing Base Property;

14.4.2 Such evidence of costs, payments and completion as Administrative Agent may reasonably require;

14.4.3 For Repair Work related to the completed and operating component of an OD Property, the funds shall be released upon final completion of the Repair Work, unless Borrower requests earlier funding, in which event partial monthly disbursements equal to 90% of the costs of the work completed prior to the certification by the applicable Lender's Consultant and if there is no Lender's Consultant, an independent architect or engineer retained by the Borrower, that the Repair Work is completed, and then upon final completion of the Repair Work as certified by such Lender's Consultant or independent architect or engineer, and the receipt by Administrative Agent of satisfactory evidence of payment and release of all liens, the balance of the funds shall be released;

14.4.4 Determination by Administrative Agent that the undisbursed balance of such Net Proceeds on deposit with Administrative Agent, together with additional funds

deposited for the purpose, shall be at least sufficient to pay for the remaining Cost To Repair, free and clear of all liens and claims for lien;

14.4.5 All work to comply with the Legal Requirements applicable to the construction of the Improvements; and

14.4.6 The absence of any Default under any Loan Documents.

14.5 The Administrative Agent shall have the right to hire, at the cost and expense of the Borrower, a Lender's Consultant to assist the Administrative Agent in the determination of the satisfaction of the conditions provided for herein for the release of the Net Proceeds, to pay the Costs to Repair and to periodically inspect the status of the construction of any Repair Work.

14.6 In the event that the Administrative Agent makes any Net Proceeds available to any Loan Party for the payment of Costs to Repair as provided for herein, upon the completion of the Repair Work as certified by the applicable Lender's Consultant and if there is no Lender's Consultant, an independent architect or engineer retained by the Borrower, and receipt by Administrative Agent of satisfactory evidence of payment and release of all liens, any excess Net Proceeds still held by the Administrative Agent shall be remitted by the Administrative Agent to the Borrower provided that no Event of Default shall have occurred and be continuing;

14.7 The terms and provisions of this Article 14 shall be subject to the terms and provisions of any Lease as to which the Administrative Agent has agreed otherwise with respect to the use and disbursement of Net Proceeds in any subordination and non-disturbance agreement entered into between the tenant under such Lease and the Administrative Agent and shall also be subject to the terms and provisions of any condominium documents as to which a Collateral Property is subject.

14.8 The Administrative Agent acknowledges that provided that no Event of Default has occurred and is continuing, all Rent Loss Proceeds shall be payable to the Borrower or the applicable Loan Party.

15. GENERAL PROVISIONS.

15.1 Notices. Any notice or other communication in connection with this Loan Agreement, the Note, the Security Documents, or any of the other Loan Documents, shall be in writing, and (i) deposited in the United States Mail, postage prepaid, by registered or certified mail, or (ii) hand delivered by any commercially recognized courier service or overnight delivery service such as Federal Express, or (iii) sent by facsimile transmission if a FAX Number is designated below addressed:

If to Borrower:

Cedar Shopping Centers Partnership, L.P.
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Leo S. Ullman
FAX Number: (516) 767-6497

and

Attention: Lawrence E. Kreider, Jr.
FAX Number: (516) 767-4562

with copies by regular mail or such hand delivery or facsimile transmission to:

Cedar Shopping Centers Partnership, L.P.
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Stuart H. Widowski, Esquire
FAX Number: (516) 767-6497

and to:

Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, NY 10038-4982
Attention: Karen Scanna, Esquire
Fax Number: (212) 806-6006

If to Administrative Agent or as Lender:

KeyBank, National Association
225 Franklin Street, 18th Floor
MA-01-22-0018
Boston, Massachusetts 02110
Attention: Jeffrey M. Morrison
FAX Number: (617) 385-6293

with copies by regular mail or such hand delivery or facsimile transmission to:

Riemer & Braunstein LLP
Three Center Plaza
Boston, Massachusetts 02108
Attention: Kevin J. Lyons, Esquire
FAX Number: (617) 880-3456

If to Lenders:

Manufacturers and Traders Trust Company
213 Market Street
Harrisburg, Pennsylvania 17101
Attention: Peter J. Ostrowski, Vice President
FAX Number: 717-255-2390

TD Bank, N.A.
15 Park Street

Framingham, Massachusetts 01702
Attention: David Yesue, Assistant Vice President
FAX Number: (508) 879-8237

Regions Bank
1900 5th Ave. N., 15th Floor
Birmingham, AL 35203
Attention: Lori Chambers, Vice President
FAX Number: (205) 326-4075

Citizens Bank of Pennsylvania
1215 Superior Ave., 6th Floor
Cleveland, Ohio 44114
Attention: Kellie Anderson, Senior Vice President
FAX Number: (216) 277-4607

TriState Capital Bank
789 E. Lancaster Ave., Suite 240
Villanova, PA 19085
Attention: Joseph Rago
FAX Number: (610) 581-7110

Ramond James Bank, FSB
710 Carillon Parkway
St. Petersburg, FL 33716
Attention: Steven F. Paley, Senior Vice President
FAX Number: (727) 567-8830

and to such addresses as set forth in the Assignment and Acceptance.

Any such addressee may change its address for such notices to such other address in the United States as such addressee shall have specified by written notice given as set forth above. All periods of notice shall be measured from the deemed date of delivery.

A notice shall be deemed to have been given, delivered and received for the purposes of all Loan Documents upon the earliest of: (i) if sent by such certified or registered mail, on the third Business Day following the date of postmark, or (ii) if hand delivered at the specified address by such courier or overnight delivery service, when so delivered or tendered for delivery during customary business hours on a Business Day, or (iii) if so mailed, on the date of actual receipt as evidenced by the return receipt, or (iv) if so delivered, upon actual receipt, or (v) if facsimile transmission is a permitted means of giving notice, upon receipt as evidenced by confirmation.

15.2 Limitations on Assignment. Borrower may not assign this Agreement or the monies due thereunder without the prior written consent of the Lenders in each instance, but in

such event Lenders may nevertheless at their option make the Loan under this Agreement to Borrower or to those who succeed to the title of Borrower and all sums so advanced by Lenders shall be deemed a Loan Advance under this Agreement and not be modifications thereof and shall be secured by all of the Collateral given at any time in connection herewith.

15.3 Further Assurances. Borrower shall upon request from Administrative Agent from time to time execute, seal, acknowledge and deliver such further instruments or documents which Administrative Agent may reasonably require to better perfect and confirm its rights and remedies hereunder, under the Note, under the Security Documents and under each of the other Loan Documents.

15.4 Payments.

(i) All payments shall be applied first to the payment of all fees, expenses and other amounts due to the Administrative Agent (excluding principal and interest), then to all expenses, costs, indemnity claims due to the Lenders (excluding principal and interest), then to accrued interest, and the balance on account of outstanding principal; provided, however, that after an Event of Default, payments will be applied to the obligations of Borrower to Administrative Agent and the Lenders as set forth herein.

(ii) Any payments required by this Agreement, the Note or any of the other Loan Documents, or any other instruments or agreements executed in connection herewith or therewith, may (but not before the due date thereof) be deducted by each Lender from the amount, if any, not already advanced, and the same shall be deemed to be a Loan Advance, or may be deducted from any Loan Advance due hereunder. Any attorneys' fees, appraisal charge, inspection fee, or any other expense payable by Borrower as herein provided for, or incurred in connection with the drafting of the Loan Documents and other instruments evidencing or securing the Obligations and all other Loan Documents may be likewise deducted from the amounts, if any, not already advanced or from any Loan Advance payable to Borrower and, in any event, charged as a Loan Advance hereunder.

15.5 Parties Bound. The provisions of this Agreement and of each of the other Loan Documents shall be binding upon and inure to the benefit of Borrower and the Administrative Agent and each of the Lenders and their respective successors and assigns, except as otherwise prohibited by this Agreement or any of the other Loan Documents.

This Agreement is a contract by and among Borrower, the Administrative Agent and each of the Lenders for their mutual benefit, and no third person shall have any right, claim or interest against either Administrative Agent, any of the Lenders or Borrower by virtue of any provision hereof.

15.6 Governing Law; Consent to Jurisdiction; Mutual Waiver of Jury Trial.

15.6.1 Substantial Relationship. It is understood and agreed that all of the Loan Documents were negotiated, executed and delivered in the State of New York, which State the parties agree has a substantial relationship to the parties and to the underlying transactions embodied by the Loan Documents.

15.6.2 Place of Delivery. Borrower agrees to furnish to Administrative Agent at the Administrative Agent's office in Boston, Massachusetts all further instruments, certifications and documents to be furnished hereunder.

15.6.3 Governing Law. This Agreement, except as otherwise provided in Section 15.6.4, and each of the other Loan Documents shall in all respects be governed, construed, applied and enforced in accordance with the internal laws of the State of New York without regard to principles of conflicts of law, except insofar as the formation of Borrower under Delaware law requires Delaware law to apply with respect to matters of authorization to enter into the transactions contemplated by this Agreement.

15.6.4 Exceptions. Notwithstanding the foregoing choice of law:

(i) The procedures governing the enforcement by Administrative Agent of its foreclosure and other remedies under the Security Documents and under the other Loan Documents with respect to each Collateral Property shall be governed by the laws of the State in which such Collateral Property is located;

(ii) Administrative Agent shall comply with applicable law of such State to the extent required by the law of such jurisdiction in connection with the foreclosure of the security interests and liens created under the Security Documents and the other Loan Documents with respect to each Collateral Property or other assets situated in such State; and

(iii) provisions of Federal law and the law of such State shall apply in defining the terms Hazardous Materials, Environmental Legal Requirements and Legal Requirements applicable to each Collateral Property as such terms are used in this Loan Agreement, the Environmental Indemnity and the other Loan Documents.

Nothing contained herein or any other provisions of the Loan Documents shall be construed to provide that the substantive laws of any other State shall apply to any parties, rights and obligations under any of the Loan Documents, which, except as expressly provided in clauses (i), (ii) and (iii) of this Section 15.6.4, are and shall continue to be governed by the substantive law of the State of New York, except as set forth in clauses (i), (ii) and (iii) of this Section 15.6.4. In addition, the fact that portions of the Loan Documents may include provisions drafted to conform to the law of any other State is not intended, nor shall it be deemed, in any way, to derogate the parties' choice of law as set forth or referred to in this Loan Agreement or in the other Loan Documents. The parties further agree that the Administrative Agent may enforce its rights under the Loan Documents including, but not limited to, its rights to sue the Borrower or to collect any outstanding indebtedness in accordance with applicable law.

15.6.5 Consent to Jurisdiction. Borrower hereby consents to personal jurisdiction in any State of New York court located in the First Department of the New York State Unified Court System or Federal court located within the Southern District of the State of New York.

15.6.6 JURY TRIAL WAIVER. BORROWER, ADMINISTRATIVE AGENT, AND EACH OF THE LENDERS MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS LOAN AGREEMENT, ARISING OUT OF, UNDER

OR IN CONNECTION WITH THIS LOAN AGREEMENT OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF ADMINISTRATIVE AGENT OR ANY LENDER RELATING TO THE ADMINISTRATION OF THE LOAN OR ENFORCEMENT OF THE LOAN DOCUMENTS, AND AGREE THAT NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. BORROWER CERTIFIES THAT NO REPRESENTATIVE, ADMINISTRATIVE AGENT OR ATTORNEY OF ADMINISTRATIVE AGENT OR ANY LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT ADMINISTRATIVE AGENT OR ANY LENDER WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR BORROWER, ADMINISTRATIVE AGENT, AND EACH OF THE LENDERS TO ENTER INTO THE TRANSACTIONS CONTEMPLATED HEREBY.

15.7 Survival. All representations, warranties, covenants and agreements of Borrower, or a Loan Party, herein or in any other Loan Document, or in any notice, certificate, or other paper delivered by or on behalf of Borrower or a Loan Party pursuant hereto are significant and shall be deemed to have been relied upon by Administrative Agent and each of the Lenders notwithstanding any investigation made by Administrative Agent or any of the Lenders or on its behalf and shall survive the delivery of the Loan Documents and the making of the Loan pursuant thereto. No review or approval by Administrative Agent or the Lenders or any of their representatives, of any opinion letters, certificates by professionals or other item of any nature shall relieve Borrower or anyone else of any of the obligations, warranties or representations made by or on behalf of Borrower or a Loan Party, or any one or more of them, under any one or more of the Loan Documents.

15.8 Cumulative Rights. All of the rights of Administrative Agent and the Lenders hereunder and under each of the other Loan Documents and any other agreement now or hereafter executed in connection herewith or therewith, shall be cumulative and may be exercised singly, together, or in such combination as Administrative Agent may determine in its sole good faith judgment.

15.9 Claims Against Administrative Agent or Lenders.

15.9.1 Borrower Must Notify. The Administrative Agent and each of the Lenders shall not be in default under this Agreement, or under any other Loan Document, unless a written notice specifically setting forth the claim of Borrower shall have been given to Administrative Agent and each of the Lenders within thirty (30) days after Borrower first had actual knowledge or actual notice of the occurrence of the event which Borrower alleges gave rise to such claim and Administrative Agent or any of the Lenders does not remedy or cure the

default, if any there be, with reasonable promptness thereafter. Such actual knowledge or actual notice shall refer to what was actually known by, or expressed in a written notification furnished to, any of the persons or officials referred to in Exhibit D as Authorized Representatives.

15.9.2 Remedies. If it is determined by the final order of a court of competent jurisdiction, which is not subject to further appeal, that Administrative Agent or any of the Lenders has breached any of its obligations under the Loan Documents and has not remedied or cured the same with reasonable promptness following notice thereof, Administrative Agent's and each of the Lenders' responsibilities shall be limited to: (i) where the breach consists of the failure to grant consent or give approval in violation of the terms and requirements of a Loan Document, the obligation to grant such consent or give such approval and to pay Borrower's reasonable costs and expenses including, without limitation, reasonable attorneys' fees and disbursements in connection with such court proceedings; and (ii) in the case of any such failure to grant such consent or give such approval, or in the case of any other such default by Administrative Agent or any of the Lenders, where it is also so determined that Administrative Agent or any of the Lenders acted in gross negligence or bad faith, the payment of any actual, direct, compensatory damages sustained by Borrower as a result thereof plus Borrower's reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements in connection with such court proceedings. Without limiting the foregoing, neither the Administrative Agent nor any Lender or any of their related Indemnified Parties shall be liable to the Borrower or any of the Loan Parties or their respective employees, officers, directors, agents, advisors or attorneys other than for their own gross negligence, willful misconduct or bad faith, except as otherwise provided in clause (i) above.

15.9.3 Limitations. In no event, however, shall Administrative Agent and each of the Lenders be liable to Borrower or to any Loan Party or anyone else for other damages such as, but not limited to, indirect, speculative or punitive damages whatever the nature of the breach by Administrative Agent or any of the Lenders of its obligations under this Loan Agreement or under any of the other Loan Documents. In no event shall Administrative Agent or any of the Lenders be liable to Borrower or to any Loan Party or anyone else unless a written notice specifically setting forth the claim of Borrower shall have been given to Administrative Agent and each of the Lenders within the time period specified above.

15.10 Regarding Consents. Except to the extent expressly provided herein, any and all consents to be made hereunder by the Administrative Agent, Required Lenders, or Lenders shall be in the sole and absolute discretion of the Party to whom consent rights are given hereunder.

15.11 Obligations Absolute. Except to the extent prohibited by applicable law which cannot be waived, the Obligations of Borrower and the obligations of the Guarantor and the other Loan Parties under the Loan Documents shall be joint and several, absolute, unconditional and irrevocable and shall be paid strictly in accordance with the terms of the Loan Documents under all circumstances whatsoever, including, without limitation, the existence of any claim, set off, defense or other right which Borrower or any Loan Party may have at any time against Administrative Agent or any of the Lenders whether in connection with the Loan or any unrelated transaction.

15.12 Table of Contents, Title and Headings. Any Table of Contents, the titles and the headings of sections are not parts of this Loan Agreement or any other Loan Document and shall not be deemed to affect the meaning or construction of any of its or their provisions.

15.13 Counterparts. This Loan Agreement and each other Loan Document may be executed in several counterparts, each of which when executed and delivered is an original, but all of which together shall constitute one instrument. In making proof of this agreement, it shall not be necessary to produce or account for more than one such counterpart which is executed by the party against whom enforcement of such loan agreement is sought.

15.14 Satisfaction of Commitment Letter. The Loan being made pursuant to the terms hereof and of the other Loan Documents is being made in satisfaction of Administrative Agent's and each of the Lenders' obligations under the Commitment Letter dated February 26, 2008, as amended. The terms, provisions and conditions of this Agreement and the other Loan Documents supersede the provisions of the Commitment Letter.

15.15 Time Of the Essence. Time is of the essence of each provision of this Agreement and each other Loan Document.

15.16 No Oral Change. This Loan Agreement and each of the other Loan Documents may only be amended, terminated, extended or otherwise modified by a writing signed by the party against which enforcement is sought (except no such writing shall be required for any party which, pursuant to a specific provision of any Loan Document, is required to be bound by changes without such party's assent). In no event shall any oral agreements, promises, actions, inactions, knowledge, course of conduct, course of dealings or the like be effective to amend, terminate, extend or otherwise modify this Loan Agreement or any of the other Loan Documents.

15.17 Monthly Statements. While Administrative Agent may issue invoices or other statements on a monthly or periodic basis (a "Statement"), it is expressly acknowledged and agreed that: (i) the failure of Administrative Agent to issue any Statement on one or more occasions shall not affect Borrower's obligations to make payments under the Loan Documents as and when due; (ii) the inaccuracy of any Statement shall not be binding upon Lenders and so Borrower shall always remain obligated to pay the full amount(s) required under the Loan Documents as and when due notwithstanding any provision to the contrary contained in any Statement; (iii) all Statements are issued for information purposes only and shall never constitute any type of offer, acceptance, modification, or waiver of the Loan Documents or any of Lenders' rights or remedies thereunder; and (iv) in no event shall any Statement serve as the basis for, or a component of, any course of dealing, course of conduct, or trade practice which would modify, alter, or otherwise affect the express written terms of the Loan Documents.

15.18 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction completed hereby, the Borrower and each other Loan Party acknowledges and agrees that: (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are arm's-length commercial transactions between the Borrower, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent and Keybank Capital Markets LLC (the "Arranger") and the

Lenders, on the other hand, and the Borrower and each other Loan Party is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); and (ii) the Administrative Agent, the Lenders and the Arranger have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and each of the Borrower and the other Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each of the Borrower and the other Loan Parties hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent, each Lender and/or the Arranger with respect to any breach or alleged breach of agency or fiduciary duty.

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LENDER:

RAYMOND JAMES BANK, FSB

By: /s/ Steven F. Paley
Name: Steven F. Paley
Title: Senior Vice President

S-3

LENDER:

MANUFACTURERS AND TRADERS TRUST COMPANY

By: /s/ Peter J. Ostrowski
Name: Peter J. Ostrowski
Title: Vice President

S-4

LENDER:

REGIONS BANK

By: /s/ Lori Chambers
Name: Lori Chambers
Title: Vice President

S-6

LENDER:

CITIZENS BANK OF PENNSYLVANIA

By: /s/ Kellie Anderson

Name: Kellie Anderson

Title: Senior Vice President

S-7

LENDER:

TRISTATE CAPITAL BANK

By: /s/ Joseph L. Rago

Name: Joseph L. Rago

Title: Senior Vice President

S-8

EXHIBIT A TO LOAN AGREEMENT

DEFINITIONS

Additional Collateral Request as defined in Section 3.5.

Administrative Agent. KeyBank, National Association, acting as agent for the Lenders.

Adjusted Appraised Value. With respect to any Collateral Property that is the subject of an Appraisal, the as stabilized appraised value set forth in such Appraisal, as such may be reviewed and adjusted by the Administrative Agent acting reasonably and in good faith.

Adjusted FFO shall mean, for CSC, net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from (i) debt restructurings, (ii) sales of real property, and (iii) extraordinary and/or nonrecurring items, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures, as set forth in more detail under the definitions and interpretations thereof relative to funds from operations promulgated by the National Association of Real Estate Investment Trusts or its successor.

Adjusted LIBO Rate. The term "Adjusted LIBO Rate" means for each Interest Period the rate per annum obtained by dividing (i) the LIBO Rate for such Interest Period, by (ii) a percentage equal to one hundred percent (100%) minus the maximum reserve percentage applicable during such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System for determining the maximum reserve requirements (including, without limitation, any basic, supplemental, marginal and emergency reserve requirements) for Administrative Agent (or of any subsequent holder of a Note which is subject to such reserve requirements) in respect of liabilities or assets consisting of or including Eurocurrency liabilities (as such term is defined in Regulation D of the Board of Governors of the Federal Reserve System) having a term equal to the Interest Period.

Adjusted Net Operating Income: For any period of determination, for any Individual Property, the Pro Rata share of (i) Net Operating Income less (ii) management fees (calculated as the greater of either 3% of total revenue or actual management expenses incurred), to the extent not already deducted from Net Operating Income, less (iii) allowances for capital expenditures in the amount of \$0.20 per annum per rentable square foot of completed improvements.

Administrative Questionnaire means an Administrative Questionnaire in a form supplied by the Administrative Agent.

Affiliate shall mean, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (i) to vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (ii) to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

Agreement as defined in the Preamble.

Applicable Margin shall mean for LIBO Rate Loans and for Variable Rate Loans, respectively, the following

Applicable Margin for LIBO Rate Loans
225 basis points

Applicable Margin for Variable Rate Loans
75 basis points

Appraisal shall mean an MAI appraisal ordered by the Administrative Agent in form and substance acceptable to the Required Lenders and prepared by an appraiser acceptable to the Administrative Agent.

Approved Anchor Tenant means a tenant that meets any one of the following tests, as determined by the Required Lenders:

1. The tenant is national in nature, or publicly traded on a major stock exchange;
2. The Tenant holds an investment grade rating by Standard & Poor's Ratings Group, a division of McGraw-Hill Corporation, Moody's Investor Service, Inc. or another nationally recognized rating agency reasonably acceptable to the Administrative Agent;
3. The tenant is one of the ten largest tenant of properties owned by the Borrower and the Borrower Subsidiaries (calculated either by reference to square footage or by annualized base rent); or
4. The tenant is either the first or second largest in its subject competitive market by market share (either by general/global market share, or specific market share in the subject Individual Property's market).

Approved Fund means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

Arranger as defined in the cover page.

Assignee Group means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

Assignment and Acceptance as defined in Section 13.3.1.

Authorized Representatives as defined in Section 4 and listed on Exhibit D.

Availability shall mean, from time to time, an amount determined by the Administrative Agent as of the most recent Compliance Certificate or Borrowing Base Property report, as applicable, delivered to the Administrative Agent, equal to the lesser of the following:

- (a) The aggregate of the following for the Borrowing Base Properties:
- i. For each Borrowing Base Property which is not an OD Property, the lesser of (A) seventy percent (70%) of the Borrowing Base Value of such Borrowing Base Property as of the date of the most recent Compliance Certificate or Borrowing Base Property report, as applicable, delivered to the Administrative Agent, or (b) seventy percent (70%) of the total costs as set forth on the Construction Budget for such Borrowing Base Property; plus
 - ii. For each Borrowing Base Property which is an OD Property, the aggregate of (A) seventy percent (70%) of the Borrowing Base Value of the completed component of such Borrowing Base Property as of the date of the most recent Compliance Certificate or Borrowing Base Property report, as applicable, delivered to the Administrative Agent, plus (B) the lesser of (I) seventy percent (70%) of the Borrowing Base Value of the development component of such Borrowing Base Property as of the date of the most recent Compliance Certificate or Borrowing Base Property report, as applicable, delivered to the Administrative Agent, or (II) seventy percent (70%) of the total costs as set forth on the Construction Budget for the development component of such Borrowing Base Property.
- (b) the Implied Loan Amount.

Banking Day. The term "Banking Day" means a day on which banks are not required or authorized by law to close in the city in which Administrative Agent's principal office is situated.

BOFA Credit Agreement means that certain Loan Agreement dated as of January 30, 2004 entered into between Bank of America, N.A. , as administrative agent, the various lenders party thereto, and the Borrower, as the same has been (or may in the future be) amended or modified from time to time.

BOFA Event of Default means an "Event of Default" as defined under the BOFA Credit Agreement.

Book Value shall mean the value of such property or asset, as determined in accordance with GAAP.

Borrower as defined in the Preamble.

Borrower GP shall mean CSC.

Borrower Subsidiaries shall mean, individually and collectively, all of the Subsidiaries of the Borrower and/or CSC.

Borrower Reduction Date as defined in Section 2.2.2.(ii).

Borrower Termination Date as defined in Section 2.2.2.(i).

Borrowing Base Property and Borrowing Base Properties. The Individual Properties initially listed in Exhibit J hereto, plus any Individual Property which subsequently becomes a Borrowing Base Property in accordance with Section 3.5, hereof, but not including (i) any Borrowing Base Property which is determined by the Administrative Agent to no longer be a Borrowing Base Property in accordance with Section 3.4, hereof, or (ii) any Borrowing Base Property which is released as Collateral in accordance with Section 3.3, hereof.

Borrowing Base Property Requirements

- (a) The Individual Property satisfies all Eligibility Criteria.
- (b) The Borrower (or applicable Loan Party) has executed all Security Documents in connection with such Individual Property, including, without limitation, the Security Documents set forth in Sections 3.1.1 through and including Section 3.1.6, hereof.
- (c) The Individual Property is owned, ground leased or net leased by a Wholly-Owned Subsidiary of the Borrower, CSC or a JV Entity, except as otherwise approved by the Administrative Agent and the Lenders.
- (d) Administrative Agent and the Required Lenders shall have received and completed a satisfactory review of such due diligence as the Administrative Agent and the Required Lenders may reasonably require (with the Borrower delivering such due diligence to the Administrative Agent for delivery to the Lenders) with respect to any Individual Property (with the Administrative Agent agreeing to use reasonable efforts to utilize any due diligence previously submitted by the Borrower and received by the Administrative Agent pursuant the BOFA Credit Agreement), including, as applicable and to the extent available given the current status and nature of the development of the Individual Property, without limitation:
 - (i) A mortgagee's title insurance policy naming the Administrative Agent, on behalf of the Lenders, as the first mortgagee, which meets Administrative Agent's title insurance requirements previously furnished to Borrower to the reasonable satisfaction of Administrative Agent and Administrative Agent's counsel; and such other evidence of the perfection of its security interests as Administrative Agent and Administrative Agent's counsel may reasonably require;
 - (ii) A site plan and a current, on site instrument survey of the Individual Property containing a certification thereon, or on a separate surveyor's certificate, of a land surveyor reasonably acceptable to Administrative Agent which meets Administrative Agent's survey requirements previously furnished to Borrower to the reasonable satisfaction of Administrative Agent and its counsel;
 - (iii) If the Individual Property is ground leased by the Borrowing Base Property Owner, a copy of the Ground Lease. Further, in the event that the

ground lessor of the Individual Property is (x) an Affiliate of any Loan Party, the said ground lessor shall join in the Mortgage to include within the Collateral the fee interest in the said Individual Property or (y) not an Affiliate of any Loan Party, the Administrative Agent shall receive an Estoppel Certificate in the form of Exhibit EC annexed hereto from the ground lessor or in the form required by the ground lease provided such form is reasonably acceptable to the Administrative Agent.

(iv) The Borrower has utilized reasonable efforts to obtain executed estoppel certificates and subordination, nondisturbance and attornment agreements from tenants under Major Leases;

(v) Copies of all Major Leases (or letters of intent) and, to the extent required by the Administrative Agent, copies of other Leases;

(vi) A copy of the property management agreement with respect to the Individual Property, if any, and, if requested by the Administrative Agent, a consent by the property manager to the collateral assignment of the property management agreement to the Administrative Agent, on behalf of the Lenders;

(vii) A copy of any reciprocal easement agreements or other development or similar agreements with respect to the Individual Property and, only if there are material financial obligations of a recurring and defined nature payable by the owner of the Borrowing Base Property thereunder, if requested by the Administrative Agent, an estoppel certificate from all of the parties thereto in form and substance reasonably acceptable to the Administrative Agent;

(viii) Evidence of existence of all Licenses and Permits to evidence compliance with Legal Requirements with respect to the construction, use and operation of the Individual Property, to the extent same are then available given the current status of the Individual Property;

(ix) Evidence of insurance complying with the requirements of Exhibit E, hereto;

(x) A current Appraisal showing the Adjusted Appraised Value;

(xi) A current environmental Phase I Site Assessment performed by a firm reasonably acceptable to the Administrative Agent within six (6) months of submission to the Administrative Agent, which indicates the property is free from recognized hazardous materials or substances apparent from the inspection, or affected by such environmental matters as may be reasonably acceptable to the Administrative Agent and each of the Required Lenders in their sole and absolute discretion;

(xii) A current structural report performed by a firm reasonably acceptable to the Administrative Agent within six (6) months of submission to the Administrative Agent relative to any improvements on the Individual Property

(excluding those improvements contemplated to be replaced in connection with the development or renovation of the Individual Property);

(xiii) With respect to an Individual Property to be developed or renovated, a pro forma construction budget detailing the total development costs of the project to the time at which said project becomes a Stabilized Asset, including the interest reserve and contingencies (the "Construction Budget"), together with a development schedule detailing start date, schedule of draws/payment of project costs and a completion date, as well as projected timeline of issuance of Licenses and Permits, if not previously issued;

(xiv) The Operating Pro Forma;

(xv) An executive summary describing the project, and a leasing status and prospect schedule; and

(xvi) Such other real estate documents reasonably deemed appropriate for commercially reasonable underwriting by the Administrative Agent in respect of the Borrowing Base Property.

Notwithstanding the foregoing, the requirements set forth in sections (xiii), (xiv) and (xv) above shall not be required to be satisfied as to the development component of an OD Property until such time as the Borrower requests that Availability be created by such development component.

Borrowing Base Property Owner and Borrowing Base Property Owners shall mean, from time to time, the Wholly-Owned Subsidiary or Subsidiaries of the Borrower or CSC, or the JV Entity which is or are the owner or owners of the fee simple interest in, or the approved ground lessee of, a Borrowing Base Property or the Borrowing Base Properties.

Borrowing Base Value shall mean the Adjusted Appraised Value of such Borrowing Base Property, as determined by the most recent Appraisal of such Borrowing Base Property.

Breakage Fees as defined in Section 2.3.15.

Business Day shall mean any day of the year on which offices of Administrative Agent are not required or authorized by law to be closed for business in New York, New York. If any day on which a payment is due is not a Business Day, then the payment shall be due on the next day following which is a Business Day, and such extension of time shall be included in computing interest and fees in connection with such payment. Further, if there is no corresponding day for a payment in the given calendar month (i.e., there is no "February 30th"), the payment shall be due on the last Business Day of the calendar month. Saturday and Sunday shall never be considered a Business Day.

Calculation Date shall mean the last day of each calendar quarter commencing with March 31, 2008.

Calculation Period shall mean for each Calculation Date, the just completed calendar quarter (inclusive of the applicable Calculation Date).

Capital Stock shall mean (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including without limitation, each class or series of common stock and preferred stock of such Person and (ii) with respect to any Person that is not a corporation, any and all investment units, partnership, membership or other equity interests of such Person.

Cash Collateral has the meaning specified in Section 2.7.7.

Cash Collateralize has the meaning specified in Section 2.7.7.

Cash Flow Projections shall mean a detailed schedule in the form of Schedule CF attached hereto and made a part hereof, and subject to change as shall be detailed in the respective Officer's Certificate to be provided to the Administrative Agent as set forth herein.

Change of Control shall mean the occurrence of any of the following:

(a) The acquisition by any Person, or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) of Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended), directly or indirectly, of 50% or more of the outstanding shares of voting stock of CSC, other than short term acquisitions necessary in connection with the ultimate sale or other offerings of equity interests otherwise permitted hereunder;

(b) During any period of twelve (12) consecutive calendar months, individuals:

(1) who were directors of CSC on the first day of such period; or

(2) whose election or nomination for election to the board of directors of CSC was recommended or approved by at least a majority of the directors then still in office who were directors of CSC on the first day of such period, or whose election or nomination for election was so approved,

shall cease to constitute a majority of the board of directors of CSC; or

(c) CSC shall cease to be the sole general partner of Borrower; or

(d) CSC shall cease to own a minimum of 50% of the beneficial ownership interest in the Borrower, or

(e) With respect to any Borrowing Base Property Owner, the transfer of any ownership interest therein such that such Borrowing Base Property Owner is not a Wholly-Owned Subsidiary of the Borrower, CSC or a JV Entity.

Closing Compliance Certificate as defined in Section 5.1.2(ii).

Closing Date as defined in Section 5.1.

Code shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

Collateral as defined in Section 3.1.

Collateral Property and Collateral Properties shall mean any Borrowing Base Property or Borrowing Base Properties and other Individual Properties which (i) were a Borrowing Base Property, (ii) were no longer deemed such under Section 3.4.1, and (iii) for which the Release Conditions have not been satisfied, as described in Section 3.4.3.

Collateral Release Request as defined in Section 3.3.

Combined EBITDA shall mean the sum of the Pro Rata share of EBITDA for each Consolidated CSC Entity and each Unconsolidated CSC Entity.

Commitment shall mean, with respect to each Lender, the amount set forth on Exhibit I hereto as the amount of such Lender's commitment to make advances to the Borrower, as may be amended from time to time by the Administrative Agent as provided in Article 13 or in Article 2.

Commitment Percentage shall mean, with respect to each Lender, the percentage set forth on Exhibit I hereto as such Lender's percentage of the aggregate Commitments of all of the Lenders, as may be amended from time to time by the Administrative Agent as provided in Article 13 or in Article 2.

Consolidated or Consolidating means consolidated or consolidating as defined in accordance with GAAP.

Consolidated CSC Entity or Consolidated CSC Entities shall mean, singly and collectively, the Borrower, CSC, and any Wholly-Owned Subsidiary of the Borrower or CSC.

Cost to Repair as defined in Section 14.3.1.

CSC as defined in Section 1.4.

CSC Party and CSC Parties shall mean, singly and collectively, each Loan Party and each Borrower Subsidiary.

Debt shall mean, with respect to any Person, without duplication, (i) all indebtedness of such Person for borrowed money, (ii) all indebtedness of such Person for the deferred purchase price of property or services (other than property and services purchased, and expense accruals and deferred compensation items arising, in the ordinary course of business), (iii) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments (other than performance, surety and appeal bonds arising in the ordinary course of business), (iv) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or

sale of such property), (v) all obligations of such Person under leases which have been, or should be, in accordance with generally accepted accounting principles, recorded as capital leases, to the extent required to be so recorded, (vi) all reimbursement, payment or similar obligations of such Person, contingent or otherwise, under acceptance, letter of credit or similar facilities (other than letters of credit in support of trade obligations or in connection with workers' compensation, unemployment insurance, old-age pensions and other social security benefits in the ordinary course of business), (vii) all Debt in the nature of that referred to in clauses (i) through (vi) above which is guaranteed directly or indirectly by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (A) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (B) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss in respect of such Debt, (C) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (D) otherwise to assure a creditor against loss in respect of such Debt, (viii) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any indebtedness or other obligation of any Person, either directly or indirectly, of the nature described in clauses (i) through (vi), and (ix) all Debt referred to in clauses (i) through (vi) above secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien, security interest or other charge or encumbrance upon or in property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt. For the purposes of the calculation of the Financial Covenants, Debt of any entity in which a Person owns an ownership interest shall be calculated on a Pro Rata basis, unless such Person has delivered a guaranty or other indemnity in connection with such Debt creating a greater proportionate liability, in which event, such greater liability shall apply.

Default as defined in Section 10.1.

Default Rate as defined in Section 2.3.13.

Delinquent Lender as defined in Section 13.2.8.

Depository Account as defined in Section 7.14.1.

Development Assets shall mean Individual Properties as to which construction of the associated or contemplated improvements has commenced (either new construction or substantial renovation) but has not yet been completed such that a certificate of occupancy (or the local equivalent) for a substantial portion of the intended improvements has not yet been issued or, for any completed project, until the earlier to occur of (a) such Individual Property becoming a Stabilized Asset, or (b) one hundred eighty (180) days after completion.

Distribution shall mean, with respect to any Person, that such Person has paid a dividend or returned any equity capital to its stockholders, members or partners or made any other distribution, payment or delivery of property (other than common stock or partnership or membership interests of such Person) or cash to its stockholders, members or partners as such, or redeemed, retired, purchased or otherwise acquired, directly or indirectly, for a consideration any

shares of any class of its capital stock or any membership or partnership interests (or any options or warrants issued by such Person with respect to its capital stock or membership or partnership interests), or shall have permitted any of its Subsidiaries to purchase or otherwise acquire for a consideration any shares of any class of the capital stock or any membership or partnership interests of such Person (or any options or warrants issued by such Person with respect to its capital stock or membership or partnership interests). Without limiting the foregoing, "Distributions" with respect to any Person shall also include all payments made by such Person with respect to any stock appreciation rights, plans, equity incentive or achievement plans or any similar plans.

Dollars shall mean lawful money of the United States.

Drawdown Date as defined in Section 2.1.2(i).

EBITDA shall mean for any Person the sum of (i) net income (or loss), *plus* (ii) actual interest paid or payable respecting all Debt to the extent included as an expense in the calculation of net income (or loss), *plus* (iii) total Tax Expenses to the extent included as an expense in the calculation of net income (or loss), *plus* (iv) total depreciation and amortization expense, to the extent included as an expense in the calculation of net income (or loss), *plus* (v) losses from extraordinary items, nonrecurring items, asset sales, write-ups or forgiveness of debt, to the extent included as an expense in the calculation of net income, *minus* (vi) gains from extraordinary items, nonrecurring items, asset sales, write-ups or forgiveness of debt, to the extent included as income in the calculation of net income, *minus* (vii) allowances for capital expenditures in the amount of \$0.20 per annum per rentable square foot of improvements, *adjusted* (viii) for the elimination of straight line rents, all of the foregoing as determined in accordance with GAAP, as appropriate. Without limiting the generality of the foregoing, in determining EBITDA, net income shall include as income, Rent Loss Proceeds.

Effective LIBO Rate. The term "Effective LIBO Rate" means the per annum rate equal to the aggregate of (x) the Adjusted LIBO Rate, plus (y) the Applicable Margin for Effective LIBO Rate Loans.

Effective LIBO Rate Advance. The term "Effective LIBO Rate Advance" means any principal outstanding under this Agreement which pursuant to this Agreement bears interest at the Effective LIBO Rate.

Eligibility Criteria shall mean the following criteria which must be satisfied in a manner acceptable to the Administrative Agent and the Required Lenders for each Borrowing Base Property:

- (a) the Borrowing Base Property is a to be constructed, renovated, expanded or completed retail center located in the contiguous 48 states of the United States owned by a Borrowing Base Property Owner and within one of the Borrower's core markets, and is in scope and of asset quality consistent with the Borrower's grocery-anchored retail real estate assets, other retail real estate assets existing on the date hereof or other real estate assets approved by the Administrative Agent;

- (b) the Borrower provides reasonably acceptable existing and/or projected operating and leasing information;
- (c) the proposed construction of such Borrowing Base Property (or the renovation or expansion thereof) is scheduled for substantial completion at least ninety (90) days prior to the Initial Maturity Date, or if the Loan has been extended, the Extended Maturity Date;
- (d) the Borrower provides a certification as to the absence of any material environmental issues;
- (e) the Borrower provides certification as to the absence of any material structural issues, if applicable;
- (f) a minimum of fifty percent (50%) of the projected or existing gross leaseable area in the Borrowing Base Property (or in the proposed expanded or renovated area thereof) has been leased pursuant to lease(s), approved by the Administrative Agent if and to the extent approval is required herein, with at least one tenant being an Approved Anchor Tenant, unless otherwise approved by all of the Lenders;
- (g) Unless otherwise approved by all of the Lenders, upon completion of the Borrowing Base Property (or portion thereof to be developed or improved), the ratio of Pro Forma Annual Net Operating Income (based on executed leases and letters of intent then in place) to Projected Debt Service for the Borrowing Base Property shall be no less than 1.0 to 1.0; and
- (h) no liens or encumbrances shall exist on the Borrowing Base Property upon its inclusion as a Borrowing Base Property, other than Permitted Liens.

Eligible Assignee shall mean any Person that meets the requirements to be an assignee under Section 13.3.1, subject to such consents, if any, as may be required under Section 13.3.1.

Environmental Indemnity as defined in Section 3.1.5.

Environmental Legal Requirements as defined in the Environmental Indemnity.

Equity Requirement means, with respect to each Borrowing Base Property Owner, an upfront equity investment to be made and maintained at all times in such Borrowing Base Property Owner equal to thirty percent (30%) of the total development costs reflected in the Construction Budget submitted by the Borrower in connection with the approval of such Borrowing Base Property (or, with respect to the development component of an OD Property, at such time as the Borrower requests that Availability be created by such development component), which Equity Requirement may be funded by Loans advanced under this Agreement with respect to other Borrowing Base Properties.

ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references

to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

ERISA Affiliate shall mean each person (as defined in Section 3(9) of ERISA) which together with either Borrower or a Loan Party would be deemed to be a "single employer" (i) within the meaning of Section 414(b), (c), (m) or (o) of the Code or (ii) as a result of either Borrower or a Loan Party being or having been a general partner of such person.

Established Loan Amount shall mean, as of June 13, 2008, One Hundred Fifty Million Dollars (\$150,000,000.00), and thereafter, such adjusted amount as may be implemented under Sections 2.1.1(iii) or 2.2.2 above.

Event of Default as defined in Section 10.1.

Event of Loss shall mean, with respect to any Collateral Property, any of the following: (a) any loss or destruction of, or damage to, such Collateral Property; or (b) any actual condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, of such Collateral Property, or confiscation of such Collateral Property or the requisition of such Collateral Property by a Governmental Agency or any Person having the power of eminent domain, or any voluntary transfer of such Collateral Property or any portion thereof in lieu of any such condemnation, seizure or taking.

Extended Maturity Date as defined in Section 2.2.1.

Extended Term as defined in Section 2.2.1.

Excluded Taxes shall mean taxes imposed on or measured by the overall net income of any Lender or any agent of Lender and all franchise or gross receipts tax of any Lender or any agent of any Lender.

Federal Funds Rate shall mean: For any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent.

Financial Covenants shall mean those covenants of the Borrower set forth in Sections 7.19, 7.20, 7.21, 7.22, 7.23 and 7.24.

Fiscal Year shall mean each twelve month period commencing on January 1 and ending on December 31.

Fixed Charges shall mean the aggregate of the Pro Rata share of all (a) Interest Expenses (excluding any interest expenses required to be capitalized under GAAP), (b) regularly scheduled principal amortization payments (other than any final "balloon" payments due at maturity) on all Debt of the Consolidated CSC Entities and the Unconsolidated CSC Entities, (c)

preferred dividend payments or required Distributions (other than Distributions by the Borrower to holders of OP units and Distributions by CSC to common equity holders) paid or payable by the Consolidated CSC Entities and the Unconsolidated CSC Entities, (d) Ground Lease Payments unless already deducted from Net Operating Income or Combined EBITDA, and (e) Tax Expenses for the Consolidated CSC Entities and the Unconsolidated CSC Entities, all of the foregoing as determined in accordance with GAAP.

Fixed Charge Ratio shall mean, for each Calculation Period, the ratio of (a) Combined EBITDA to (b) Fixed Charges.

Foreign Lender means any Lender that is organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

Formation Documents shall mean, singly and collectively, the partnership agreements, joint venture agreements, limited partnership agreements, limited liability company or operating agreements and certificates of limited partnership and certificates of formation, articles (or certificate) of incorporation and by-laws and any similar agreement, document or instrument of any Person, as amended subject to the terms and provisions hereof.

Fund means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

Funding Date as defined in Section 5.1.

Funding Evidence shall mean, in connection with the Borrower raising the funds necessary to make a Mandatory Principal Payment as required under Section 2.3.8(i), evidence in connection with (i) the sale of any asset, that the Borrower has entered into a sales agreement, letter of intent, or listed the asset for sale with a recognized broker or (ii) the financing or refinancing of an asset, that the Borrower has obtained a commitment for such financing or submitted a loan application to a recognized financial institution, the proceeds of which together with such other funds as are available to the Borrower will be sufficient to make the required payment.

GAAP shall mean generally accepted accounting principles in the United States of America as of the date applicable.

Governmental Authority shall mean any court, board, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

Ground Leases shall mean, from time to time, any Ground Lease relative to an Individual Property and with respect to Ground Leases covering Borrowing Base Properties, for which the Administrative Agent has given its prior written approval.

Ground Lease Payments shall mean the sum of the Pro Rata share of (i) payments made by the Consolidated CSC Entities under Ground Leases, plus (ii) payments made under Ground Leases by Unconsolidated CSC Entities.

Guaranty as defined in Section 3.1.4.

Guarantor or Guarantors as defined in Section 1.4.

Hazardous Materials shall mean and include asbestos, mold, flammable materials, explosives, radioactive substances, polychlorinated biphenyls, radioactive substances, other carcinogens, oil and other petroleum products, pollutants or contaminants that could be a detriment to the environment, and any other hazardous or toxic materials, wastes, or substances which are defined, determined or identified as such in any past, present or future federal, state or local laws, rules, codes or regulations, or any judicial or administrative interpretation of such laws, rules, codes or regulations.

Implied Debt Service shall mean the greater of (a) the annual amount of principal and interest payable on a hypothetical loan in an amount equal to the Implied Loan Amount, based upon a twenty-five (25) year direct reduction monthly amortization schedule and a per annum interest rate equal to the greater of (i) the actual blended interest rate for the Loan, or (ii) the 10-year Treasury Rate as of the Calculation Date plus 2.00%, or (b) an annual debt service constant of eight percent (8.00%).

Implied Debt Service Coverage Ratio shall mean as of each Calculation Date, the ratio of the Pro Forma Annual Net Operating Income for all Borrowing Base Properties to Implied Debt Service; such calculation and results to be as verified by the Administrative Agent.

Implied Loan Amount shall mean a principal amount which would generate as of any Calculation Date an Implied Debt Service Coverage Ratio of 1.20 to 1.00, which Implied Loan Amount may be revised by the Administrative Agent after the Closing Date or as of the most recent Compliance Certificate or Borrowing Base Property report, as applicable, delivered to the Administrative Agent, to reflect additions, removals and other adjustments to the Borrowing Base Properties since the Closing Date or the most recent Compliance Certificate or Borrowing Base Property report, as applicable, delivered to the Administrative Agent.

Initial Maturity Date as defined in Section 2.2.1.

Initial Term as defined in Section 2.2.1.

Increased Cost Event as defined in Section 2.6.1.

Indemnified Party as defined in Section 7.17.

Individual Property and Individual Properties shall mean, from time to time, all real estate property owned or ground leased by any Consolidated CSC Entity or any Unconsolidated CSC Entity, together with all improvements, fixtures, equipment, and personalty relating to such property.

Insurance/Taking Release Conditions shall mean as to any Event of Loss, the following conditions: (a) the Cost to Repair is less than or equal to Five Hundred Thousand Dollars (\$500,000.00); (b) no Event of Default shall have occurred and be continuing; (c) the Borrowing Base Property and the use thereof after the Repair Work will be in compliance with, and permitted under, all applicable Legal Requirements; and (d) such Event of Loss does not materially impair access to the Borrowing Base Property.

Interest Expense shall mean the sum of the Pro Rata share of (i) the aggregate actual interest (whether expensed or capitalized) paid or payable respecting all Debt by the Consolidated CSC Entities, and (ii) the aggregate actual interest (whether expensed or capitalized) paid or payable by the Unconsolidated CSC Entities.

Interest Period.

(A) The term "Interest Period" means with respect to each Effective LIBO Rate Advance: a period of one (1), two (2), or three (3) consecutive months, subject to availability, as selected, or deemed selected, by Borrower at least two (2) Business Days prior to the initial date of such Effective LIBO Rate Advance, or if an advance is already outstanding, at least two (2) Business Days prior to the end of the current Interest Period. Each such Interest Period shall commence on the Business Day so selected, or deemed selected, by Borrower and shall end on the numerically corresponding day in the first, second, or third month thereafter, as applicable. Provided, however: (i) if there is no such numerically corresponding day, such Interest Period shall end on the last Business Day of the applicable month, (ii) if the last day of such an Interest Period would otherwise occur on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day; but (iii) if such extension would otherwise cause such last day to occur in a new calendar month, then such last day shall occur on the next preceding Business Day.

(B) The term "Interest Period" shall mean with respect to each Variable Rate Advance consecutive periods of one (1) day each.

(C) No Interest Period may be selected which would end beyond the then Maturity Date of the Loan. If the last day of an Interest Period would otherwise occur on a day which is not a Business Day, such last day shall be extended to the next succeeding Business Day, except as provided above in clause (A) relative to an Effective LIBO Rate Advance.

Investment shall mean the acquisition of any real property or tangible personal property or of any stock or other security, any loan, advance, bank deposit, money market fund, contribution to capital, extension of credit (except for accounts receivable arising in the ordinary course of business and payable in accordance with customary terms), or purchase or commitment or option to purchase or otherwise acquire real estate or tangible personal property or stock or other securities of any party or any part of the business or assets comprising such business, or any part thereof.

ISP means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

Issuer Documents means, with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the L/C Issuer and the Borrower (or any Borrower Subsidiary) or in favor of the L/C Issuer and relating to any such Letters of Credit.

JV Entity means an entity formed by the Borrower or a Borrower Subsidiary and a JV Partner to own, develop and/or renovate and operate an Individual Property.

JV Partner means a third party who forms a JV Entity with the Borrower or a Borrower Subsidiary.

Knowledge or knowledge shall mean with respect to the Borrower, CSC and the Borrower Subsidiaries, (a) the actual knowledge of Leo S. Ullman, Brenda J. Walker, Lawrence E. Kreider, Jr. or Jeffrey L. Goldberg or (b) the actual knowledge of such Persons' successors to their positions (or positions similar thereto) as officers of CSC. Notwithstanding the foregoing, such named parties and their successors are not parties to this Agreement and shall have no liability for a breach of any representation, warranty, covenant or agreement deemed to be made to their actual knowledge.

Land Assets shall mean Individual Properties constituting raw or undeveloped land as to which construction of contemplated improvements has not commenced or which does not generate rental revenues under a Ground Lease.

Late Charge as defined in Section 2.3.14.

L/C Advance means, with respect to each Lender, such Lender's funding of its participation in any L/C Borrowing in accordance with its Commitment Percentage.

L/C Borrowing means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Loan Advance.

L/C Credit Extension means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

L/C Draw shall mean a payment made by the L/C Issuer pursuant to a Letter of Credit which was presented to the L/C Issuer for a draw of proceeds thereunder.

L/C Exposure shall mean, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time, plus (b) the aggregate amount of all L/C Draws that have not yet been reimbursed by or on behalf of the Borrower, or repaid through a Loan Advance, at such time.

L/C Issuer means KeyBank, National Association in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

L/C Obligations means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn

under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 2.7.13. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

Lease shall mean any lease relative to all or any portion of an Individual Property.

Legal Requirements shall mean all applicable federal, state, county and local laws, by-laws, rules, regulations, codes and ordinances, and the requirements of any governmental agency or authority having or claiming jurisdiction with respect thereto, including, but not limited to, those applicable to zoning, subdivision, building, health, fire, safety, sanitation, the protection of the handicapped, and environmental matters and shall also include all orders and directives of any court, governmental agency or authority having or claiming jurisdiction with respect thereto.

Lenders as defined in the Preamble.

Lenders' Consultant as defined in Section 7.28.

Letter of Credit means any letter of credit issued hereunder.

Letter of Credit Application means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the L/C Issuer.

Letter of Credit Expiration Date means the day that is seven days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

Letter of Credit Fee has the meaning specified in Section 2.7.9.

Letter of Credit Sublimit means an amount equal to \$15,000,000.00. The Letter of Credit Sublimit is part of, and not in addition to, the Total Commitment.

Leverage Ratio shall mean the quotient (expressed as a percentage) resulting from dividing (i) the aggregate of all Debt of the Consolidated CSC Entities and the Unconsolidated CSC Entities by (ii) the Total Asset Value.

LIBO Rate means, for any Interest Period with respect to an Effective LIBO Rate Advance, the rate per annum equal to the British Bankers Association LIBOR Rate (BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the "LIBO Rate" for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Effective LIBO Rate Advance being made, continued or converted by KeyBank, National Association and with a term equivalent to such Interest Period would be offered by KeyBank, National Association London Branch to

major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

Lien shall mean any mortgage, deed of trust, lien, pledge, hypothecation, assignment, security interest, or any other encumbrance, charge or transfer, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and mechanic's, materialmen's and other similar liens and encumbrances.

Licenses and Permits shall mean all licenses, permits, authorizations and agreements issued by or agreed to by any governmental authority, or by a private party pursuant to a Permitted Title Exception, and including, but not limited to, building permits, occupancy permits and such special permits, variances and other relief as may be required pursuant to Legal Requirements which may be applicable to any Collateral Property.

Line Fee as defined in Section 2.4.2.

Line Percentage shall mean 0.15% per annum.

Liquidation Proceeds. Amounts received by the Administrative Agent and/or the Lenders in the exercise of the rights and remedies under the Loan Documents (including, but not limited to, all rents, profits and other proceeds received by the Administrative Agent and/or the Lenders from the liquidation of, or exercising rights upon the occurrence of an Event of Default relative to, any Collateral, but not including any amount bid at a foreclosure sale or on behalf of the Administrative Agent or otherwise credited to the Borrower in, any deed-in-lieu of foreclosure or similar transaction).

Loan as defined in Section 1.3.

Loan Advances shall mean any advance of any proceeds of the Loan hereunder, and as defined in Section 2.1.1.

Loan Agenda shall mean that Document Agenda respecting the establishment of the Loan annexed hereto as Exhibit K, and for the addition of any Borrowing Base Property, the agenda of customary closing items provided by the Administrative Agent in connection therewith.

Loan Agreement as defined in the Preamble.

Loan Documents as defined in Section 3.2.

Loan Party and Loan Parties shall mean, singly and collectively, the Borrower, CSC, and any Borrower Subsidiary which is a party to any Loan Document, each Borrowing Base Property Owner, and any Subsidiary and Affiliate of any of the foregoing which is party to any Loan Document.

Loan Termination Date shall mean the Maturity Date.

London Banking Day. The term “London Banking Day” means any day on which dealings in deposits in Dollars are transacted in the London interbank market.

Major Event of Loss shall mean, with respect to any Borrowing Base Property, both (1) any of the following: (a) any loss or destruction of, or damage to, such Borrowing Base Property such that either (x) the repairs and restoration of any completed portion thereof to the condition immediately prior to such loss cannot be completed, in the judgment of the applicable Lender’s Consultant and if there is no Lender’s Consultant, an independent architect or engineer retained by the Borrower, within six (6) months after the occurrence of such loss, damage or destruction or (y) for any Stabilized Asset, rendering more than fifty (50%) percent of the said Borrowing Base Property unusable for the purposes conducted thereon immediately prior to such loss, destruction or damage, as determined by the applicable Lender’s Consultant and if there is no Lender’s Consultant, an independent architect or engineer retained by the Borrower; or (b) any actual condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, of such Borrowing Base Property, or confiscation of such Borrowing Base Property or the requisition of such Borrowing Base Property by a Governmental Agency or any Person having the power of eminent domain, or any voluntary transfer of such Borrowing Base Property or any portion thereof in lieu of any such condemnation, seizure or taking, in any such case, rendering more than fifty (50%) percent of the said leaseable area of said Borrowing Base Property unusable for the purposes conducted or intended to be conducted thereon immediately prior to action, as determined by the applicable Lender’s Consultant and if there is no Lender’s Consultant, an independent architect or engineer retained by the Borrower, and (2) the Administrative Agent does not elect under Section 14.3.3 to make the Net Proceeds with respect to such Event of Loss available for Repair Work.

Major Lease shall mean (i) any Lease for space in any Borrowing Base Property (x) in excess of 25,000 rentable square feet, or (y) in excess of 15,000 rentable square feet and in excess of ten (10%) percent of the rentable square footage of such Borrowing Base Property, or (ii) any Lease with a tenant who is a tenant in more than one Borrowing Base Property and who leases 25,000 or more rentable square feet, in the aggregate, in all Borrowing Base Properties.

Mandatory Principal Payment as defined in Section 2.3.8(ii).

Material Adverse Effect shall mean a material adverse effect on (i) the business, assets, operations or financial or other condition of any of the Borrower, CSC, or, taken as a whole, the Loan Parties, (ii) the ability of any of the Borrower, CSC, or, taken as a whole, the Loan Parties to perform any material Obligations or to pay any Obligations which it is or they are obligated to pay in accordance with the terms hereof or of any other Loan Document, (iii) the rights of, or benefits available to, the Administrative Agent and/or any of the Lenders under any Loan Document or (iv) any Lien given to Administrative Agent and/or any of the Lenders on any material portion of the Collateral or the priority of any such Lien.

Maturity shall mean the Initial Maturity Date, or, if extended pursuant to the terms hereof, the Extended Maturity Date, or, in any instance, upon acceleration of the Loan, if the Loan has been accelerated by the Administrative Agent upon an Event of Default.

Maturity Date as defined in Section 2.2.1.

Maximum Loan Amount as defined in Section 2.1.1.

Net Operating Income: For any period of determination, (i) net operating income generated by an Individual Property for such period (i.e., gross operating income, inclusive of any rent loss insurance, less expenses (exclusive of debt service, capital expenditures and vacancy allowances and before depreciation and amortization)), determined in accordance with GAAP, as generated by, through or under Leases, and (ii) all other income arising from direct operations of or licenses or operating agreements for any part of the Individual Property determined on a GAAP basis. For purposes hereof, all rental income shall be adjusted for straight line rents. Borrower shall provide Administrative Agent with all information and materials required by Administrative Agent necessary for the determination of Net Operating Income. If any Leases are scheduled to expire during such period of determination, no rents or other amounts payable under such Leases with respect to any portion of such period occurring after such scheduled expiration date shall be included in the determination of Net Operating Income for such period. If any Leases are scheduled to commence (and rent and occupancy pursuant thereto are also scheduled to commence) during such period of determination, the rents and other amounts payable under such Leases with respect to any period occurring after the scheduled commencement date shall be included in the determination of Net Operating Income for such period.

Net Proceeds. (1) The net amount of all insurance proceeds received under any insurance policies other than Rent Loss Proceeds as a result of the occurrence of an Event of Loss described in clause (a) of the definition of Event of Loss with respect to any Collateral Property, after deduction of the reasonable costs and expenses (including, but not limited to reasonable counsel fees), if any, in collecting the same, or (2) the net amount of all awards and payments received with respect to the occurrence of an Event of Loss described in clause (b) of the definition of Event of Loss, after deduction of the reasonable costs and expenses (including, but not limited to reasonable counsel fees), if any, in collecting the same, whichever the case may be.

Net Worth shall mean (a) the sum of (i) total stockholders' equity and (ii) limited partners' interest in the Borrower as of the Calculation Date appearing on the consolidated financial statements of the Borrower and CSC, plus (b) depreciation and amortization provided after December 31, 2007 through the Calculation Date on a cumulative basis.

Non-Retail Assets shall mean Individual Properties that generate more than fifteen (15%) percent of base rental revenues from non-retail tenants.

Non-Stabilized Asset shall mean an Individual Property that is not a Stabilized Asset.

Note shall mean, collectively, the various promissory notes payable to each Lender in the aggregate original principal amount of the Established Loan Amount.

Notice of Default as defined in Section 13.1.6.

Notice of Rate Selection as defined in Section 2.3.3.

Obligations shall mean without limitation, all and each of the following, whether now existing or hereafter arising:

(a) Any and all direct and indirect liabilities, debts, and obligations of the Borrower or any Loan Party to the Administrative Agent, the L/C Issuer or any Lender under or arising out of the Loan Documents, each of every kind, nature, and description.

(b) Each obligation to repay any loan, advance, indebtedness, note, obligation, overdraft, or amount now or hereafter owing by the Borrower or any Loan Party to the Administrative Agent, the L/C Issuer or any Lender (including all future advances whether or not made pursuant to a commitment by the Administrative Agent, the L/C Issuer or any Lender) under or arising out of the Loan Documents, whether or not any of such are liquidated, unliquidated, primary, secondary, secured, unsecured, direct, indirect, absolute, contingent, or of any other type, nature, or description, or by reason of any cause of action which the Administrative Agent, the L/C Issuer or any Lender may hold against the Borrower or any Loan Party including, without limitation, any obligation arising under any interest rate hedging, cap or other protection arrangement with the Administrative Agent, the L/C Issuer or any Lender.

(c) All notes and other obligations of the Borrower or any Loan Party now or hereafter assigned to or held by the Administrative Agent, the L/C Issuer or any Lender under or arising out of the Loan Documents, each of every kind, nature, and description.

(d) All interest, fees, and charges and other amounts which may be charged by the Administrative Agent, the L/C Issuer or any Lender to the Borrower or any Loan Party and/or which may be due from the Borrower or any Loan Party to the Administrative Agent, the L/C Issuer or any Lender from time to time under or arising out of the Loan Documents.

(e) All costs and expenses incurred or paid by the Administrative Agent, the L/C Issuer or any Lender in respect of any agreement between the Borrower or any Loan Party and the Administrative Agent, the L/C Issuer or any Lender or instrument furnished by the Borrower or any Loan Party to the Administrative Agent, the L/C Issuer or any Lender (including, without limitation, costs of collection, attorneys' reasonable fees, and all court and litigation costs and expenses) in connection with the Loan.

(f) Any and all covenants of the Borrower or any Loan Party to or with the Administrative Agent, the L/C Issuer or any Lender and any and all obligations of the Borrower or any Loan Party to act or to refrain from acting in accordance with any agreement between the Borrower or any Loan Party and the Administrative Agent, the L/C Issuer or any Lender or instrument furnished by the Borrower or any Loan Party to the Administrative Agent, the L/C Issuer or any Lender in connection with the Loan.

Occupancy Ratio shall mean with respect to any Individual Property, the ratio as determined by the Administrative Agent of the rentable square footage thereof as to which tenants are in physical occupancy and paying rent, to the total rentable square footage thereof.

OD Property shall mean a Borrowing Base Property that contains both a completed operational component and a development component.

Officer's Certificate shall mean a certificate delivered to the Administrative Agent by the Borrower, a Borrower Subsidiary, or a Guarantor, as the case may be respectively, which is signed by an authorized officer thereof (or an authorized officer of the direct or indirect managing general partner or managing member, as applicable, of the Borrower, Borrower Subsidiary, or Guarantor, if and as applicable).

Operating Pro Forma shall mean, for each Borrowing Base Property, a projection of Net Operating Income and cash flows for the five year period commencing as of the date on which such Borrowing Base Property becomes a Stabilized Asset.

Other Taxes means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document, but excluding any Excluded Taxes.

Outstanding Amount means (i) with respect to the Loan on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of the Loan occurring on such date; and (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the Borrower of Unreimbursed Amounts.

Participant as defined in Section 13.3.3.

PBGC shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

Permitted Debt as defined in Section 8.4.

Permitted Distributions shall mean (a) so long as no Event of Default exists and is continuing, or would be created thereby, any Distributions by the Borrower and CSC, (i) in any amount, provided that such Distributions, to the extent not included in the determination of Adjusted FFO, shall not exceed ninety-five (95%) percent of Adjusted FFO for the just completed calendar quarter, (ii) concerning the repurchase or redemption of stock of CSC or partnership interests in the Borrower, or (iii) concerning the issuance of operating partnership units or stock in return for equity interests in connection with any Permitted Investment (provided, any Distributions by the Borrower or CSC shall be permitted as are necessary for CSC to maintain REIT status, if such Distributions are greater than the amounts set forth in subclause (a)(i), above), or (b) at any time after and during the continuance of any Event of Default, such Distributions as are necessary for CSC to maintain REIT status (measured on a quarterly basis), all of the foregoing tested by the Administrative Agent on each Calculation Date with results based upon the results for the most recent Calculation Period, such calculation and results to be as verified by the Administrative Agent.

Permitted Liens as defined in Section 8.2.

Permitted Investments shall mean the following:

(a) The Pro Rata share of Investments in Development Assets (valued at undepreciated Book Value) which, in the aggregate, do not exceed twenty five percent (25%) of Total Asset Value;

(b) The Pro Rata share of Investments in Land Assets which, in the aggregate, valued at Book Value do not exceed ten percent (10%) of Total Asset Value;

(c) Investments in Unconsolidated CSC Entities including, without limitation, the purchase of all or any portion of any interests held by persons that are not Wholly-Owned Subsidiaries of the Borrower;

(d) The Pro Rata share of Investments in Non-Retail Assets which, in the aggregate, do not exceed five percent (5%) of Total Asset Value;

(e) Investments in interest rate swaps, caps and other similar rate protection agreements; and

(f) Investments in Individual Properties or in entities which own such Individual Properties, provided that such investment does not cause a breach of a Financial Covenant. Provided, further, that in the event such an Investment in an entity would result in the ownership by the subject Loan Party of fifty percent (50%) or more in the aggregate of the equity interests in such entity, such Investment shall have been approved by the Board of Directors of the entity (or similar governing body if such entity is not a corporation) which is the subject of such Investment and such entity shall not have announced that it will oppose such Investment or shall not have commenced any action which alleges that such Investment will violate any applicable law.

Person shall mean any individual, corporation, partnership, joint venture, estate, trust, unincorporated association or limited liability company, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

Plan shall mean any multiemployer or single-employer plan as defined in Section 4001 of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of) any Loan Party or an ERISA Affiliate, and each such plan for the five year period immediately following the latest date on which such Loan Party or an ERISA Affiliate maintained, contributed to or had an obligation to contribute to such plan.

Preliminary Approval shall mean the following, if applicable:

(a) Delivery by the Borrower to the Administrative Agent and the Lenders of the following with respect to any Individual Property proposed to be a Borrowing Base Property, each such item to the reasonable satisfaction of the Administrative Agent and the Lenders:

(i) physical description;

(ii) current rent roll and operating statements;

(iii) to the extent then available in Borrower's files, the following: a survey, environmental reports, copies of existing title insurance policies or a title commitment, and copies of all title exceptions, engineering reports and similar information; and

(iv) the Borrower's certification that to its knowledge the proposed Borrowing Base Property presently satisfies (or is anticipated to satisfy upon the grant of such Collateral) the Eligibility Criteria set forth in subsections (a), (c), (d), and (e), of the definition of Eligibility Criteria.

(b) Administrative Agent and the Required Lenders shall, within ten (10) Business Days after delivery of all items described in subsection (a), above, grant or deny the preliminary approval for the proposed replacement Borrowing Base Property.

Prime Rate. The term "Prime Rate" means the greater of (i) a variable per annum rate of interest so designated from time to time by KeyBank, National Association (or any successor thereto), as its prime rate, or (ii) the Federal Funds Rate plus 0.50% per annum. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate being charged to any customer.

Pro Forma Annual Net Operating Income shall mean, for each Borrowing Base Property, the projected Pro Rata share of (i) Net Operating Income less (ii) management fees (calculated as the greater of either 3% of total revenue or actual management expenses incurred), to the extent not already deducted from Net Operating Income, less (iii) allowances for capital expenditures in the amount of \$0.20 per annum per rentable square foot of completed improvements to be achieved upon completion of the Borrowing Base Property, based on the Operating Pro Forma delivered by the Borrower to the Administrative Agent, as such Operating Pro Forma shall be updated from time.

Projected Debt Service shall mean, as to any proposed Borrowing Base Property, the annual interest payments which would be made on a loan in an amount equal the total amount anticipated to be advanced with respect to the subject Borrowing Base Property, with interest accruing at an assumed rate equal to the weighted average of the interest rates then in effect under the Loan.

Pro Rata shall mean a calculation based on the percentage of the Capital Stock of or other equity interest in any Person owned, directly or indirectly, by the Borrower and/or CSC. For the purposes of this definition, the Pro Rata share of a Consolidated CSC Entity shall be deemed to be 100%.

Register as defined in Section 13.3.2.

REIT means a "real estate investment trust" as such term is defined in Section 856 of the Code.

Release Conditions as defined in Section 3.3.

Release Price shall mean, with respect to any Borrowing Base Property, the amount, if any, necessary to reduce the aggregate outstanding principal amount of the Loans plus the L/C

Exposure to the Maximum Loan Amount (computed without regard to the Borrowing Base Property for which the Borrower is seeking release).

Rent Loss Proceeds. The proceeds received under any rent loss or business interruption insurance policies.

Repair Work as defined in Section 14.1.

Reportable Event shall mean an event described in Section 4043(b) of ERISA with respect to a Plan other than those events as to which the 30-day notice period is waived under subsection .13, .14, .16, .18, .19 or .20 of PBGC Regulation Section 2615, or as otherwise now or hereafter defined in ERISA.

Required Lenders. As of any date, the Lenders holding at least Sixty-Six and 2/3rds (66 2/3%) percent of the outstanding principal amount due under the Note on such date; and if no such principal is outstanding, the Lenders whose aggregate Commitments constitute at least Sixty-Six and 2/3rds (66 2/3%) percent of the Total Commitment.

Restoration Property. Any Collateral Property as to which an Event of Loss has occurred and as to which the Net Proceeds are being made available in accordance with the terms and provisions of Article 14 for Repair Work relative to the subject Collateral Property and such Repair Work can be completed prior to the then applicable Maturity Date, as determined by the Administrative Agent in its reasonable discretion.

Security Documents as defined in Section 3.2.

Stabilized Asset shall mean an Individual Property which has an Occupancy Ratio of equal to or greater than eighty percent (80%). If due to the occurrence of an Event of Loss as to any Borrowing Base Property which was a Stabilized Asset prior to such Event of Loss, the Occupancy Ratio with respect thereto is less than eighty percent (80%), such Borrowing Base Property shall continue to be deemed to be a Stabilized Asset (notwithstanding that the Occupancy Ratio with respect thereto is less than eighty percent (80%) as a result of such Event of Loss) for a period equal to the lesser of (i) six (6) months from the occurrence of the Event of Loss or (ii) the determination that the subject Borrowing Base Property is not, or ceases to be, a Restoration Property.

State shall mean the State or Commonwealth in which the subject of such reference or any part thereof is located.

Subsidiary shall mean, with respect to any Person, any corporation, association, limited liability company, partnership or other business entity of which securities or other ownership interests representing more than 50% of either (x) the beneficial ownership interest or (y) ordinary voting power are, at the time as of which any determination is being made, owned or controlled, directly or indirectly, by such Person.

Tax Expenses shall mean tax expense (if any) attributable to income and franchise taxes based on or measured by income, whether paid or accrued.

Total Asset Value shall mean the aggregate of:

(a) for all Individual Properties (which are not Individual Properties acquired within the prior 90 days from the Calculation Date, Development Assets, or Land Assets), the Pro Rata share of the Calculations Period's aggregate Adjusted Net Operating Income for all such Individual Properties, annualized, capitalized at a rate of 8.00% (which capitalization rate may be adjusted once during the remaining term of the Loan at the request of (i) the Required Lenders only upon the exercise by the Borrower of its rights under Section 2.2.3 of this Loan Agreement; provided, however, that any such adjustment by the Required Lenders shall not result in the increase of the capitalization rate by more than fifty (50) basis points, or (ii) the Borrower, which such request of the Borrower shall be subject to the prior written approval of the Required Lenders), plus

(b) for Land Assets, and for all Individual Properties which were acquired within the prior 90 days from the Calculation Date, the Pro Rata share of the undepreciated Book Value as of the Calculation Date; plus

(c) for Development Assets, at the Borrower's option, either the Pro Rata share of the undepreciated Book Value as of the Calculation Date or the Pro Rata share of the Calculations Period's aggregate Adjusted Net Operating Income for such Development Asset, annualized, capitalized at a rate of 8.00% (which capitalization rate may be adjusted once during the remaining term of the Loan at the request of (i) the Required Lenders only upon the exercise by the Borrower of its rights under Section 2.2.3 of this Loan Agreement; provided, however, that any such adjustment by the Required Lenders shall not result in the increase of the capitalization rate by more than fifty (50) basis points, or (ii) the Borrower, which such request of the Borrower shall be subject to the prior written approval of the Required Lenders); plus

(d) for all unencumbered cash and cash equivalent investments, restricted cash held by a qualified intermediary, and escrows owned by the Consolidated CSC Entities and the Unconsolidated CSC Entities, the Pro Rata share of the Book Value as of the Calculation Date of such assets; plus

(e) deposits corresponding to outstanding letters of credit.

The Pro Rata share of Development Assets completed within the prior 90 days from a Calculation Date will be valued as set forth in (c) above for a maximum of one hundred eighty (180) days from completion (and continuing until end of such Calculation Period) and based on Adjusted Net Operating Income under subsection (a) above thereafter.

Total Commitment. The sum of the Commitments of the Lenders, as in effect from time to time.

Total Outstandings means the aggregate Outstanding Amount.

Treasury Rate The term "Treasury Rate" means, as of the date of any calculation or determination, the latest published rate for United States Treasury Notes or Bills (but the rate on Bills issued on a discounted basis shall be converted to a bond equivalent) as published weekly in the Federal Reserve Statistical Release H.15(519) of Selected Interest Rates in an amount

which approximates (as determined by Administrative Agent) the amount (i) approximately comparable to the portion of the Loan to which the Treasury Rate applies for the Interest Period, or (ii) in the case of a prepayment, the amount prepaid and with a maturity closest to the original maturity of the installment which is prepaid in whole or in part.

UCC or the Uniform Commercial Code means the Uniform Commercial Code in effect in the State of New York, provided, that as same relates to a Collateral Property, the UCC shall mean the Uniform Commercial Code as adopted in such jurisdiction.

Unconsolidated CSC Entity or Unconsolidated CSC Entities shall mean each Person as to which the Borrower and/or CSC own, directly or indirectly, any Capital Stock, but which is not a Wholly-Owned Subsidiary.

Unfunded Current Liability of any Plan means the amount, if any, by which the actuarial present value of the accumulated plan benefits under the Plan as of the close of its most recent plan year exceeds the fair market value of the assets allocable thereto, each determined in accordance with Statement of Financial Accounting Standards No. 35, based upon the actuarial assumptions used by the Plan's actuary in the most recent annual valuation of the Plan.

United States and U.S. shall each mean the United States of America.

Unreimbursed Amount has the meaning specified in Section 2.7.3(i).

Variable Rate means a per annum rate equal at all times to the Prime Rate plus the Applicable Margin for Prime Rate Loans, with changes therein to be effective simultaneously without notice or demand of any kind with any change in the Prime Rate.

Variable Rate Advance means any principal amount outstanding under this Agreement which pursuant to this Agreement bears interest at the Variable Rate.

Variable Rate Indebtedness means any Debt that bears interest at a variable rate without the benefit of an interest rate hedge or other interest rate protection agreement.

Wholly-Owned Subsidiary shall mean, with respect to any Person, any other Person as to which one-hundred (100%) percent of the Capital Stock thereof is owned, directly or indirectly, by such Person.

EXHIBIT B-1 TO LOAN AGREEMENT
REQUISITION AND AVAILABILITY CERTIFICATE

TO: KeyBank, National Association ("Administrative Agent")

RE: Amended and Restated Loan Agreement dated as of October 21, 2008 (as amended, the "Loan Agreement") between Administrative Agent, the lenders described therein and Cedar Shopping Centers Partnership, L.P. ("Borrower")

LOAN REQUEST NO.: _____

AMOUNT OF LOAN ADVANCE REQUESTED: \$ _____

DATE: _____, 200_____

This Borrower's Certificate and Request for Loan Advance is submitted by Borrower to Administrative Agent pursuant to the provisions of the Loan Agreement in order to induce Lenders to make the Loan Advance identified above. Capitalized terms used herein which are not otherwise specifically defined shall have the same meaning herein as in the Loan Agreement.

Borrower hereby requests Lenders to make a Loan Advance under the Notes in the following amount: \$ _____.

The Loan Advance is requested for the following purposes: _____

The Loan Advance requested of \$ _____, when added to prior Loan Advances under the Notes of \$ _____, plus the L/C Exposure of \$ _____, will result in aggregate Loans plus L/C Exposure of \$ _____.

The types of Loans requested are as follows:

Variable Rate: \$ _____

Effective LIBO Rate: \$ _____
Interest Period _____

\$ _____
Interest Period _____

The Maximum Loan Amount shall not be exceeded upon the making of the Loan Advance requested hereunder. Calculations of the Maximum Loan Amount, current Loan

balance, and amount of the Loan available to be advanced and/or L/C's available to be issued are set forth on the Availability Certificate annexed hereto.

Borrower hereby certifies, warrants and represents to Administrative Agent and the Lenders that (except for each condition precedent to Lender's obligation to make the requested Loan Advance) this request: (i) constitutes an affirmation by Borrower that, except as otherwise disclosed in writing to the Administrative Agent, each of the warranties and representations made in the Loan Agreement, including, without limitation, the Borrower's continued compliance with the Financial Covenants, as satisfied by the Closing Compliance Certificate, or once delivered, the most recent Compliance Certificate delivered by the Borrower to the Agent, remains true and correct in all material respects as of the date of this request and, unless Administrative Agent is notified to the contrary prior to the disbursement of the Loan Advance, will be so on the date of such Loan Advance; and (ii) constitutes the representation and warranty of Borrower that the information set forth in this request is true, accurate and complete in all material respects.

The Borrower hereby further certifies, warrants and represents to Administrative Agent and the Lenders that: (i) to the best of the Borrower's knowledge, the financial information provided by the Borrower to the Agent remains true and accurate in all material respects; (ii) the Borrower is in compliance with the financial covenants contained in the Loan Agreement to the extent set forth below; (iii) to the best of the Borrower's knowledge, an Event of Default which is continuing has not occurred under the Loan Agreement or any of the other Loan Documents.

<u>Covenant</u>	<u>Requirement</u>	<u>Actual</u>
Leverage Ratio	Less than 70%	
Fixed Charge Ratio	Not less than 1.35:1	
Borrower's Net Worth	Not less than the aggregate of \$536,025,018.00 plus 85% of cumulative net cash proceeds, as set forth in the Loan Agreement	
Aggregate Pro Rata amount of the Variable Rate Indebtedness of the Consolidated CSC Entities and the Unconsolidated CSC Entities	Less than 30% of the Total Asset Value	
Individual Property secured Debt of the Borrower, CSC or any Borrower Subsidiary which is recourse to the Borrower or CSC	In the aggregate outstanding at any time, not to exceed twenty five percent (25%) of the Total Asset Value	

Covenant	Requirement	Actual
The Pro Rata share of Investments in Development Assets (valued at undepreciated Book Value)	In the aggregate, not to exceed twenty five percent (25%) of Total Asset Value	
The Pro Rata share of Investments in Land Assets which are valued at Book Value	In the aggregate, not to exceed ten percent (10%) of Total Asset Value	
The Pro Rata share of Investments in Non-Retail Assets	In the aggregate, not to exceed five percent (5%) of Total Asset Value	

Calculations of the Financial Covenants are set forth in the Closing Compliance Certificate, or once delivered, the most recent Compliance Certificate delivered by the Borrower to the Agent.

This request is submitted to Administrative Agent for the purpose of inducing Lenders to make a Loan Advance and Borrower intends that Administrative Agent and the Lenders shall rely upon the same being true, accurate and complete in all material respects.

If all conditions precedent to Lenders' obligation to make a Loan Advance are satisfied, please disburse the Loan Advance on _____, 200_____.

WITNESS the execution hereof as an instrument under seal as of the _____ day of _____, 200_____.

**CEDAR SHOPPING CENTERS PARTNERSHIP,
L.P.,** a Delaware limited partnership

By: Cedar Shopping Centers, Inc., its general partnership

By: _____
Name: _____
Title: _____

Availability Certificate

1. Maximum Loan Amount

a. Established Loan Amount	\$150,000,000.00	
b. Total Commitment	\$150,000,000.00	
c. Availability (calculated below)	\$ _____	
least of (a), (b) and (c)		\$ _____

2. Loan Balance

a. Outstanding Balance of Loan plus	\$ _____	
b. L/C Exposure	\$ _____	
(a) plus (b)		\$ _____

3. Amount of Loan available to be advanced and/or L/C's available to be issued

1 minus 2		\$ _____
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Availability Calculation

1. For each Borrowing Base Property which is not an OD Property:	
(A) seventy percent (70%) of the Borrowing Base Value* of such Borrowing Base Property as of the date of the most recent Compliance Certificate or Borrowing Base Property report, as applicable, delivered to the Administrative Agent,	\$ _____
(B) seventy percent (70%) of the total costs as set forth on the Construction Budget for such Borrowing Base Property;	\$ _____
(C) Aggregate of lesser of (A) or (B) above for each non OD property	\$ _____
2. For each Borrowing Base Property which is an OD Property:	
(A) seventy percent (70%) of the Borrowing Base Value* of the completed component of such Borrowing Base Property as of the date of the most recent Compliance Certificate or Borrowing Base Property report, as applicable, delivered to the Administrative Agent,	\$ _____
(B)	
(I) seventy percent (70%) of the Borrowing Base Value* of the development component of such Borrowing Base Property as of the date of the most recent Compliance Certificate or Borrowing Base Property report, as applicable, delivered to the Administrative Agent,	\$ _____
(II) seventy percent (70%) of the total costs as set forth on the Construction Budget for the development component of such Borrowing Base Property	\$ _____
(III) Aggregate of lesser of (I) and (II) above for each OD property	\$ _____
3. Implied Loan Amount	\$ _____
(calculated below)	

4. Availability is the lesser of [(1)(C) + (2)(A) + 2(B)(III)] or (3)

\$ _____

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***Borrowing Base Value Calculation**

Borrowing Base Property

Trexlertown Plaza	Received 8/20/08; \$77,650,000.00 (as completed)
Lake Raystown Shopping Center	Received 8/20/08; \$16,900,000.00
Blue Mountain Commons	Received 8/20/08; \$42,400,000.00 (as completed)
Carbondale Plaza	Received 8/20/08; \$8,050,000.00

EB-8

Implied Loan Amount Calculation

Principal amount which generates Implied Debt Service Coverage Ratio of 1.20 to 1.00, calculated in accordance with the worksheet which is to be annexed hereto.

EB-9

EXHIBIT C TO LOAN AGREEMENT

NOTE

PROMISSORY NOTE

\$ _____,000,000.00 _____, 2008

1. Promise To Pay.

FOR VALUE RECEIVED, CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., a Delaware limited partnership having an address at 44 South Bayles Avenue, Port Washington, New York 11050 (hereinafter, the "Borrower") promises to pay to the order of KEYBANK, NATIONAL ASSOCIATION, a national banking association having an address at 225 Franklin Street, Boston, Massachusetts 02110 (hereinafter, a "Lender"), the principal sum of _____ MILLION DOLLARS (\$ _____,000,000.00), or so much thereof as may be advanced by or on behalf of Lender, with interest thereon, or on the amount thereof from time to time outstanding, to be computed, as hereinafter provided, on each advance from the date of its disbursement until such principal sum shall be fully paid. Interest and principal shall be payable in installments as set forth in the Loan Agreement (as defined below). The total principal sum, or the amount thereof outstanding, together with any accrued but unpaid interest, shall be due and payable in full on _____, 2011 (hereinafter, the "Maturity Date"), which term is further defined in, and is subject to extension and/or acceleration in accordance with, the Loan Agreement pursuant to which this Promissory Note (hereinafter, the "Note") has been issued.

2. Loan Agreement.

This Note is issued pursuant to the terms, provisions and conditions of an agreement captioned "Amended and Restated Loan Agreement" (hereinafter, as the same may be modified, amended or restated from time to time, the "Loan Agreement") dated as October 21, 2008 among Borrower, Lender, and the other financial institutions named therein (the Lender and such other institutions, the "Lenders") and KeyBank, National Association, as Agent (hereinafter, the "Agent") and evidences the Loan and Loan Advances made by or on behalf of the Lender pursuant thereto. *Capitalized terms used herein which are not otherwise specifically defined shall have the same meaning herein as in the Loan Agreement.* This Note is one of several Notes executed and delivered by the Borrower to the Lenders in accordance with the terms and provisions of the Loan Agreement.

3. Acceleration; Event of Default.

At the option of the Agent, subject to the terms of the Loan Agreement, this Note and the indebtedness evidenced hereby shall become immediately due and payable without further notice or demand, and notwithstanding any prior waiver of any breach or default, or other indulgence, upon the occurrence of an Event of Default. Upon the occurrence and during the continuance of an Event of Default, Agent shall have, in addition to any rights and remedies contained herein, any and all rights and remedies set forth in the Loan Agreement or any other Loan Document.

4. Certain Waivers, Consents and Agreements.

Each and every party liable hereon, or for the indebtedness evidenced hereby, whether as maker, endorser, guarantor, surety or otherwise hereby: (a) waives presentment, demand, protest, suretyship defenses and defenses in the nature thereof; (b) waives any defenses based upon, and specifically assents to, any and all extensions and postponements of the time for payment, changes in terms and conditions and all other indulgences and forbearances which may be granted by the Agent or the holder to any party now or hereafter liable hereunder or for the indebtedness evidenced hereby; (c) agrees to any substitution, exchange, release, surrender or other delivery of any security or collateral now or hereafter held hereunder or in connection with the Loan Agreement, or any of the other Loan Documents, and to the addition or release of any other party or person primarily or secondarily liable; (d) agrees that if any security or collateral given to secure this Note or the indebtedness evidenced hereby or to secure any of the obligations set forth or referred to in the Loan Agreement, or any of the other Loan Documents, shall be found to be unenforceable in full or to any extent, or if Agent or any other party shall fail to duly perfect or protect such collateral, the same shall not relieve or release any party liable hereon or thereon nor vitiate any other security or collateral given for any obligations evidenced hereby or thereby; (e) agrees to pay all costs and expenses actually incurred by Agent and Lenders or any other holder of this Note in connection with the indebtedness evidenced hereby pursuant to the Loan Agreement, including, without limitation, all reasonable attorneys' fees and costs, for the implementation of the Loan, the collection of the indebtedness evidenced hereby and the enforcement of rights and remedies hereunder or under the other Loan Documents, whether or not suit is instituted; and (f) consents to all of the terms and conditions contained in this Note, the Loan Agreement, the Mortgage, the Assignment of Leases and Rents, and all other instruments now or hereafter executed evidencing or governing all or any portion of the security or collateral for this Note and for such Loan Agreement, or any one or more of the other Loan Documents.

5. Delay Not A Bar.

No delay or omission on the part of the Agent or the holder in exercising any right hereunder or any right under any instrument or agreement now or hereafter executed in connection herewith, or any agreement or instrument which is given or may be given to secure the indebtedness evidenced hereby or by the Loan Agreement, or any other agreement now or hereafter executed in connection herewith or therewith shall operate as a waiver of any such right or of any other right of such holder, nor shall any delay, omission or waiver on any one occasion be deemed to be a bar to or waiver of the same or of any other right on any future occasion.

6. Partial Invalidity.

The invalidity or unenforceability of any provision hereof, of the Loan Agreement, of the other Loan Documents, or of any other instrument, agreement or document now or hereafter executed in connection with the Loan made pursuant hereto and thereto shall not impair or vitiate any other provision of any of such instruments, agreements and documents, all of which provisions shall be enforceable to the fullest extent now or hereafter permitted by law.

7. Compliance With Usury Laws.

All agreements among Borrower, Guarantor, Agent and Lenders are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to Agent or Lenders for the use or the forbearance of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. As used herein, the term "applicable law", shall mean the law in effect as of the date hereof, provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Note shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of Borrower, Agent and Lenders in the execution, delivery and acceptance of this Note to contract in strict compliance with the laws of the State of New York from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the Loan Documents or the Security Documents at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limit of such validity, and if under or from any circumstances whatsoever Agent or Lenders should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements among Borrower, the Guarantor, Agent and Lenders.

8. Use of Proceeds.

All proceeds of the Loan shall be used solely for the purposes more particularly provided for and limited by the Loan Agreement.

9. Security.

This Note is secured by the Collateral as set forth in the Loan Agreement. The Collateral for this Note may be held by the Agent, on behalf of the Lender and the other Lenders.

10. Notices.

Any notices given with respect to this Note shall be given in the manner provided for in the Loan Agreement.

11. Governing Law and Consent to Jurisdiction.

11.1 Substantial Relationship. It is understood and agreed that all of the Loan Documents were delivered in the State of New York, which State the parties agree has a substantial relationship to the parties and to the underlying transactions embodied by the Loan Documents.

11.2 Place of Delivery. Borrower agrees to furnish to Lender at Lender's office in Boston, Massachusetts, all further instruments, certifications and documents to be furnished hereunder, if any.

11.3 Governing Law. This Note and each of the other Loan Documents, except as otherwise provided in Section 11.4, shall in all respects be governed, construed, applied and enforced in accordance with the internal laws of the State of New York without regard to principles of conflicts of law, except insofar as formation of the Borrower under Delaware law requires Delaware law to apply with respect to matters of authorization to enter into the transaction contemplated by this Note.

11.4 Exceptions. Notwithstanding the foregoing choice of law:

(a) the procedures governing the enforcement by Agent and each of the Lenders of its foreclosure and other remedies against Borrower under the Security Documents and under the other Loan Documents with respect to each Collateral Property, including by way of illustration, but not in limitation, actions for foreclosure, for injunctive relief or for the appointment of a receiver, shall be governed by the laws of the State in which such Collateral Property is located;

(b) Agent and each of the Lenders shall comply with the applicable law of the State in which such Collateral Property is located to the extent required by the law of such jurisdiction in connection with the foreclosure of the security interests and liens created under the Security Documents and the other Loan Documents with respect to each Collateral Property or other assets situated in such State; and

(c) provisions of Federal law and the law of such State shall apply in defining the terms Hazardous Materials, Environmental Legal Requirements and Legal Requirements applicable to each Collateral Property as such terms are used in the Loan Agreement, the Environmental Indemnity and the other Loan Documents.

Nothing contained herein or any other provisions of the Loan Documents shall be construed to provide that the substantive laws of any other State shall apply to any parties' rights and obligations under any of the Loan Documents, which, except as expressly provided in clauses (A), (B) and (C) of this Section 11.4, are and shall continue to be governed by the substantive law of State of New York. In addition, the fact that portions of the Loan Documents may include provisions drafted to conform to the law of any other State is not intended, nor shall it be deemed, in any way, to derogate the parties' choice of law as set forth or referred to in this Note, the Loan Agreement or in the other Loan Documents. The parties further agree that the Agent may enforce its rights under the Loan Documents including, but not limited to, its rights to sue the Borrower or to collect any outstanding indebtedness in accordance with applicable law

11.5 Consent to Jurisdiction. THE BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE OR ANY OF THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN ANY COURT LOCATED IN THE FIRST DEPARTMENT OF THE NEW YORK STATE UNIFIED COURT SYSTEM OR FEDERAL COURT LOCATED WITHIN THE SOUTHERN DISTRICT OF THE STATE OF NEW YORK AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE BORROWER BY MAIL AT THE ADDRESS SPECIFIED IN THE LOAN AGREEMENT. THE BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE

VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

12. Waiver of Jury Trial.

BORROWER, AGENT AND LENDERS MUTUALLY HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS NOTE OR ANY OTHER LOAN DOCUMENTS CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY, INCLUDING, WITHOUT LIMITATION, ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS OR ACTIONS OF AGENT OR ANY LENDER RELATING TO THE ADMINISTRATION OF THE LOAN OR ENFORCEMENT OF THE LOAN DOCUMENTS, AND AGREE THAT NEITHER PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. EXCEPT AS PROHIBITED BY LAW, BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. BORROWER CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF AGENT OR ANY LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT AGENT OR ANY LENDER WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER. THIS WAIVER CONSTITUTES A MATERIAL INDUCEMENT FOR LENDER TO ACCEPT THIS NOTE AND MAKE THE LOAN.

13. No Oral Change.

This Note and the other Loan Documents may only be amended, terminated, extended or otherwise modified by a writing signed by the party against which enforcement is sought in accordance with the terms and conditions of the Loan Agreement. In no event shall any oral agreements, promises, actions, inactions, knowledge, course of conduct, course of dealing, or the like be effective to amend, terminate, extend or otherwise modify this Note or any of the other Loan Documents.

14. Rights of the Agent and Holder.

This Note, and the rights and remedies provided for herein, may be enforced by Agent, the holder, or any subsequent holder hereof. Wherever the context permits, each reference to the term "holder" herein shall mean and refer to Agent, the holder, or the then subsequent holder of this Note.

15. Right to Pledge.

Lender may at any time pledge all or any portion of its rights under the Loan Documents including any portion of this Note to any of the twelve (12) Federal Reserve Banks organized

under Section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or enforcement thereof shall release Lender from its obligations under any of the Loan Documents.

16. Setoff

The terms and provisions of Article 12 of the Loan Agreement are incorporated herein by reference.

[Remainder of page left intentionally blank]

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed as of the date set forth above as a sealed instrument.

Witness:

BORROWER:

**CEDAR SHOPPING CENTERS PARTNERSHIP,
L.P.,** a Delaware limited partnership

By: Cedar Shopping Centers, Inc., its general partnership

By: _____

Name: _____

Title: _____

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EXHIBIT D TO LOAN AGREEMENT

AUTHORIZED REPRESENTATIVES

1. Leo S. Ullman, President of Cedar Shopping Centers, Inc.
2. Brenda J. Walker, Vice President of Cedar Shopping Centers, Inc.
3. Lawrence E. Kreider, Jr., Chief Financial Officer of Cedar Shopping Centers, Inc.

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EXHIBIT E TO LOAN AGREEMENT

REQUIRED PROPERTY, HAZARD AND OTHER INSURANCE

Borrower or the applicable Loan Party shall at all times provide and maintain the following insurance coverages with respect to each Collateral Property and the Collateral, if applicable, issued by companies qualified to do business in the applicable jurisdictions where the Collateral Property is located, having a Best's Rating of not less than A-VIII and otherwise acceptable to Administrative Agent in its sole reasonable discretion:

(i) physical insurance on an all-risk basis without exception (including, without limitation, flood required if property is in a "Special Flood Hazard Area" A or V, vandalism and malicious mischief, earthquake, collapse, boiler explosion, sprinkler coverage, mold infestation, cost of demolition, increased costs of construction and the value of the undamaged portion of the building and soft costs coverage) covering all the real estate, fixtures and personal property to the extent of the full insurable value thereof, on a builder's risk non-reporting form prior to completion and occupancy to Occupy Endorsement, having replacement cost and agreed amount endorsements (with deductibles not in excess of insurable value);

(ii) to the extent that the Collateral Property has tenants paying rent under executed leases, rent loss or business interruption insurance in an amount equal to one year's projected rentals or gross revenues;

(iii) public liability insurance, with underlying and umbrella coverages totaling not less than \$2,000,000.00 per occurrence and \$10,000,000.00 in the aggregate or such other amounts as may be determined by Administrative Agent from time to time;

(iv) automobile liability insurance (including non-owned automobile) with a coverage of \$1, 000, 000 per occurrence during construction;

(v) worker's compensation, employer's liability and other insurance required by law;

(vi) while any construction is pending, insurance covering those risks required to be covered by any contractor, or another contractor or sub-contractor, under any applicable plans and specifications, construction contracts, or any other construction documents;

(vii) errors and omissions or similar coverages from any applicable architect and consulting engineers; and

(viii) such other insurance coverages in such amounts as Administrative Agent may request consistent with the customary practices of prudent developers and owners of similar properties.

An actual insurance policy or certified copy thereof, or a binder, certificate of insurance, or other evidence of property coverage in the form of Acord 27 (Evidence of Property Coverage), Acord 25 (Certificate of Insurance), or a 30-day binder in form acceptable to Administrative Agent with an unconditional undertaking to deliver the policy or a certified copy within thirty (30) days, shall be delivered at closing of the Loan and prior to the first Loan Advance.

Flood insurance shall be provided if the collateral property is located in a flood zone, flood risk or flood hazard area as designated pursuant to the Federal Flood Disaster Protection Act of 1973, as amended, and the regulations thereunder, or if otherwise reasonably required by Administrative Agent.

Administrative Agent, on behalf of the Lenders, shall be named as first mortgagee on policies of all-risk-type insurance on the Collateral Property, as loss payee on the Collateral and its contents, and as first mortgagee on rent-loss or business interruption coverages related thereto.

Except with respect to public liability insurance, as to which Administrative Agent, on behalf of the Lenders, shall be named as an additional insured with respect to the Collateral Property or the Collateral, all other required insurance coverages shall have a so-called "Mortgagee's endorsement" or "Lenders' loss-payable endorsement" which shall provide in substance as follows:

(a) Subject to the terms of this Agreement, loss or damage, if any, under the policy shall be paid to Administrative Agent and its successors and assigns in whatever form or capacity its interest may appear and whether said interest be vested in said Administrative Agent in its individual or in its disclosed or undisclosed fiduciary or representative capacity, or otherwise, or vested in a nominee or trustee of said Administrative Agent.

(b) The insurance under the policy, or under any rider or endorsement attached thereto, as to the interest only of Administrative Agent, its successors and assigns, shall not be invalidated nor suspended:

(i) by any error, omission or change respecting the ownership, description, possession or location of the subject of the insurance or the interests therein or the title thereto; or

(ii) by the commencement of foreclosure or similar proceedings or the giving of notice of sale of any of the property covered by the policy by virtue of any mortgage, deed of trust, or security interest; or

(iii) by any breach of warranty, act, omission, neglect, or noncompliance with any provisions of the policy by the named insured, or any one else, whether before or after a loss, which under the provisions of the policy of insurance, would invalidate or suspend the insurance as to the named insured, excluding, however, any acts or omissions of Administrative Agent while exercising active control and management of the insured property.

(c) Insurer shall provide Administrative Agent and each of the Lenders with not less than thirty (30) days, prior written notice of cancellation of the policy (for non-payment or any other reason) or of the non-renewal thereof.

(d) The insurer reserves the right to cancel the policy at any time, but only as provided by its terms. However, in such case this policy shall continue in force for the benefit of Administrative Agent for thirty (30) days after written notice of such cancellation is received by Administrative Agent and shall then cease.

(e) Should legal title to and beneficial ownership of any of the property covered under the policy become vested in Administrative Agent or its agents, successors or assigns, insurance under the policy shall continue for the term thereof for the benefit of Administrative Agent.

(f) All notices herein provided to be given by the insurer to Administrative Agent in connection with this policy and Administrative Agent's loss payable endorsement shall be mailed to or delivered to Administrative Agent by certified or registered mail, return receipt requested, as follows:

KeyBank, National Association
225 Franklin Street
Boston, Massachusetts 02110
Attention: Central Insurance Unit

EXHIBIT F TO LOAN AGREEMENT

OWNERSHIP INTERESTS AND TAXPAYER IDENTIFICATION NUMBERS

<u>Entity Name</u>	<u>Partners/Members</u>	<u>Tax Identification Number</u>
Cedar-Trexler Plaza 2, LLC	Cedar Shopping Centers Partnership, L.P.	20-5065081
Cedar Lake Raystown, LLC	Cedar Shopping Centers Partnership, L.P.	20-1158059
Cedar-Clock Tower, LLC	Cedar Shopping Centers Partnership, L.P.	20-5518103
Cedar Carbondale, LLC	Cedar Shopping Centers Partnership, L.P.	20-0927694

EXHIBIT G TO LOAN AGREEMENT

COMPLIANCE CERTIFICATE

TO: The Administrative Agent and Lenders party to the Loan Agreement Described Below

This Compliance Certificate is furnished pursuant to that certain Amended and Restated Loan Agreement dated as of October 21, 2008 (as amended, the "Loan Agreement"), among Cedar Shopping Centers Partnership, L.P. ("Borrower"), KeyBank, National Association and the Lenders identified therein. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Loan Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected/authorized _____ of Cedar Shopping Centers, Inc., general partner of the Borrower.
 2. I have reviewed the terms of the Loan Agreement and I have made, or have caused to be made under my supervision, a review of the transactions and conditions of the Borrower during the accounting period covered by the attached financial statements.
 3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes an Event of Default or an event which, with notice or the passage of time or both, would constitute an Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below.
 4. Schedule 1 attached hereto sets forth financial data and computations at and for the period ending _____ evidencing the Borrower's compliance with certain covenants of the Loan Agreement, except as set forth below, all of which data and computations are true, complete and correct in all material respects to my knowledge.
- Described below are the exceptions, if any, to paragraphs 3 and 4, listing the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of this ___ day of _____, 200__.

**CEDAR SHOPPING CENTERS PARTNERSHIP,
L.P.,** a Delaware limited partnership

By: Cedar Shopping Centers, Inc., its general
partnership

By: _____
Name: _____
Title: _____

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Schedule 1 to Compliance Certificate

<u>Covenant</u>	<u>Requirement</u>	<u>Actual</u>
Leverage Ratio	Less than 70%	
Fixed Charge Ratio	Not less than 1.35:1	
Borrower's Net Worth	Not less than the aggregate of \$536,025,018.00 plus 85% of cumulative net cash proceeds, as set forth in the Loan Agreement	
Aggregate Pro Rata amount of the Variable Rate Indebtedness of the Consolidated CSC Entities and the Unconsolidated CSC Entities	Less than 30% of the Total Asset Value	
Individual Property secured Debt of the Borrower, CSC or any Borrower Subsidiary which is recourse to the Borrower or CSC	In the aggregate outstanding at any time, not to exceed twenty five percent (25%) of the Total Asset Value (excluding the Obligations)	
The Pro Rata share of Investments in Development Assets (valued at undepreciated Book Value)	In the aggregate, not to exceed twenty five percent (25%) of Total Asset Value	
The Pro Rata share of Investments in Land Assets which are valued at Book Value	In the aggregate, not to exceed ten percent (10%) of Total Asset Value	
The Pro Rata share of Investments in Non-Retail Assets	In the aggregate, not to exceed five percent (5%) of Total Asset Value	

EXHIBIT H TO LOAN AGREEMENT

ASSIGNMENT AND ACCEPTANCE

This Assignment and Acceptance (this "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between [the][each Assignor] identified in item 1 below [the][each, an] "Assignor" and [the][each] Assignee identified in item 2 below ([the][each, an] "Assignee"). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees] hereunder are several and not joint.] Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto (the "Standard Terms and Conditions") are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Acceptance as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] "Assigned Interest"). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by [the][any] Assignor.

1. Assignor[s]: _____

Assignee[s]: _____

[for each Assignee, indicate [Affiliate][Approved Fund] of [identify Lender]]

2. Borrower: Cedar Shopping Centers Partnership, L.P.

3. Administrative Agent: KeyBank, National Association, as the administrative agent under the Credit Agreement

4. Credit Agreement: Amended and Restated Loan Agreement, dated as of October 21, 2008, as amended, among Cedar Shopping Centers Partnership, L.P., the Lenders from time to time party thereto, and KEYBANK, NATIONAL ASSOCIATION.

5. Assigned Interest[s]:

<u>Assignor[s]</u>	<u>Assignee[s]</u>	<u>Facility Assigned</u>	<u>Aggregate Amount of the Commitment/ Loans for all Lenders</u>	<u>Amount of Commitment/ Loans Assigned</u>	<u>Percentage Assigned of Commitment/ Loans</u>	<u>CUSIP Number</u>
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

6. Trade Date: _____, 200__.

Effective Date: _____, 20__ TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.

The terms set forth in this Assignment and Acceptance are hereby agreed to:

ASSIGNOR:
[NAME OF ASSIGNOR]

By: _____

ASSIGNEE:
[NAME OF ASSIGNEE]

By: _____

ANNEX 1 TO ASSIGNMENT AND ACCEPTANCE

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ACCEPTANCE

1. Representations and Warranties.

1.1 Assignor. [The] [Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 13.3.1 of the Credit Agreement (subject to such consents, if any, as may be required under Section 13.3.1 of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by [the][such] Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire [the][such] Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 7.2 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase [the][such] Assigned Interest, (iv) it has independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase [the] [such] Assigned Interest, and (vii) if it is a Foreign Lender, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance upon the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the

Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT I TO LOAN AGREEMENT

LENDERS' COMMITMENT

<u>Lender</u>	<u>Commitment Amount</u>	<u>Commitment Percentage</u>
KEYBANK, NATIONAL ASSOCIATION	\$ 32,500,000.00	21.66667%
MANUFACTURERS AND TRADERS TRUST COMPANY	\$ 27,500,000.00	18.33334%
TD BANK, N.A.	\$ 25,000,000.00	16.66666%
REGIONS BANK	\$ 25,000,000.00	16.66666%
CITIZENS BANK OF PENNSYLVANIA	\$ 20,000,000.00	13.33333%
RAYMOND JAMES BANK, FSB	\$ 10,000,000.00	6.66667%
TRISTATE CAPITAL BANK	\$ 10,000,000.00	6.66667%
TOTAL	\$ 150,000,000.00	100%

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EXHIBIT J TO LOAN AGREEMENT

Borrowing Base Property

Trexlertown Plaza

Received 8/20/08; \$77,650,000.00 (as completed)

Lake Raystown Shopping Center

Received 8/20/08; \$16,900,000.00

Blue Mountain Commons

Received 8/20/08; \$42,400,000.00 (as completed)

Carbondale Plaza

Received 8/20/08; \$8,050,000.00

EXHIBIT EC

ESTOPPEL CERTIFICATE

ESTOPPEL CERTIFICATE AND AGREEMENT

WHEREAS, _____ a _____ having an address at _____ (hereinafter, the "**Landlord**"), is the owner in fee simple of that certain parcel of real estate numbered _____, and commonly known as _____, as more particularly described in **Exhibit A** annexed hereto (hereinafter, the "**Premises**");

WHEREAS, the Landlord has leased the Premises to _____, a _____ having an address at _____ (hereinafter, the "**Tenant**"), pursuant to that certain ground lease dated as of _____, _____ (hereinafter, with any amendments, modifications, extensions, replacements or renewals, the "**Lease**"), a copy of which is attached hereto as **Exhibit B** and made a part hereof (*all capitalized terms used herein which are not otherwise defined shall have the meaning ascribed to such term under the Lease*);

WHEREAS, KeyBank, National Association, a national banking association having an address at 225 Franklin Street, Boston, Massachusetts 02110, as agent (hereinafter, the "**Agent**") on behalf of itself and certain other lenders (hereinafter, individually and collectively referred to as the "**Lender**" or "**Lenders**"), has established a loan arrangement (hereinafter, the "**Loan Arrangement**") with Cedar Shopping Centers Partnership, L.P., a Delaware limited partnership having an address at c/o Cedar Shopping Centers, Inc., 44 South Bayles Avenue, Suite 304, Port Washington, New York 11050 (hereinafter, the "**Borrower**");

WHEREAS, the Tenant has substantial financial dealings with the Borrower and is affiliated with the Borrower (by ownership and by contractual relationship and/or other meaningful business relationship), and the extension of credit and the providing of financial accommodations to the Borrower will enhance and benefit the business activities and interests of the Tenant;

WHEREAS, the Loan Agreement contemplates the addition of Collateral properties and Borrowing Base Properties (as such terms are defined in the Loan Agreement);

WHEREAS, the Agent, Borrower, and the Lender desire to add the Tenant's interest in the Premises to the Collateral Properties and the Borrowing Base Properties (the "**Transaction**");

WHEREAS, as a prior condition to the Transaction, the Agent and the Lenders require that, among other collateral to be granted, the Tenant grant to the Agent, on behalf of the Lenders, a leasehold mortgage in and to the rights of the Tenant to the Lease and the Premises and a security interest in other property of the Tenant, said leasehold mortgage and security interests to be created by the execution and delivery by the Tenant of that certain Leasehold

Mortgage and Security Agreement dated as of _____, 2008 (hereinafter, with any extensions, modifications and amendments, the "**Leasehold Mortgage**");

WHEREAS, as a further condition to establishing the Transaction, the Agent and the Lenders require that the Landlord certify, represent, covenant, and agree to the matters described in this Estoppel Certificate and Agreement (hereinafter, this "**Estoppel Certificate**"); and

WHEREAS, it is in the best interest of the Landlord that the Transaction be established.

NOW, THEREFORE, in consideration of the foregoing, and upon the request of the Agent and the Lenders, Landlord and the Tenant hereby make the following representations and covenants:

1. The Landlord and Tenant represent that:
 - 1.1 the Lease is currently in full force and effect;
 - 1.2 the Lease has not been modified or amended;
 - 1.3 neither the Tenant nor Landlord is in default under the Lease, nor has any event occurred which is, or solely with the passage of time would be, an event of default under the Lease; and
 - 1.4 the term of the Lease commences on _____, _____ and expires on _____, _____.
2. The Landlord represents that all rent presently due under the Lease has been paid in full, and no additional rent is presently due under the Lease; and as of the date of this Estoppel Certificate, there are no other payments due and payable from the Tenant to the Landlord under the Lease.
3. The Landlord represents and warrants that the Landlord is the owner of the fee simple estate in the Premises and that its fee interest in the Premises is unencumbered, except as set forth in **Exhibit C** attached hereto.
4. The Landlord acknowledges and agrees that the interest of the Landlord in and to the Premises and the Lease shall not be encumbered beyond that which such interests are encumbered as of the date hereof in any manner whatsoever without the prior written consent of the Agent.
5. Upon the recording of the Security Instrument, the Landlord hereby:
 - 5.1 recognizes Agent, and any successor, assignee or transferee of the Agent, as a "leasehold mortgagee" (as defined/described in the Lease), and acknowledges and consents to the granting of the Leasehold Mortgage, and acknowledges and recognizes that the Agent, as the mortgagee of the leasehold interest in the Lease,

- is entitled to the benefit of all of the rights and privileges provided to a leasehold mortgagee under the Lease;
- 5.2 recognizes the rights of the Agent, and any successor, assignee or transferee of the Agent, in and to the Premises as described in the Leasehold Mortgage, and consents to the exercise by the Agent of its rights under the Leasehold Mortgage upon the occurrence of an event of default by the Tenant under the Leasehold Mortgage;
 - 5.3 recognizes the right of the Agent, and any successor, assignee or transferee of the Agent, to exercise any options, including, without limitation, any renewal or extension options or rights of first refusal provided to the Tenant under the Lease, and agrees that if, prior to the exercise by the Agent of its rights under the Leasehold Mortgage, the Tenant fails to exercise within the applicable time periods set forth in the Lease any option including, without limitation, any renewal or extension option or right of first refusal, the Landlord shall notify the Agent as attorney-in-fact for the Tenant and the Agent shall be authorized, at its option, to exercise any option or right within sixty (60) days of receipt of such notice and the Landlord shall recognize said exercise of any option or right by the Agent;
 - 5.4 agrees that the interest of the Landlord in and to the Premises and the Lease shall not be transferred or assigned unless the transferee or assignee provides a written agreement to the Agent that (i) said transfer or assignment is subject to the terms and conditions of the Lease, and this Estoppel Certificate, and (ii) the transferee or assignee assumes the obligations of the Landlord thereunder and hereunder;
 - 5.5 acknowledges that notwithstanding the occurrence of any event of default under the Lease, the Landlord will not terminate, or allow or suffer the termination of, the Lease, without the prior written consent of Agent; and
 - 5.6 agrees that notwithstanding the terms of the Lease, any and all insurance proceeds or eminent domain or condemnation awards or proceeds with respect to the Premises shall be subject to the approval of the Agent and shall be payable to the Agent, or otherwise made available for the repair or restoration of the Premises, all in accordance with the terms and provisions of the Leasehold Mortgage.
6. Upon notice to the Landlord by the Agent of the exercise of Agent's rights against Tenant (whether pursuant to the Leasehold Mortgage or otherwise) the Landlord shall:
- 6.1 not interfere with any enforcement by the Agent of the Agent's rights in and to the personal property of the Tenant located on the Premises;
 - 6.2 not distrain nor assert any claim against the personal property of Tenant;
 - 6.3 permit the Agent to enter upon the Premises and remove the personal property from the Premises, provided, the Agent agrees that it shall promptly repair, at the

- Agent's expense, any physical damage to the Premises caused by said removal; and
- 6.5 not interfere with the disposal of the personal property by sale (by public auction or otherwise) conducted on the Premises.
 7. Until such time as the Agent executes and records a discharge of the Leasehold Mortgage:
 - 7.1 no modifications, extensions, renewals or surrender of the Lease shall be effective without the prior written consent of the Agent;
 - 7.2 the Landlord shall not convey the Premises to the Tenant without the prior written consent of the Agent;
 - 7.3 any and all rights, easements and development agreements to be granted by, or entered into with, the Landlord relative to the Premises shall not be granted or entered into without the prior written consent of the Agent; and
 - 7.4 the Landlord shall waive any provisions of the Lease which provide that Tenant shall, upon request of the Landlord, subordinate the Lease to any lien of any present or future mortgages granted by the Landlord.
 8. In the event of any default by the Tenant under the Lease, the Landlord shall:
 - 8.1 cause a copy of any notice of default by the Tenant under the Lease or notice of termination of the Lease to be sent to the Agent, and the Landlord agrees that any such notice of default or termination shall not be deemed duly given and effective unless and until a copy of such notice is actually received by the Agent; and
 - 8.2 permit the Agent to cure or cause to be cured such default within thirty (30) days of the receipt of notice from the Landlord of Tenant's default if such default may be cured by the payment of money, or, otherwise, within sixty (60) days of the receipt of such notice.
 9. If the Agent fails to cause any default of the Tenant under the Lease to be cured, or such default is incapable of being cured, during the applicable time period, the Landlord shall further refrain from exercising its rights and/or remedies under the Lease and shall not terminate the Lease if the Agent has provided the Landlord with written notice that either:
 - 9.1 the Agent intends to cause the default to be cured and the Agent is diligently pursuing the cure of such default; or
 - 9.2 the Agent has or intends to make demand upon Tenant for payment or performance under any agreement between Tenant and the Agent pertaining to the Loan Arrangement and the Agent diligently pursues the exercise of its rights thereunder.
-

10. Any successor, assignee or transferee of the Agent shall have thirty (30) days from the consummation of such succession, assignment, or transfer within which to cure or cause to be cured any default of the Tenant under the Lease.

11. Any default of the Tenant under the Lease which is cured or which is caused to be cured by the Agent within the applicable cure period, shall be deemed to have been waived by the Landlord and the Landlord shall not be entitled to exercise any rights or remedies granted to Landlord under the Lease on account of the occurrence of such default.

12. In the event any default of Tenant under the Lease is incapable of being cured, the Landlord shall, upon the request of the Agent, execute a new lease with the Agent upon the same terms and conditions (but providing for the revival of any rights and/or options which may have lapsed due to the Tenant's action or inaction under the Lease) as the Lease and such new lease shall have the same relative priority in right, title and interest in and to the Premises as the Lease.

13. The Agent shall not become liable for the obligations of the Tenant under the Lease unless and until the Agent obtains possession of the Premises and expressly agrees to assume all such obligations, and then, only for the period during which the Agent is in possession of the Premises. Upon the sale, transfer or assignment by the Agent of its interest in the Lease and/or the Premises, the Agent shall have no further liability to the Landlord.

14. Whether or not the Agent assumes the obligations of Tenant pursuant to Section 13, above, the Agent shall have no liability to the Landlord for any obligations of Tenant under the Lease arising prior to such assumption by the Agent.

15. All notices under this Estoppel Certificate shall be sent certified mail, return receipt requested as follows:

If to Landlord:

Attention: _____

With a copy to:

Attention: _____

If to the Tenant:

Attention: _____

With a copy to:

Attention: _____

If to the Agent:

KeyBank, National Association
225 Franklin Street, 18th Floor
Boston, Massachusetts 02110
Attention: Gregory W. Lane

With a copy to:

Riemer & Braunstein LLP
Three Center Plaza
Boston, Massachusetts 02108
Attn: Kevin J. Lyons, Esquire

All notices hereunder shall be deemed to have been received three (3) days after the date of mailing in accordance with the above described requirements.

16. Upon the request of the Agent, the Landlord will provide the Agent with estoppel certificates, substantially similar in form and substance to this Estoppel Certificate, with respect to the status of the Lease and the compliance by the Landlord and/or Tenant with regard to specific terms, provisions and conditions set forth thereunder.
17. Each party hereto agrees to execute such documents as may be reasonably required from time to time to evidence or effectuate the terms and provisions hereof.
18. This Estoppel Certificate is binding on, and shall inure to the benefit of, the Tenant, the Agent, and the Landlord, and each of their successor and assigns.

[The balance of this page is intentionally left blank]

It is intended that this Estoppel Certificate take effect as a sealed instrument as of this ___ day of _____, 200__.

LANDLORD:

By: _____
Name: _____
Title: _____

TENANT:

By: _____
Name: _____
Title: _____

AGENT:

KEYBANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

EEC-7

EXHIBIT A

Premises

(See Attached)

EEC-8

EXHIBIT B

Lease

(See Attached)

EEC-9

EXHIBIT C

Encumbrances

EEC-10

SCHEDULE 6.14.2(i) TO LOAN AGREEMENT

Borrowing Base Property

Trexlertown Plaza
Lake Raystown Shopping Center
Blue Mountain Commons
Carbondale Plaza

Fee or Leasehold Estate Interest

Fee Interest
Fee Interest
Fee Interest
Fee Interest

Rights of First Refusal

NONE

SCHEDULE 6.14.4(ii)

NONE

S-3

SCHEDULE 6.14.4(iii)

NONE

S-4

SCHEDULE 6.14.4(iv)

NONE

S-5

SCHEDULE 6.14.5

Ground Lessor(s)

None

**Affiliated with an
Affiliate of a Loan Party?**

S-6

SCHEDULE CF

CEDAR SHOPPING CENTERS, INC.
Projected Operating Budget
Funds From Operations (“FFO”) and Adjusted Funds From Operations (Cash Flow — “AFFO”)
Year Ending March 31, 2009
(unaudited)

	<u>Consolidated totals</u>
Revenues:	
Rent	\$ 142,053,000
Expense recoveries	33,163,000
Other	559,000
Total revenues	<u>175,775,000</u>
Expenses:	
Operating, maintenance and management	28,714,000
Real estate and other property-related taxes	18,907,000
General and administrative	8,766,000
Interest expense (including amortization of deferred financing costs)	47,334,000
Depreciation and amortization	46,772,000
Interest income and income from unconsolidated joint venture	(1,525,000)
Total expenses	<u>148,968,000</u>
Income before minority and limited partners’ interests	26,807,000
Minority interests	(2,159,000)
Limited partners’ interest	<u>(666,000)</u>
Net income	23,982,000
Preferred stock distribution requirements	<u>(7,877,000)</u>
Net income applicable to common shareholders	16,105,000
Add/deduct:	
Real estate depreciation and amortization	46,502,000
Limited partners’ interest	666,000
Minority interests	2,159,000
Minority interests’ share of FFO	(5,993,000)
Equity in income of unconsolidated joint venture	(891,000)
FFO from unconsolidated joint venture	1,264,000
FFO	<u>59,812,000</u>
Add/deduct:	
Pro rata share of straight-line rents	<u>(2,384,000)</u>

	Consolidated totals
Pro rata share of amortization of intangible lease liabilities	(13,166,000)
Pro rata share of cap-x @ \$0.55/sq.ft/year (excluding development/redevelopment properties)	(5,431,000)
Pro rata share of scheduled debt amortization payments	(6,766,000)
Non-real estate depreciation and amortization	<u>1,882,000</u>
AFFO (Cash Flow)	<u>\$ 33,947,000</u>

SCF-2

CEDAR SHOPPING CENTERS, INC.
SUBSIDIARIES OF THE REGISTRANT

Entity	Jurisdiction
Academy Plaza L.L.C 1	Delaware
Academy Plaza L.L.C. 2	Delaware
Cedar-Acquisition 1, LLC	Delaware
Cedar-Acquisition 10, LLC	Delaware
Cedar-Acquisition 3, LLC	Delaware
Cedar-Acquisition 4, LLC	Delaware
Cedar-Acquisition 5, LLC	Delaware
Cedar-Acquisition 6, LLC	Delaware
Cedar-Acquisition 7, LLC	Delaware
Cedar-Acquisition 8, LLC	Delaware
Cedar-Acquisition 9, LLC	Delaware
Cedar-Annie Land, LLC	Delaware
Cedar-Arlington Road LLC	Delaware
Cedar Aston Center GP, LLC	Delaware
Cedar-Aston Center, LP	Delaware
Cedar-Aston Center LP, LLC	Delaware
Cedar AYR Town Center GP, LLC	Delaware
Cedar-Ayr Town Center, LP	Delaware
Cedar-AYR Town Center LP, LLC	Delaware
Cedar-August Plaza LLC	Delaware
Cedar-Bailey Road LLC	Delaware
Cedar-Bergstrasse, LLC	Delaware
Cedar-Bloomsburg, LLC	Delaware
Cedar Brickyard, LLC	Delaware
Cedar-Bridgeport, LLC	Delaware
Cedar-Bristol, LLC	Delaware
Cedar-Brook Run, LLC	Delaware
Cedar-Buffalo Road LLC	Delaware
Cedar-Campbelltown, LLC	Delaware
Cedar-Camp Hill, LLC	Delaware
Cedar Camp Hill GP, LLC	Delaware
Cedar Carbondale, LLC	Delaware
Cedar-Carlisle, LLC	Delaware
Cedar-Carll's Corner, LLC	Delaware
Cedar Carmans, LLC	Delaware
Cedar-Carrollton LLC	Delaware
Cedar-Celina LLC	Delaware
Cedar Center Holdings L.L.C. 3	Delaware
Cedar-Centerville Plaza LLC	Delaware
Cedar-Chestnut Street LLC	Delaware
Cedar-Circle, LLC	Delaware
Cedar-Clock Tower, LLC	Delaware
Cedar-Clyde LLC	Delaware
Cedar-Columbus LLC	Delaware
Cedar-Cuyahoga, LLC	Delaware
Cedar-Davis Road LLC	Delaware
Cedar-Dover Plaza LLC	Delaware
Cedar Dubois, LLC	Delaware

Entity	Jurisdiction
Cedar-Dunmore LLC	Delaware
Cedar-Elmhurst, LLC	Delaware
Cedar-Enon, LLC	Delaware
Cedar-Fairfield Plaza LLC	Delaware
Cedar-Fairview Commons, LLC	Delaware
Cedar-Fieldstone SPE, LLC	Delaware
Cedar-Fieldstone Marketplace, LP	Delaware
Cedar-FL, LLC	Delaware
Cedar-Fort Washington LLC	Delaware
Cedar-Franklin Village 2 LLC	Delaware
Cedar-Franklin Village LLC	Delaware
Cedar-Fredericksburg UK, LLC	Delaware
Cedar-Gahanna, LLC	Delaware
Cedar-Gd LLC	Delaware
Cedar-Geneseo LLC	Delaware
Cedar-Glen Allen UK, LLC	Delaware
Cedar Golden Triangle LLC	Delaware
Cedar-Groton, LLC	Delaware
Cedar-Grove City, LLC	Delaware
Cedar Halifax III, LLC	Delaware
Cedar-Halifax II, LLC	Delaware
Cedar-Halifax Land, LLC	Delaware
Cedar Hamburg, LLC	Delaware
Cedar-Hamilton, LLC	Delaware
Cedar-Hd, LLC	Delaware
Cedar-Hilliard, LLC	Delaware
Cedar-Hudson Plaza LLC	Delaware
Cedar Huntingdon, LLC	Delaware
Cedar-Ironwood Cypress Hall, LLC	Delaware
Cedar-Jordan Lane, LLC	Delaware
Cedar Kenley Village, LLC	Delaware
Cedar-Kent LLC	Delaware
Cedar-Kinderhook 1, LLC	Delaware
Cedar-Kings, LLC	Delaware
Cedar-Kingston 2, LLC	Delaware
Cedar-Kingston 4, LLC	Delaware
Cedar-Kingston LLC	Delaware
Cedar Lake Raystown, LLC	Delaware
Cedar Lender LLC	Delaware
Cedar-LGN, LLC	Delaware
Cedar-LGN TIC, LLC	Delaware
Cedar-Liberty Marketplace LLC	Delaware
Cedar-Limerick, LLC	Delaware
Cedar-Lodi Plaza LLC	Delaware
Cedar-Long Reach, LLC	Delaware
Cedar-Mansfield Lexington LLC	Delaware
Cedar-Mason, LLC	Delaware
Cedar-Massillon LLC	Delaware
Cedar-McCormick Place LLC	Delaware
Cedar Meadows Marketplace GP, LLC	Delaware
Cedar Meadows Marketplace LP, LLC	Delaware
Cedar-Meadows Marketplace, LP	Delaware
Cedar-Mechanicsburg LLC	Delaware
Cedar-Medina LLC	Delaware
Cedar-Metro Square I, LLC	Delaware
Cedar-Metro Square II, LLC	Delaware

Entity	Jurisdiction
Cedar-Metro Square Loan, LLC	Delaware
Cedar-Mill River, LLC	Delaware
Cedar-Naugatuck, LLC	Delaware
Cedar-Newport Land, LLC	Delaware
Cedar-Norristown, LLC	Delaware
Cedar-Norwood, LLC	Delaware
Cedar-Oakhurst, LLC	Delaware
Cedar Oakland Mills, LLC	Delaware
Cedar-Oak Ridge, LLC	Delaware
Cedar-Ontario Plaza LLC	Delaware
Cedar-Oregon Pike, LLC	Delaware
Cedar-Oswego LLC	Delaware
Cedar-Palmyra, LLC	Delaware
Cedar Parkway Plaza GP, LLC	Delaware
Cedar-Parkway Plaza, LP	Delaware
Cedar Parkway Plaza LP, LLC	Delaware
Cedar-PC Annex, LLC	Delaware
Cedar-PC Plaza, LLC	Delaware
Cedar Pennsboro Commons GP, LLC	Delaware
Cedar Pennsboro Commons LP, LLC	Delaware
Cedar-Pennsboro Commons, LP	Delaware
Cedar Penn Square Tavern, LLC	Delaware
Cedar-Pickerington LLC	Delaware
Cedar-Point Limited Partner LLC	Delaware
Cedar-Polaris Plaza LLC	Delaware
Cedar-Portage Trail LLC	Delaware
Cedar-Pottsgrove, LLC	Delaware
Cedar-Powell Plaza LLC	Delaware
Cedar-Raynham, LLC	Delaware
Cedar-Revere LLC	Delaware
Cedar-Riverview LLC	Delaware
Cedar-Riverview LP	Pennsylvania
Cedar-RL LLC	Delaware
Cedar-Roosevelt II, LLC	Delaware
Cedar-Salem Run, LLC	Delaware
Cedar Scott Town Center GP, LLC	Delaware
Cedar-Scott Town Center, LP	Delaware
Cedar Scott Town Center LP, LLC	Delaware
Cedar-Second Member LLC	Delaware
Cedar-Shelby Plaza LLC	Delaware
Cedar Shopping Centers Partnership, L.P.	Delaware
Cedar-Shore, LLC	Delaware
Cedar-Smithfield II, LLC	Delaware
Cedar Southington Plaza, LLC	Delaware
Cedar-South Philadelphia II, LLC	Delaware
Cedar-South Philadelphia I, LLC	Delaware
Cedar Spring Meadow GP, LLC	Delaware
Cedar-Spring Meadow, LP	Delaware
Cedar Spring Meadow LP, LLC	Delaware
Cedar-Stadium Plaza LLC	Delaware
Cedar St. James, LLC	Delaware
Cedar-Stonehedge, LP	Delaware
Cedar Stonehedge Square GP, LLC	Delaware
Cedar Stonehedge Square LP, LLC	Delaware
Cedar Sunset Crossing LLC	Delaware
Cedar-Timpany, LLC	Delaware

Entity	Jurisdiction
Cedar Townfair, LLC	Delaware
Cedar Townfair Phase III, LLC	Delaware
Cedar-Trexler Hamilton, LLC	Delaware
Cedar-Trexler, LLC	Delaware
Cedar-Trexler Plaza 2, LLC	Delaware
Cedar-Trexler Plaza 3, LLC	Delaware
Cedar-Trexler SPE, LLC	Delaware
Cedar-Trindle Spring, LLC	Delaware
Cedar-VA Commons, LLC	Delaware
Cedar-Valley Plaza LLC	Delaware
Cedar-WAM EPHRATA, LLC	Delaware
Cedar-West Bridgewater, LLC	Delaware
Cedar-Westfield LLC	Delaware
Cedar-Westlake LLC	Delaware
Cedar-Wyoming LLC	Delaware
Cedar-Yorktowne, LLC	Delaware
Cedar-Zanesville LLC	Delaware
CIF-Fairport Associates, LLC	Delaware
CIF-Fairview Plaza Associates, LLC	Delaware
CIF Halifax Plaza Associates, LLC	Delaware
CIF Loyal Plaza Associates Corp.	Delaware
CIF-Loyal Plaza Associates, L.P.	Delaware
CIF-Newport Plaza Associates, LLC	Delaware
CIF-Pine Grove Pad Associates LLC	Delaware
CIF-Pine Grove Plaza Associates LLC	Delaware
Coliseum FF, LLC	Virginia
CSC-Columbus LLC	Delaware
CSC-Riverview LLC	Delaware
Delaware 1851 Associates, LP	Pennsylvania
East Little Creek KFC, LLC	Virginia
Fairport Associates, L.P.	Delaware
Fairview Plaza Associates, L.P.	Delaware
Fort Washington Fitness, L.P.	Delaware
Gold Star Plaza Associates	Pennsylvania
Gold Star Realty, Inc.	Pennsylvania
Greentree Road L.L.C. 1	Delaware
Greentree Road L.L.C. 2	Delaware
Halifax Plaza Associates, L.P.	Delaware
Inrevco Associates, LP	New Jersey
LGN Associates of New Jersey, L.P.	New Jersey
Loyal Plaza Associates, L.P.	Delaware
Newport Plaza Associates, L.P.	Delaware
Oakland Mills Business Trust	Maryland
Pine Grove Pad Associates, LLC	Delaware
Pine Grove Plaza Associates, LLC	Delaware
Port Richmond L.L.C. 1	Delaware
Port Richmond L.L.C. 2	Delaware
Shore Mall Associates, L.P.	New Jersey
Swede Square Associates, L.P.	Pennsylvania
Swede Square, LLC	Pennsylvania
The Point Associates, L.P.	Pennsylvania
The Point Shopping Center LLC	Delaware
Virginia General Booth LLC	Virginia
Virginia Kempsville LLC	Virginia
Virginia Little Creek LLC	Virginia
Virginia Smithfield LLC	Virginia

Entity

Virginia Suffolk LLC
Washington Center L.L.C. 1
Washington Center L.L.C. 2

Jurisdiction

Virginia
Delaware
Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (i) on Form S-3 No. 333-155411 of Cedar Shopping Centers, Inc. and in the related Prospectus, and (ii) on Form S-8 No. 333-118361 pertaining to the 1998 Stock Option Plan and the 2004 Stock Incentive Plan of Cedar Shopping Centers, Inc. of our reports dated March 16, 2009, with respect to the consolidated financial statements and schedule of Cedar Shopping Centers, Inc. and the effectiveness of internal control over financial reporting of Cedar Shopping Centers, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2008.

/s/ ERNST & YOUNG LLP

New York, New York
March 16, 2009

CERTIFICATION

I, Leo S. Ullman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cedar Shopping Centers, Inc. (the “Company” or “registrant”);
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
 5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
-

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2009

/s/ LEO S. ULLMAN

Leo S. Ullman

Chief Executive Officer

CERTIFICATION

I, Lawrence E. Kreider, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K of Cedar Shopping Centers, Inc. (the “Company” or “registrant”);
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
 5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
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(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2009

/s/ LAWRENCE E. KREIDER, JR.

Lawrence E. Kreider, Jr.
Chief Financial Officer

CERTIFICATION

I, Leo S. Ullman, Chief Executive Officer of Cedar Shopping Centers, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The Annual Report on Form 10-K of the Company for the period ended December 31, 2008 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 16th day of March 2009.

/s/ LEO S. ULLMAN

Leo S. Ullman
Chief Executive Officer

CERTIFICATION

I, Lawrence E. Kreider, Jr., Chief Financial Officer of Cedar Shopping Centers, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The Annual Report on Form 10-K of the Company for the period ended December 31, 2008 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 16th day of March 2009.

/s/LAWRENCE E. KREIDER, JR.

Lawrence E. Kreider, Jr.
Chief Financial Officer