Click here to Contents

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

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 0-14510

CEDAR SHOPPING CENTERS, INC.
(Exact name of registrant as specified in its charter)

Maryland	**42-1241468**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
44 South Bayles Avenue, Port Washington, NY	**11050**
(Address of principal executive offices)	**(Zip Code)**

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

Title of each class	**Name of each exchange on which registered**
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 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 if the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes ☒ No ☐

Based on the closing sales price on June 30, 2004 of $11.49 per share, the aggregate market value of the voting stock held by non-affiliates of the registrant was $181,338,000.

The number of shares outstanding of the registrant's Common Stock $.06 par value was 19,351,000 on February 28, 2005.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement relating to its 2005 annual meeting of shareholders are incorporated herein by reference.

TABLE OF CONTENTS

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 belief, expectations or intentions regarding future performance or future events or trends. While forward-looking statements reflect good faith beliefs, they are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements as a result of factors outside of the Company’s control. Certain factors that might cause such a difference 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 eastern United States in particular; the financial viability of the Company’s tenants; the continuing availability of shopping center acquisitions, and development and redevelopment opportunities, on favorable terms; the availability of equity and debt capital in the public and private markets; the fact that returns from development, redevelopment and acquisition activities may not be at expected levels; the Company’s potential inability to realize the level of proceeds from property sales as initially expected; inherent risks in ongoing redevelopment and development projects including, but not limited to, cost overruns resulting from weather delays, changes in the nature and scope of redevelopment and development efforts, 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 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 circumstances on which such information was based.

Back to Contents

Part I.

Item 1. Business

General

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 is now a fully-integrated, self-administered and self-managed real estate company, and focuses on the ownership, operation, development and redevelopment of community and neighborhood shopping centers located primarily in Pennsylvania, with additional properties in Connecticut, Maryland, Massachusetts and New Jersey. As of December 31, 2004, the Company owned 31 properties, aggregating approximately 4.9 million square feet of gross leasable area ("GLA").

Originally incorporated in Iowa in 1984, the Company's common stock was listed on the NASDAQ securities market shortly thereafter. In June 1998, following a tender offer for the purchase of the Company's shares by Cedar Bay Company ("CBC"), the Company was reorganized as a Maryland corporation and included in an "umbrella partnership" structure through the contribution of substantially all of its assets to a Delaware limited partnership, Cedar Shopping Centers Partnership, L.P. (the "Operating Partnership"). At the time of the tender offer, the Company owned four properties, which it had held since shortly after its incorporation. During the years 2000, 2001 and 2002, the Company sold those four properties and reinvested the net proceeds, together with newly-borrowed funds, in a portfolio of primarily supermarket-anchored shopping centers. This marked a change of focus away from the prior concentration in office and office/warehouse properties dispersed throughout the United States to retail properties, mostly supermarket-anchored shopping centers, all located in the Northeast, primarily in Pennsylvania.

In early 2003, the Company's management made a strategic decision to significantly expand the Company's capital base and its portfolio of shopping-center properties through a public offering of shares of its common stock. Also, at that time, it was determined that the Company would acquire (1) the companies that had previously provided the Company with advisory, management, and legal services, and (2) the ownership interests in the Operating Partnership and certain other remaining property partnership interests that were held by related parties.

The Company has elected to be taxed as a 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 significant 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), which will provide the best available cash flow, currently or in the future, taking into account an acceptable/modest risk profile, and present an opportunity for capital appreciation.

The Company, the Operating Partnership, their subsidiaries and affiliated partnerships are separate legal entities. For ease of reference, the terms "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 10050 (telephone 516-767-6492). 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 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. This information is also available by written request to Investor Relations at the executive office address set forth above.

Acquisitions in 2004

During 2004, the Company acquired eight shopping centers containing approximately 1.4 million sq. ft. of GLA for an aggregate purchase price of approximately $157.4 million. In addition, the Company acquired approximately 55 acres of land for development and/or future expansion for an aggregate purchase price of approximately $3.6 million. Information relating to the acquired shopping center properties is summarized as follows:

On March 5, 2004, the Company acquired The Commons in DuBois, PA. This community shopping center contains approximately 175,000 sq. ft. of GLA; it was built in 1999 and expanded in 2003. Tenants include a 53,000 sq. ft. Shop `n Save supermarket and a 55,000 sq. ft. Elder Beerman department store. The property also has a 117,000 sq. ft. Lowe's home improvement center as a "shadow" (i.e., non-owned) anchor. The purchase price for the property was approximately $17.7 million, including closing costs.

On March 17, 2004, the Company acquired the Townfair Center in Indiana, PA. This community shopping center contains approximately 204,000 sq. ft. of GLA; it was built in 1997 and expanded in 2001-2003. The property also includes five acres of unencumbered land available for further expansion. Tenants include a 95,000 sq. ft. Lowe's home improvement center, a 50,000 sq. ft. Shop `n Save supermarket and an 18,000 sq. ft. Michael's craft store. The purchase price for the property was approximately $16.5 million, including closing costs and the assumption of a 6.96% first mortgage loan with a balance of approximately $10.0 million. The mortgage loan is amortized over a thirty year schedule with the balance due in March 2008.

On April 1, 2004, the Company acquired Carbondale Plaza in Carbondale, PA. This community shopping center contains approximately 130,000 sq. ft. of GLA; it was built in 1972 and portions of the property were renovated in 1999. Tenants include a 53,000 sq. ft. Weis supermarket and a 10,000 sq. ft. CVS drug store. Acquired as a redevelopment property, the center also contains a vacant 50,000 sq. ft. former Ames department store, which the Company intends to rebuild and re-lease (in January 2005, the Company concluded leases with Peebles and Dollar Tree for approximately 30,000 sq. ft. of such space). The purchase price for the property was approximately $4.4 million, including closing costs and the issuance of approximately 15,000 OP Units valued at $210,000.

On June 18, 2004, the Company acquired Lake Raystown Plaza and Huntingdon Plaza, two adjacent properties in Huntingdon, PA. These community shopping centers contain approximately 235,000 sq. ft. of GLA, plus an additional 26 acres of unencumbered land available for further expansion. Lake Raystown was built in 1995 – 1996; Huntingdon Plaza was built in 1970 and expanded in 1993. Tenants include a 39,000 sq. ft. Giant Foods Stores, Inc. supermarket ("Giant Foods"), a 22,000 sq. ft. Peebles department store, and a 10,000 sq. ft. Rite Aid drug store. The combined purchase price for the properties and the vacant land was approximately $13.0 million, including closing costs.

On June 25, 2004, the Company acquired two adjacent community shopping center properties in Hamburg, PA containing approximately 98,000 sq. ft. of GLA; the properties were built in 1988 and expanded in 1993. Acquired as redevelopment properties, the centers contain a vacant 55,000 sq. ft. former Ames department store and a 29,000 sq. ft. Food Lion supermarket vacated after the closing pursuant to an agreement between the tenant and the Company; the Company intends to rebuild and re-lease both of these store premises (in January 2005, the Company concluded a lease with Redner's Markets, Inc. for approximately 57,000 sq. ft. of such space). The purchase price for the properties was approximately $5.8 million, including closing costs.

On November 1, 2004, the Company acquired Franklin Village Plaza in Franklin, MA. This community shopping center contains approximately 253,000 sq. ft. of GLA, with an adjacent office building containing approximately 36,000 sq. ft.; it was built in 1987 and expanded in 1989. A 55,000 sq. ft. (presently expanding to 75,000 sq. ft.) Stop & Shop and a 27,000 sq. ft. Marshalls are the principal anchor tenants. The purchase price for the property was approximately $72.6 million, including closing costs. The acquisition was funded by a $43.5 million, seven-year, 4.81% interest-only first mortgage, with the balance provided from the Company's secured revolving credit facility.

On December 27, 2004, the Company acquired The Brickyard shopping center, in Berlin CT. This community shopping center contains approximately 275,000 sq. ft. of GLA; it was built in 1989 - 1990. A 110,000 sq. ft. Sam's Club and a 103,000 sq. ft. Home Depot are the principal anchor tenants. The purchase price for the property was approximately $28.2 million, including closing costs.

Option

The Company has an option to acquire the Shore Mall in Egg Harbor Township, NJ, a 620,000 sq. ft. shopping center. The option, which is subject to a right of first refusal of a former owner, expires in 2013, and provides that the purchase price be the appraised value at the time the option is exercised. The option also provides the Company with a right of first refusal if the owner receives a bona fide third-party offer. Following the 2003 public offering, the Company has been providing property management, leasing, construction management and legal services to the property, and expects to continue to provide these services, and to receive fees at standard rates, until the property is acquired, sold or otherwise disposed of by the existing owners. An affiliate of CBC owns 92% of this property and Mr. Ullman, the Company's Chief Executive Officer, owns 8%.

Competition

The Company believes that competition for the acquisition and operation of retail shopping centers is highly fragmented. It faces competition from institutional investors, public and private REITs, and 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. The actual competition for tenants varies depending upon the characteristics of each local market in which it owns and manages property. The Company believes that the principal competitive factors in attracting tenants in its market areas are location, price and other terms, the presence of anchor tenants, the mix and quality of tenants, and maintenance 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 such property, and may be held liable to a governmental entity or to third parties for property damage, and for investigation and clean up costs incurred by such parties in connection with 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 substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In connection with the ownership, operation and management of real properties, the Company is potentially liable for removal or remediation costs, as well as certain other related costs and liabilities, including governmental fines and injuries to persons and property.

The Company believes that environmental studies made with respect to substantially all of its properties have not revealed environmental liabilities that would have a material adverse affect on its business, results of operations and 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 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, 2004, the Company had 45 employees (41 full time and 4 part time). The Company believes that its relations with its employees are good.

The Company's Properties

The following table sets forth information relating to the Company's properties as of December 31, 2004:

							Major tenants [>=20,000 SF of GLA]		
Property description	**Year acquired**	**Percent owned (2)**	**GLA**	**Net book value**	**Mortgage loan payable balance**	**Percent occupied**	**Tenant name**	**SF**	**Lease expiration**
STABILIZED PROPERTIES (1):									
The Point	2000	100%	255,000	$ 22,558,000	$ 19,264,000	100%	Giant Foods	55,000	07/31/2021
Harrisburg, PA							Burlington Coat Factory	76,665	01/31/2011
							Staples	24,000	08/31/2013
							A.C. Moore	20,000	07/31/2008
Academy Plaza	2001	100%	153,000	12,115,000	10,278,000	100%	Acme Markets	50,918	09/31/2018
Philadelphia, PA							Raising Horizons School	20,092	08/31/2005
Port Richmond Village	2001	100%	155,000	14,056,000	11,135,000	100%	Thriftway	40,000	10/31/2008
Philadelphia, PA							Pep Boys	20,615	01/31/2009
Washington Center Shoppes	2001	100%	153,000	9,293,000	5,749,000	99%	Acme Markets	66,046	12/02/2020
Washington Township, NJ							Powerhouse Gym	20,742	12/31/2012
Red Lion	2002	20%	224,000	18,995,000	16,459,000	87%	Best Buy Stores	46,000	01/31/2014
Philadelphia, PA							Sports Authority	43,825	08/15/2005
							Staples	23,942	07/31/2015
Loyal Plaza	2002	25%	294,000	19,595,000	13,532,000	100%	K-Mart	102,558	08/31/2006
Williamsport, PA							Giant Foods	66,935	10/31/2019
							Staples	20,661	11/30/2014
LA Fitness Facility	2002	50%	41,000	5,930,000	4,955,000	100%	LA Fitness	41,000	12/31/2018
Fort Washington, PA									
Fairview Plaza	2003	30%	70,000	8,871,000	5,941,000	97%	Giant Foods	59,237	02/28/2017
New Cumberland, PA									
Halifax Plaza	2003	30%	54,000	5,571,000	4,100,000	100%	Giant Foods	32,000	10/11/2019
Halifax, PA									

Back to Contents

Property description	Year acquired	Percent owned (2)	GLA	Net book value	Mortgage loan payable balance	Percent occupied	Major tenants [>=20,000 SF of GLA] Tenant name	SF	Lease expiration
Newport Plaza	2003	30%	67,000	6,475,000	5,237,000	100%	Giant Foods	43,400	05/31/2021
Newport, PA									
Pine Grove Plaza	2003	100%	79,000	7,829,000	5,738,000	97%	Peebles	24,963	01/31/2022
Pemberton Township, NJ									
Swede Square	2003	100%	99,000	9,307,000	(3)	88%	LA Fitness	37,200	06/30/2016
East Norriton, PA									
Valley Plaza	2003	100%	191,000	9,483,000	(3)	100%	K-Mart	95,810	09/30/2009
Hagerstown, MD							Ollie's	41,888	03/31/2011
							Tractor Supply	32,095	05/31/2010
Wal-Mart Center	2003	100%	156,000	11,449,000		95%	Wal-Mart	95,482	01/31/2020
Southington, CT							Namco	20,000	01/31/2011
South Philadelphia	2003	100%	283,000	43,602,000	(3)	97%	Shop Rite	54,388	09/30/2018
Philadelphia, PA							Bally's Total Fitness	31,000	05/31/2017
							Ross Stores	31,349	01/31/2013
							National Wholesale Liquidators	26,000	01/31/2016
							Modell's	20,000	01/31/2018
							Strauss Discount Auto	20,000	11/30/2013
River View Plaza I, II and III	2003	100%	244,000	48,657,000	(3)	95%	United Artists	77,700	12/31/2018
Philadelphia, PA							DA Lease Co.	25,000	01/31/2005
							Pep Boys	22,000	09/30/2014
Columbus Crossing	2003	100%	142,000	23,109,000	(3)	100%	Super Fresh Supermarket	61,506	09/30/2020
Philadelphia, PA							Old Navy	25,000	09/30/2008
							A.C. Moore	22,000	09/30/2011
Sunset Crossing	2003	100%	74,000	10,849,000	(3)	96%	Giant Foods	54,332	06/30/2022
Dickson City, PA									
The Commons	2004	100%	175,000	16,671,000	(3)	98%	Elder-Beerman Stores	54,500	01/31/2017
DuBois, PA							Shop 'n Save	52,654	10/07/2015
Townfair Center	2004	100%	204,000	16,796,000	10,167,000	97%	Lowe's Home Centers	95,173	12/31/2015
White Township, PA							Shop 'n Save	50,000	02/08/2012
Lake Raystown Plaza	2004	100%	84,000	8,073,000	(3)	100%	Giant Foods	39,244	07/31/2015
Huntingdon, PA									
Franklin Village Plaza	2004	100%	304,000 (4)	71,606,000	43,500,000	96%	Stop & Shop (4)	75,000	10/31/2025
Franklin, MA							Marshalls	26,890	01/31/2009
The Brickyard	2004	100%	275,000	34,697,000	(3)	98%	Sam's Club	109,755	01/31/2010
Berlin, CT							The Home Depot	103,003	01/31/2010
							Syms	38,000	03/31/2010
Sub-total Stabilized Properties			3,776,000	435,587,000	156,055,000	97%			

Back to Contents

Property description	Year acquired	Percent owned (2)	GLA	Net book value	Mortgage loan payable balance	Percent occupied	Major tenants [>=20,000 SF of GLA] Name	SF	Lease expiration
DEVELOPMENT/REDEVELOPMENT PROPERTIES:									
Camp Hill Mall	2002	100%	449,000	32,257,000	14,000,000(5)	67%	Boscov's	167,597	09/30/2010
Camp Hill, PA							Giant Foods	42,070	01/31/2011
							Barnes & Noble	24,908	01/31/2011
Golden Triangle	2003	100%	192,000	13,391,000	9,987,000	86%	Marshalls	30,000	05/31/2010
Lancaster, PA							Staples	24,060	05/31/2012
							B&G Inc.	22,000	04/30/2009
Carbondale Plaza	2004	100%	130,000	8,758,000	—	61%	Weis Markets	52,720	02/29/2016
Carbondale, PA									
Huntingdon Plaza	2004	100%	151,000	5,003,000	(3)	50%	Peebles	22,060	01/31/2018
Huntingdon, PA									
Hamburg Commons	2004	100%	98,000	5,872,000	—	14%			
Hamburg, PA									
Meadows Marketplace	2004	100%	91,000 (6)	1,977,000	—	—	Giant Foods (6)	65,000	09/30/2025
South Hanover Township, PA									
Sub-total Development/Redevelopment Properties			1,111,000	67,258,000	23,987,000	57%			
LAND ASSETS:									
Washington Center Shoppes parcel	2001	100%	N/A	250,000	—	N/A			
Washington Township, NJ									
Pine Grove Plaza parcel	2003	100%	N/A	388,000	388,000	N/A			
Pemberton Township, NJ									
Lake Raystown Plaza parcel	2004	100%	N/A	770,000	—	N/A			
Huntingdon, PA									
Halifax Plaza parcel	2004	100%	N/A	1,072,000	—	N/A			
Halifax, PA									
Sub-total Land Assets			—	2,480,000	388,000	—			
TOTAL PORTFOLIO			4,887,000	$ 505,325,000	$ 180,430,000	88%			

(1) "Stabilized properties" are those properties, with no development/redevelopment activities, having an occupancy rate of at least 80%.

(2) Other than the partnerships owning the Red Lion and the LA Fitness Facility properties, the terms of the several joint venture agreements provide, among other things, that the minority interest partners receive certain preferential returns on their investments prior to any distributions to the Company.

(3) Properties pledged as collateral under the Company's secured revolving credit facility, including Valley Plaza which is being added to the collateral pool. The total net book value of all such properties was $209,451,000 at December 31, 2004; the total amounts outstanding under the secured revolving credit facility at that date was $68,200,000.

(4) Stop & Shop is presently constructing an addition to its existing 55,000 sq. ft. store which will increase the size to 75,000 sq. ft. Upon completion, which is estimated to be November 1, 2005, the extended lease term will run for 20 years from that date. The total GLA for the shopping center includes approximately 15,000 sq. ft. which will result from the Stop & Shop expansion.

(5) In February 2005, the Company received a commitment for an aggregate of $49 million in construction financing, which provides for the repayment of the $14 million in original acquisition financing, as well as funding for substantially all the projected redevelopment costs at the property. The facility will bear interest at 185 bps over LIBOR and mature in three years.

(6) Giant Foods has signed a 20-year lease for a 65,000 sq. ft. store at Meadows Marketplace. Development activities have commenced, are expected to cost approximately $10 million (including the cost of the land), and are projected to be completed in September 2005. At present, it is anticipated that this property will contain a total of approximately 91,000 sq. ft. of GLA.

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 vacancies and to assure the presence of strong tenants who 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 the overall tenant mix.

Leases to anchor tenants generally provide lower minimum rents per square foot than smaller store leases. The Company believes that minimum rental rates for most anchor tenant leases entered into several years ago are at or below current market rates, while recent anchor tenant leases and most non-anchor leases provide for minimum rental rates that more closely reflect current market conditions.

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

Risk Factors

General

The Company's performance and value are subject to risks associated with real estate assets and with the real estate industry, including risks related to adverse changes in national, regional and local economic and market conditions. The Company's ability to make expected distributions to its shareholders depends on its 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 the Company's control may decrease cash available for distribution and the value of its properties. These events include, but may not be limited to, the following:

1. local oversupply, increased competition or declining demand for real estate;
2. inability to collect rent from tenants;
3. vacancies or an inability to rent space on favorable terms;
4. inability to finance property development, tenant improvements and acquisitions on favorable terms;
5. increased operating costs, including real estate taxes, insurance premiums and utilities;
6. costs of complying with changes in governmental regulations;
7. the relative illiquidity of real estate investments;
8. changing submarket demographics; and
9. changing traffic patterns.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which would adversely affect the Company's financial condition, results of operations, cash flow, per share trading price of its common stock, and the ability to satisfy its debt service obligations and to make distributions to its shareholders.

Future Growth and Maintenance of Profitable Operations

The Company has recently experienced and expects to continue to experience rapid growth. All of the Company's properties have been acquired since 2000, and the acquisition of any additional properties would generate additional operating expenses that the Company would be required to pay. As the Company acquires additional properties, it will be subject to risks associated with managing new properties, including tenant

retention and mortgage default. There can be no assurance that the Company will be able to adapt its management, administrative, accounting and operational systems, or hire and retain sufficient operational staff, to integrate these properties into its portfolio without operating disruptions or unanticipated costs. Any failure by the Company to successfully integrate any future acquisitions into its portfolio could have a material adverse effect on its business and operations.

The Company had net income of $7,860,000 in 2004, and net losses of $147,000, $468,000 and $21,275,000 for the years ended December 31, 2001, 2002 and 2003, respectively. In 2003, approximately $20.8 million of these losses were one-time transaction costs associated with the 2003 public offering. If the Company is unable to maintain profitability, the market price of its common stock could decrease, and its business and operations could be negatively impacted.

The Company's properties will be subject to increases in real estate and other tax rates, utility costs, insurance costs, repairs, maintenance and other operating expenses, and administrative expenses. Rising operating expenses could reduce the Company's cash flow and funds available for future distributions. The Company's properties and any properties it acquires in the future are and will be subject to operating risks common to real estate in general, any or all of which may have a negative affect. If any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, then the Company could be required to expend funds to stabilize that property's operating expenses.

Retention of Key Personnel

The Company's success depends on the efforts of key personnel, particularly Leo S. Ullman, chairman, president, and chief executive officer, whose continued service is not guaranteed. The loss of services of key personnel could materially and adversely affect the Company's operations because of diminished relationships with lenders, sources of equity capital, and existing and prospective tenants.

Development/Redevelopment Activities

Development/redevelopment activities may be delayed or otherwise may not achieve expected results. The Company is in the process of developing one property (Meadows Marketplace), redeveloping several of its other properties (Camp Hill Mall, Golden Triangle, Carbondale Plaza, Huntingdon Plaza and Hamburg Commons), and expects to continue such activities in the future. In this connection, the Company will bear certain risks, including the risks of construction delays or cost overruns 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 the Company to pay operating expenses or earn the targeted rate of return on investment, and the risk of incurrence of predevelopment costs in connection with projects that are not pursued to completion. In addition, consents may be required from various tenants, lenders, and/or joint venture partners. In case of an unsuccessful project, the Company's loss could exceed its investment in the project.

Acquisitions

Integral to the Company's business strategy is its ability to expand through acquisitions, which requires it to identify suitable acquisition candidates or investment opportunities that meet its criteria and are compatible with its growth strategy. The Company analyzes potential acquisitions on a property-by-property and market-by-market basis. It may not be successful in identifying suitable real estate properties or other assets that meet its acquisition criteria, or in consummating acquisitions or investments on satisfactory terms. Failure to identify or consummate acquisitions could reduce the number of acquisitions the Company completes and slow its growth, which could in turn harm its stock price.

The Company competes with many other entities engaged in real estate investment activities for acquisitions of retail properties, including institutional investors, REITs, and other owner-operators of shopping centers. These competitors may drive up the price the Company must pay for real estate properties, or may succeed in acquiring those properties themselves. In addition, the Company's potential acquisition targets may find such competitors to be more attractive suitors for a number of reasons, such as, for example, they may have greater resources, may be willing to pay more, or may have a more compatible operating philosophy. Further, the number of entities and the amount of funds competing for suitable investment properties may increase. This would result in increased demand for these assets and therefore increased prices paid for them. If the Company pays higher prices for properties, its profitability could be reduced.

Dependence on Rental Income

Substantially all of the Company's revenues are derived from rental income from its properties. The Company's tenants may experience a downturn in their business 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 payments when due, or tenant bankruptcies could result in the termination of the tenant's lease, and material losses to the Company and its operating results. In addition, adverse market conditions and competition may impede the Company's ability to renew leases or re-let space as leases expire, which could harm its business and operating results.

The Company's business may be seriously harmed if any anchor tenant fails to renew its lease or vacates a property and prevents the Company from re-leasing that property by continuing to pay base rent for the balance of the term. In addition to the loss of rental payments from the anchor tenant, a lease termination by an anchor tenant or a failure by that anchor tenant to occupy the premises could result in lease terminations or reductions in rent by other tenants in the same shopping center whose leases permit cancellation or rent reduction under these circumstances.

The Company may be restricted from re-leasing space based on existing exclusivity lease provisions with some of its 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 that merchandise or provide those services. When re-leasing space after a vacancy by one of these other tenants, these 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.

The Company also faces competition from similar retail centers within its respective trade areas that may affect its ability to renew leases or re-let space as leases expire. In addition, any new competitive properties that are developed within the trade areas of the Company's existing properties may result in increased competition for customer traffic and creditworthy tenants. Increased competition for tenants may require the Company to make capital improvements to properties that it would not have otherwise planned to make. Any unbudgeted capital improvements the Company undertakes may reduce cash that would otherwise be available for distributions to shareholders. Ultimately, to the extent the Company is unable to renew leases or re-let space as leases expire, it would result in decreased cash flow from tenants and harm operating results.

At December 31, 2004, eight of the Company's properties had a Giant Foods supermarket as an anchor tenant, and one property had a Stop & Shop supermarket as an anchor tenant. For the year ended December 31, 2004, the combination of Giant Foods and Stop & Shop represented approximately 10% of the Company's total revenues. Ahold N.V., a Netherlands corporation and the ultimate parent company of Giant Foods and Stop & Shop, generally guarantees the Giant Food leases.

Any bankruptcy filings by or relating to one of the Company's tenants or a lease guarantor would generally bar efforts by the Company to collect pre-bankruptcy debts from that tenant, or lease guarantor, unless the Company receives an order permitting it 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 these 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, the Company 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 the Company would recover substantially less than the full value of any unsecured claims it holds, which may in turn harm its financial condition.

Joint Ventures

The Company owns some of its properties through joint ventures and in the future it may co-invest with third parties through joint ventures. The Company 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 become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with the Company's business interests or goals, and may be in a position to take actions contrary to the Company's policies or objectives. Such investments also may have the potential risk of impasses on decisions, such as a sale, because neither the Company nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between the Company and joint venture partners may result in litigation or arbitration that would increase the Company's expenses and prevent its officers and/or directors from focusing their time and effort on Company 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, the Company may in certain circumstances be liable for the actions of its third-party joint venture partners. Further, the terms of certain of its joint venture partnership agreements provide for minimum priority cumulative returns to the joint venture partners. To the extent that these specified minimum returns are not achieved, the Company's equity interest in these partnerships may be negatively affected.

Borrowings/Debt

At December 31, 2004, the Company had approximately $248.6 million of outstanding debt, of which its share was approximately $212.1 million. Approximately $87.2 million of this outstanding debt bore interest at a variable rate, of which the Company's share was approximately $84.7 million. During 2004, the Company's LIBOR base for its variable rate debt increased from 1.14% at December 31, 2003 to 2.42% at December 31, 2004. Increases in interest rates may impede the Company's operating performance and put it at a competitive disadvantage. Required repayments of debt and related interest can adversely affect the Company's operating performance.

The Company intends to incur additional debt in connection with future acquisitions of real estate. The Company also may borrow funds to make distributions to shareholders. The Company's debt may harm its business and operating results by (1) requiring it to use a substantial portion of its funds from operations to pay interest, which reduces the amount available for distributions, (2) placing it at a competitive disadvantage compared to competitors that have less debt, (3) making it more vulnerable to economic and industry downturns and reducing its flexibility in responding to changing business and economic conditions, and (4) limiting its ability to borrow more money for operations, capital expenditures, or to finance acquisitions in the future.

In addition to these risks and those normally associated with debt financing, including the risk that the Company's cash flow will be insufficient to meet required payments of principal and interest, the Company is also subject to the risk that it will not be able to refinance existing indebtedness on its properties (which, in most cases, will not have been fully amortized at maturity), or that the terms of any refinancing it could obtain would not be as favorable as the terms of its existing indebtedness. If the Company is not successful in refinancing this debt when it becomes due, it may be forced to dispose of properties on disadvantageous terms, which might adversely affect its ability to service other debt and to meet its other obligations.

The financial covenants in the Company's loan agreements may restrict its operating or acquisition activities, which may harm its financial condition and operating results. The mortgages on the Company's properties contain customary negative covenants, such as those that limit its ability, without the prior consent of the lender, to further mortgage the applicable property, to enter into leases, or to discontinue insurance coverage. The Company's ability to borrow under its secured revolving credit facility is subject to compliance with these financial and other covenants, including restrictions on property eligible for collateral, and overall restrictions on the amount of indebtedness the Company can incur. If the Company breaches covenants in its debt agreements, the lender can declare a default and require the Company to repay the debt immediately and, if the debt is secured, can take possession of the property securing the loan.

Insurance

Potential losses may not be covered by insurance. The Company carries comprehensive liability, fire, flood, extended coverage and rental loss insurance under a blanket policy covering all of its properties. The Company believes the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. The Company does not carry insurance for generally uninsured losses such as loss 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 terrorism, 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 the Company receives casualty proceeds, it may not be able to reinvest such proceeds profitably or at all, and it may be forced to recognize taxable gain on the affected property. If the Company experiences losses that are uninsured or that exceeds policy limits, it 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, the Company would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

Economic Conditions

The Company's properties consist primarily of neighborhood and community shopping centers, and its performance therefore is linked to economic conditions in the market for retail space generally. The market for retail space has been and could be adversely affected by weakness in the national, regional and local economies, the adverse financial condition of some large retailing companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets, and increasing consumer purchases through catalogues or the Internet. To the extent that any of these conditions occur, they are likely to impact market rents for retail space.

The Company's properties are located in the Northeast, primarily in eastern Pennsylvania, which exposes it to greater economic risks than if it owned properties in several geographic regions. Any adverse economic or real estate developments in the Northeast resulting from the region's regulatory environment, business climate, fiscal problems or weather, could have an adverse impact on the Company's prospects. In addition, the economic condition of each of the Company's 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 the Company's performance in the affected market.

Economic and market conditions also may impact the ability of the Company's tenants to make payments required by their leases. If the Company's properties do not generate sufficient income to meet operating expenses, including future debt service, income and results of operations would be significantly harmed.

Failure to Qualify as a REIT

If the Company does not qualify as a REIT, its distributions will not be deductible by it, and its income will be subject to taxation, reducing earnings available for distribution. The Company has 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.

The Company intends 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 the Company to sell assets or borrow funds on a short-term or long-term basis 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 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 requirement to distribute a substantial portion of net taxable income could cause the Company to (1) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt, (2) borrow on unfavorable terms, or (3) sell assets in adverse market conditions. If the Company fails to obtain debt or equity capital in the future, it could limit its ability to grow, which could have a material adverse effect on the value of its common stock.

Dividends payable by REITs do not qualify for the reduced tax rates under recently enacted tax legislation which reduces 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 who are individuals to perceive investments in REITs to be relatively less attractive investments than in the stock of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs.

Federal, State and Local Regulations

The Company could incur significant costs related to 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 such property and may be held liable to a governmental entity or to third parties for property damage, and for investigation and clean up costs incurred by such parties in connection with 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 substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In connection with the ownership, operation and management of real properties, the Company is potentially liable for removal or remediation costs, as well as certain other related costs and liabilities, including governmental fines and injuries to persons and property.

The Company 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.

Although the Company believes that its properties are currently in material compliance with present requirements of the ADA and other regulations, it has not conducted an audit or investigation of all its properties to determine compliance. If one or more of the Company's properties were not in compliance with such federal, state and local laws, the Company could be required to incur additional costs to bring the property into compliance. If the Company incurs substantial costs to comply with such requirements, its business and operations could be adversely affected. If the Company fails to comply with such requirements, it might incur governmental fines or private damage awards. In addition, the Company does not know whether existing requirements will change or whether future requirements will require it to make significant unanticipated expenditures that will adversely impact its business and operations.

Restrictions on Change of Control

The Company's charter and Maryland law contain provisions that may delay, defer or prevent a change of control transaction and depress the price of its 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 the Company's common stock. The 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 the Company's status as a REIT. These restrictions on transferability and ownership will not apply if the Company's board of directors determines that it is no longer in the Company's 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 the Company's common stock or otherwise be in the best interests of shareholders.

The Company may authorize and issue stock and OP Units without shareholder approval. The Company's 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. Although the board of directors has no such intention at the present time, it could establish a series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for the Company's common stock or otherwise be in the best interests of shareholders.

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 the Company or of impeding a change of control under circumstances that otherwise could provide the holders of shares of the Company's 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 the Company and an "interested stockholder" (defined generally as any person or an affiliate thereof who beneficially owns 10% or more of the voting power of the Company's 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 the Company's "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 the Company's 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.

The Company has 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 the Company may, by amendment to its bylaws, opt in to the control share provisions of the MGCL.

Terrorism

Future terrorist attacks in the U.S., 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 the Company's properties. Terrorist attacks could directly impact the value of the Company's properties through damage, destruction, loss or increased security costs, and the availability of insurance for such acts may be limited or may cost more. To the extent that the Company's tenants are impacted by future attacks, their ability to continue to honor obligations under their existing leases could be adversely affected.

Back to Contents

Item 2. Properties

The Company's properties at December 31, 2004 are described under Item 1, in the notes to consolidated financial statements, and in Schedule III, contained elsewhere in this report. The following tables set forth lease expiration and tenant concentration data with respect to the Company's property portfolio as of December 31, 2004:

Year of lease expiration	Number of leases expiring	Sq ft of leases expiring	Annualized expiring base rents	Annualized expiring base rents per sq ft	Percentage of annualized expiring base rents
M-T-M	7	16,000	$ 222,000	$ 13.54	0.49%
2005	59	261,000	3,835,000	14.69	8.39%
2006	72	338,000	4,052,000	11.99	8.87%
2007	69	257,000	3,501,000	13.64	7.66%
2008	60	315,000	4,501,000	14.28	9.85%
2009	65	365,000	3,457,000	9.47	7.57%
2010	20	548,000	3,969,000	7.24	8.69%
2011	20	307,000	2,616,000	8.52	5.73%
2012	22	206,000	2,166,000	10.50	4.74%
2013	15	124,000	1,439,000	11.58	3.15%
2014	19	150,000	1,964,000	13.06	4.30%
Thereafter	39	1,420,000	13,965,000	9.85	30.57%
	467	4,307,000	45,687,000	10.61	100.00%
Vacant (a)	N/A	580,000	N/A	N/A	N/A
Total portfolio	467	4,887,000	$ 45,687,000	$ 9.35	N/A

(a) Includes locations presently undergoing development and/or redevelopment activities.

Back to Contents

Tenant	Number of stores	Total sq ft of GLA	Percentage of total sq ft of GLA	Annualized base rent	Annualized base rent per sq ft	Percentage annualized base rents
Top ten tenants:						
Giant Foods/Stop & Shop	9	467,000	9.6%	$ 4,978,000	$ 10.65	10.9%
LA Fitness	3	123,000	2.5%	1,743,000	14.17	3.8%
Staples	5	111,000	2.3%	1,420,000	12.83	3.1%
United Artists Theatre Group	1	78,000	1.6%	1,329,000	17.10	2.9%
Wal-Mart/Sam's Club	2	205,000	4.2%	1,256,000	6.12	2.7%
Shop 'n Save	2	103,000	2.1%	854,000	8.32	1.9%
Boscov's	1	168,000	3.4%	742,000	4.43	1.6%
The Home Depot	1	103,000	2.1%	670,000	6.50	1.5%
Super Fresh Super Markets	1	62,000	1.3%	650,000	10.57	1.4%
Best Buy	1	46,000	0.9%	619,000	13.46	1.4%
Sub-total top ten tenants	26	1,466,000	30.0%	14,261,000	9.74	31.2%
Remaining tenants	441	2,841,000	58.1%	31,426,000	11.06	68.8%
Sub-total all tenants	467	4,307,000	88.1%	45,687,000	10.61	100.0%
Vacant (a)	N/A	580,000	11.9%	N/A	N/A	N/A
Total (including vacant)	467	4,887,000	100.0%	$ 45,687,000	$ 9.35	N/A

(a) Includes locations presently undergoing development and/or redevelopment activities.

Two of the Company's properties either contributed more than 10% of total revenues during 2004 or had a net book value equal to more than 10% of total assets at December 31, 2004. No tenants lease more than 10% of GLA. The following tables show certain information for the two properties during the prior three years, or for the period of the Company's ownership:

Property	Year	Occupany rate at year end	Annualized base rent per leased sq ft
Franklin Village Plaza	2004	96%	$ 17.93
River View Plaza I, II and III	2004	95%	$ 18.43
	2003	95%	$ 17.98

The following tables show annual lease expiration data as of December 31, 2004 for each of the above properties (assuming that none of the tenants exercise extension options where available). Annualized expiring base rents represent the contractual rents for the expiring leases:

Franklin Village Plaza

Year of lease expiration	Number of leases expiring	Sq ft of leases expiring	Annualized expiring base rents	Annualized expiring base rents per sq ft	Percentage of annualized expiring base rents
M-T-M	1	841	$ 20,154	$ 23.96	0.38%
2005	16	59,687	1,119,514	18.76	21.33%
2006	13	34,973	793,730	22.70	15.12%
2007	8	17,633	406,123	23.03	7.74%
2008	9	32,923	756,381	22.97	14.41%
2009	9	44,821	625,918	13.96	11.92%
2010	2	12,005	252,834	21.06	4.82%
2011	3	8,408	181,953	21.64	3.47%
2012	1	2,550	64,927	25.46	1.24%
2013	1	3,908	78,160	20.00	1.49%
Thereafter	1	75,000	950,000	12.67	18.10%
Total	64	292,749	$ 5,249,694	$ 17.93	100.00%

River View Plaza I, II and III

Year of lease expiration	Number of leases expiring	Sq ft of leases expiring	Annualized expiring base rents	Annualized expiring base rents per sq ft	Percentage of annualized expiring base rents
M-T-M	1	4,000	$ 70,032	$ 17.51	1.64%
2005	6	46,397	888,699	19.15	20.79%
2006	2	29,000	678,467	23.40	15.87%
2007	1	8,669	213,552	24.63	5.00%
2008	6	28,727	586,733	20.42	13.73%
2009	2	2,800	80,750	28.84	1.89%
2010	1	10,279	140,000	13.62	3.28%
2014	2	24,400	287,320	11.78	6.72%
Thereafter	1	77,700	1,328,950	17.10	31.09%
Total	22	231,972	$ 4,274,503	$ 18.43	100.00%

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 five to forty years. At December 31, 2004, the federal income tax bases for the above properties were approximately $72.3 million for Franklin Village Plaza and $49.3 million for River View Plaza I, II and III.

At December 31, 2004, the real estate tax rates (per $100 of assessed valuation) for the above properties were approximately $1.10 for Franklin Village Plaza and $33.06 for River View Plaza I, II and III. Real estate tax expense for 2004 was $59,000 for Franklin Village Plaza (acquired November 1, 2004) and $372,000 for River View Plaza I, II and III.

The Company's executive office is located in 6,200 square feet (increased to 7,500 square feet effective as of March 1, 2005) at 44 South Bayles Avenue, Port Washington, New York, which it leases from a partnership owned 24% by the Company's Chief Executive Officer. The lease expires in February 2010. The

Company believes that the lease terms are at fair market value. The Company also maintains property management, construction management and/or leasing offices at two of its shopping-center properties.

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:

Leo S. Ullman and President	65	Chairman of the Board of Directors, Chief Executive Officer
Brenda J. Walker	52	Director and Vice President
James J. Burns	65	Director
Johannes A.M.H. der Kinderen	64	Director
Richard Homburg	55	Director
Everett B. Miller, III	59	Director
Roger M. Widmann	65	Director
Thomas J. O'Keeffe	60	Chief Financial Officer
Thomas B. Richey	49	Vice President and Director of Development and Construction Services
Stuart H. Widowski	44	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 approximately twenty-five years. He was chairman and president of the real estate management companies which were merged into the Company in 2003, and their respective predecessors and affiliates, since 1978. 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 York law firm of Reid & Priest (now Thelen, 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 has lectured and written several 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.

Brenda J. Walker has been vice president and a director since 1998, and was treasurer from April 1998 until November 1999. She was president of Brentway Management LLC and vice president of SKR Management Corp. from 1994, vice president of API Management Services Corp. and API Asset Management, Inc. from 1992 through 1995, and vice president of Cedar Bay Realty Advisors, Inc. from 1998. Ms. Walker has been involved in real estate property and asset management for more than twenty years. Ms. Walker received a B.A. from Lincoln University.

James J. Burns, a director since 2001 and a member of the Audit (Chair) and Nominating/Corporate Governance committees, has been chief financial officer and senior vice president of Wellsford Real

Properties, Inc. since December 2000. He joined Wellsford in October 1999 as chief accounting officer upon his retirement from Ernst & Young in September 1999. At Ernst & Young, 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 an B.A. and M.B.A. from Baruch College of the City University of New York.

Johannes A.M.H. der Kinderen, a director since 1998 and a member of the Audit, Compensation and Nominating/Corporate Governance (Chair) committees, was the director of investments from 1984 through 1994 for Rabobank Pension Fund, and has been or is chairman and/or a member of the board of the following entities: Noord Amerika Real Estate B.V. (from 1995 to 2004); Noord Amerika Vast Goed B.V. (from 1985 to 2004); Mass Mutual Pierson (M.M.P.) (from 1988 to 1997); Warner Building Corporation (since 1996); GIM Vastgoed I-II-III (since 1998); Fellion Investments B.V. (since 2001); N.V. Maatschappij voor Trustzaken Ameuro (since 2002); and Boom & Slettenhaar Fondsen VI-VII-VIII-IX-X-XI (since 2001). Mr. Der Kinderen received a Drs. degree in Economics from the University of Utrecht.

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 Dutch 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 CDN. 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.). 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, Evangeline Trust and World Trade Center in Eindhoven, the Netherlands, as well as director or advisory board member of other large charitable organizations. Mr. Homburg was named 2004 Entrepreneur of the Year for the Atlantic Provinces by Ernst & Young LLP.

Everett B. Miller, III, a director since 1998 and a member of the Audit, Compensation and Nominating/Corporate Governance committees, is vice president of alternative investments at 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 committee (Chair), 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 Corporation (now Rothschild, Inc.). He was a director of Lydall, Inc. (NYSE), Manchester, CT, a manufacturer of thermal, acoustical and filtration materials, from 1974 to 2004, and its chairman from 1998 to 2004. He is a director of Paxar Corporation, White Plains, NY, a global manufacturer of labeling systems. He is also a senior moderator of the Executive Seminar in the Humanities 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.

Thomas J. O'Keeffe joined the Company in November 2002 as chief financial officer. Prior thereto, Mr. O'Keeffe served as a financial consultant from 1997 to 2002, as chief financial officer of Bradley Real Estate, Inc., a shopping center REIT, from 1985 to 1996, as chief financial officer of R.M. Bradley & Co., Inc., a full service real estate management company from 1981 to 1997, and as audit manager for Deloitte & Touche from 1975 to 1981. Mr. O'Keeffe, a certified public accountant, is also a director of the John Fitzgerald Kennedy Library Foundation, and serves on its executive, audit and investment committees. Mr. O'Keeffe received a B.S.A. from Bentley College and an M.B.A. from Babson College.

Thomas B. Richey joined the Company in 1998 as vice president and director of development and construction services. Mr. Richey has been involved in the real estate business for more than 25 years. He served as director of a historic site service project in Muncy, PA, from 1978 through 1980, and as economic development director of the city of Williamsport, PA, from 1980 through 1983. From 1983 to 1986, Mr. Richey was involved with acquisitions and construction for Lundy Construction Company and for Shawnee Management, Inc. From 1988 through 1996, Mr. Richey was a partner in two companies involved in renovating and providing other services to hotel properties. From 1996 through 1998, Mr. Richey was business and project manager for Grove Associates, Inc., an engineering and surveying company. Mr. Richey received a B.A. from Lycoming College.

Stuart H. Widowski joined the Company in 1996 as secretary and general counsel. He was in private practice for seven years, including five years with the New York law firm of Reid & Priest (now Thelen, 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.

Back to Contents

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 was not required to, and did not, pay dividends in 2003 or 2002. During 2004, the Company paid dividends totaling $0.835 per share (as per the schedule set forth below). While the Company intends to continue paying regular quarterly dividends, future dividend declarations will 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, where applicable, covenant limitations under the secured revolving credit facility, and such other factors as the Board of Directors may deem relevant.

Market Information

The Company had 19,350,981 shares of common stock outstanding held by 416 shareholders of record at December 31, 2004. The Company believes it has more than 2,200 beneficial holders of its common stock. The Company's shares trade on the NYSE under the symbol "CDR". Prior to the 2003 public offering and the Company's listing on the NYSE, the Company's shares were thinly traded on the NASDAQ small cap market and, as such, the price could vary significantly depending on the size and the "spread" between the inside bid and asked quotations and the quantity of shares actually being traded. The following table sets forth, for each quarter for the last two years, (1) the high, low, and closing prices of the Company's common stock, and (2) dividends paid (all per share data have been adjusted to reflect the 2-for-1 stock split that was paid as a stock dividend in July 2003 and the 1-for-6 reverse stock split effectuated in October 2003):

	Market price range			
Quarter ended	High	Low	Close	Dividends paid
2004				
March 31	$ 14.33	$ 12.10	$ 14.19	$ 0.160
June 30	14.25	10.95	11.49	0.225
September 30	13.94	11.35	13.95	0.225
December 31	14.37	13.00	14.30	0.225
2003				
March 31	$ 18.69	$ 12.66	$ 16.41	$ —
June 30	17.81	12.97	16.39	—
September 30	31.19	12.50	23.26	—
December 31	23.31	11.28	12.42	—

Back to Contents

Item 6. Selected Financial Data

	Years ended December 31,				
Operations data:	**2004**	**2003**	**2002**	**2001**	**2000**
Total revenues	$ 51,144,000	$ 26,679,000	$ 12,989,000	$ 5,099,000	$ 3,216,000
Expenses:					
Property operating expenses	15,623,000	10,051,000	4,685,000	1,585,000	1,053,000
General and administrative	3,575,000	3,161,000	1,160,000	731,000	635,000
Depreciation and amortization	12,401,000	5,196,000	2,546,000	991,000	622,000
Interest	10,239,000	9,412,000	5,523,000	1,888,000	604,000
Costs incured in acquiring external advisor	—	11,960,000	—	—	—
Early extinguishment of debt	—	6,935,000	487,000	264,000	50,000
Other	—	1,893,000	—	—	—
Total expenses	41,838,000	48,608,000	14,401,000	5,459,000	2,964,000
Income (loss) before minority and limited partners' interests and loss/impairment applicable to property sales	9,306,000	(21,929,000)	(1,412,000)	(360,000)	252,000
Minority interests	(1,229,000)	(983,000)	(159,000)	(44,000)	8,000
Limited partners' interest	(217,000)	1,637,000	1,152,000	263,000	(160,000)
Loss/impairment applicable to property sales	—	—	(49,000)	—	(113,000)
Income (loss) before cumulative effect adjustment	7,860,000	(21,275,000)	(468,000)	(141,000)	(13,000)
Cumulative effect of change in accounting principles (net of limited partners' interest of $15,000)	—	—	—	(6,000)	—
Net income (loss)	7,860,000	(21,275,000)	(468,000)	(147,000)	(13,000)
Preferred distribution requirements (net of limited partners' interest of $60,000 and $178,000)	(2,158,000)	(76,000)	—	—	—
Net income (loss) applicable to common shareholders	$ 5,702,000	$ (21,351,000)	$ (468,000)	$ (147,000)	$ (13,000)
Per common share (basic and diluted):					
Income (loss) before cumulative effect adjustment	0.47	(7.07)	(2.03)	(0.61)	(0.04)
Cumulative effect of change in accounting principles	—	—	—	(0.03)	—
Preferred distribution requirements, net	(0.13)	(0.02)			
Net income (loss) applicable to common shareholders	0.34	(7.09)	(2.03)	(0.64)	(0.04)
Dividends to common shareholders	$ 13,750,000	$ —	$ —	$ 268,000	$ 257,000
Per common share	$ 0.835	$ —	$ —	$ 1.16	$ 0.89
Avg. number of common shares outstanding	16,681,000	3,010,000	231,000	231,000	290,000

Item 6. Selected Financial Data (continued)

	December 31,				
Balance sheet data:	**2004**	**2003**	**2002**	**2001**	**2000**
Land, buildings and improvements, less accumulated depreciation	$ 505,325,000	$ 324,531,000	$ 121,238,000	$ 56,948,000	$ 24,095,000
Real estate held for sale	—	—	—	4,402,000	1,850,000
Other assets	31,835,000	25,116,000	11,900,000	7,000,000	9,622,000
Total assets	$ 537,160,000	$ 349,647,000	$ 133,138,000	$ 68,350,000	$ 35,567,000
Mortgages and other loans payable	$ 248,630,000	$ 162,458,000	$ 101,001,000	$ 52,110,000	$ 19,416,000
Other liabilities	34,239,000	19,571,000	7,765,000	1,374,000	803,000
Minority interests	11,995,000	12,435,000	10,238,000	2,235,000	2,291,000
Limited partners' interest in Operating Partnership	6,542,000	4,035,000	7,889,000	8,964,000	9,242,000
Preferred OP Units	—	—	3,000,000	—	—
Shareholders' equity	235,754,000	151,148,000	3,245,000	3,667,000	3,815,000
Total liabilities and shareholders' equity	$ 537,160,000	$ 349,647,000	$ 133,138,000	$ 68,350,000	$ 35,567,000
Ownership interests:					
Average common shares outstanding	16,681,000	3,010,000	231,000	231,000	290,000
Average OP Units outstanding	450,000	547,000	568,000	568,000	568,000
Total	17,131,000	3,557,000	799,000	799,000	858,000
Other data:					
Funds from (used in) operations (1)	$ 15,625,000	$ (20,588,000)	$ (451,000)	$ 153,000	$ 754,000
Per common share/OP Unit	$ 0.91	$ (5.79)	$ (0.56)	$ 0.19	$ 0.88
Cash flows provided by (used in):					
Operating activities	$ 19,334,000	$ (4,856,000)	$ 1,298,000	$ 1,000,000	$ 989,000
Investing activities	$ (168,063,000)	$ (199,898,000)	$ (40,483,000)	$ (2,529,000)	$ (8,850,000)
Financing activities	$ 151,032,000	$ 207,081,000	$ 40,767,000	$ 3,451,000	$ 5,886,000
Square feet of GLA	4,887,000	3,499,000	1,806,000	807,000	484,000
Percent leased (including development/ redevelopment properties)	88%	88%	92%	92%	83%

(1) The Company considers funds from operations ("FFO") to be a relevant and meaningful supplemental measure of the performance of the Company because it is predicated on a cash flow analysis, contrasted with

net income, a measure predicated on GAAP, which gives effect to non-cash items such as depreciation and amortization. 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 income before allocation to minority interests (computed in accordance with GAAP), excluding gains or losses from debt restructurings and sales of properties, plus depreciation and amortization, and after preferred distribution requirements and adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are computed to reflect FFO on the same basis. In computing FFO, the Company does not add back to net income the amortization of costs incurred in connection with its financing or hedging activities, or depreciation of non-real estate assets, but does add back to net income those items that are defined as "extraordinary" under GAAP. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to cash flow as a measure of liquidity. Since the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another. FFO is not necessarily indicative of cash available to fund ongoing cash needs.

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, self-administered and self-managed real estate company. At December 31, 2004, the Company had a portfolio of 31 properties totaling approximately 4.9 million square feet of GLA, including 25 wholly-owned properties comprising approximately 4.2 million square feet and six properties owned through joint ventures comprising approximately 700,000 square feet. The portfolio, excluding 6 properties currently under development and/or redevelopment, was approximately 97% leased as of that date.

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. At December 31, 2004, the Company owned approximately 97.3% of the Operating Partnership and is its sole general partner; in addition, the Company conducts all of its business through the Operating Partnership. 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 community and neighborhood shopping centers, anchored principally by regional supermarket chains. The Company believes, because of the need of consumers to purchase food and other staple goods and services generally available at supermarket-anchored shopping centers, that the nature of its investments provide for relatively stable revenue flows even during difficult economic times.

The Company continues to seek opportunistic acquisition opportunities of (1) stabilized properties, and (2) properties suited for development and/or redevelopment activities where it can utilize its experience in shopping center renovation, expansion, re-leasing and re-merchandising to achieve long-term cash flow growth and favorable investment returns. The Company would also consider investment opportunities in markets beyond the Pennsylvania, Connecticut, Maryland, Massachusetts and New Jersey areas in the event

such opportunities were consistent with its focus, could be effectively controlled and managed by it, have the potential for favorable investment returns, and contribute to increased shareholder value.

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 price allocations related thereto, asset impairment, and derivatives used to hedge interest-rate risks. These accounting policies are further described in the notes to the consolidated financial statements. Management's estimates are based 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 rents and other receivables on the consolidated balance sheet. Leases generally contain provisions under which the tenants reimburse the Company for a portion of property operating expenses and real estate taxes incurred. 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 and 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. These estimates have a direct impact on net income, because a higher bad debt allowance would result in lower 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 the estimated useful lives of the assets. Expenditures for 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 the properties are capitalized.

The Company is required to make subjective estimates as to the useful lives of its properties 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 investment would have the effect of increasing depreciation expense and lowering net income, whereas a longer estimate of the useful life of the investment would have the effect of reducing depreciation expense and increasing net income.

The Company applies Statement of Accounting Standards ("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, building and building improvements. The fair value of in-place leases, consisting primarily of below-market rents is allocated to intangible lease liabilities.

The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land, building and building improvements based on management's determination of the relative fair values of these assets. Management determines the as-if-vacant value of a property using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and 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 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 an interest 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. This aggregate value is allocated among above-market and below-market leases, tenant relationships, and other intangibles based on management's evaluation of the specific characteristics of each lease.

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 immediately recognized in operations.

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 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 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 market value. Real estate investments held for sale are carried at the lower of carrying amount or estimated fair value, less cost to sell. Depreciation and amortization are suspended during the period 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.

Hedging Activities

From time to time, the Company uses derivative financial instruments to manage its exposure to changes in interest rates. Derivative instruments are carried on the consolidated balance sheet at their

estimated fair values. Any change in the value of a derivative is reported as accumulated other comprehensive income (loss), whereas the ineffective portion of a derivative's change in fair value is immediately recognized in operations. If interest rate assumptions and other factors used to estimate a derivative's fair value or methodologies used to determine a derivative's effectiveness were different, amounts included in the determination of net income or accumulated other comprehensive income (loss) could be affected.

Results of Operations

Comparison of 2004 to 2003

	2004	2003	Increase (decrease)	Percentage change	Acquisitions/ dispositions	Properties held in both years
Rents and expense recoveries	$ 50,675,000	$ 26,452,000	$ 24,223,000	92%	$ 23,493,000	$ 730,000
Property expenses	15,623,000	10,051,000	5,572,000	55%	6,996,000	(1,424,000)
Depreciation and amortization	12,401,000	5,196,000	7,205,000	139%	6,964,000	241,000
Interest expense	10,239,000	9,412,000	827,000	9%	1,596,000	(769,000)
General and administrative	3,575,000	3,161,000	414,000	13%	N/A	N/A

Acquisitions and dispositions Differences in results of operations between 2004 and 2003 were driven largely by the Company's acquisition activities. At December 31, 2004, the Company owned 31 properties. During 2004, the Company acquired eight shopping centers aggregating approximately 1.4 million square feet of GLA for a total cost of approximately $157.4 million, including closing costs; in addition, the Company acquired approximately 55 acres of land for development and/or future expansion for a total cost of approximately $3.6 million. Income before minority and limited partners' interests and preferred distribution requirements increased from a loss of $1.1 million in 2003 (excluding the costs incurred in acquiring the external advisor, other related transaction costs, and the cost of early extinguishment of debt - see "Comparison of 2003 to 2002" below) to income of $9.3 million in 2004.

Properties held in both years Results of operations for properties held throughout both 2004 and 2003 included eight properties. Revenues increased as the LA Fitness Facility development project, which began during 2002, was placed in service at the beginning of 2004 at an annual rent of $742,000. The property expense decrease was principally at the Camp Hill Mall redevelopment project as a result of (1) capitalized real estate taxes and insurance ($200,000), and (2) decreased operating costs from closing the interior mall ($680,000). Interest expense decreased at that property as a result of capitalizing interest ($1.1 million) for the portion of the redevelopment project that was out of service during 2004; the effect of the capitalized interest was offset in part by interest expense ($290,000) at the LA Fitness Facility.

General and administrative expenses General and administrative expenses increased from approximately $3.2 million in 2003 to approximately $3.6 million in 2004. The increase was primarily the result of the Company's growth throughout both years.

Back to Contents

Comparison of 2003 to 2002

	2003	2002	Increase	Percentage change	Acquisitions/ dispositions	Properties held in both years
Rents and expense recoveries	$ 26,452,000	$ 12,964,000	$ 13,488,000	104%	$ 12,686,000	$ 802,000
Property expenses	10,051,000	4,685,000	5,366,000	115%	4,780,000	586,000
Depreciation and amortization	5,196,000	2,546,000	2,650,000	104%	2,311,000	339,000
Interest expense	9,412,000	5,523,000	3,889,000	70%	3,947,000	(58,000)
General and administrative	3,161,000	1,160,000	2,001,000	173%	N/A	N/A
Costs incurred in acquiring external advisor	11,960,000	—	11,960,000	N/A		
Early extinguishment of debt	6,935,000	487,000	6,448,000	1324%		
Other	1,893,000	—	1,893,000	N/A		

Acquisitions/dispositions Differences in results of operations between 2003 and 2002 were driven largely by the transactions in connection with the 2003 public offering and acquisition activity described elsewhere in this report. During 2003, the Company acquired 14 shopping centers aggregating approximately 1.7 million square feet of GLA for a total cost of approximately $193.4 million, including closing costs, and the assumption of a $9.8 million mortgage. In addition, the Company also completed the acquisition of the remaining 50% interest in The Point for a purchase price of $2.4 million. Loss before minority and limited partners' interests, preferred distribution requirements, and loss on sale of property increased from $1.4 million in 2002 to $21.9 million in 2003.

Properties held in both years The Company held four properties throughout both 2003 and 2002. The increase in revenues and property expenses for the four properties is attributable to an increased occupancy rate during 2003 as compared to 2002 (97% at December 31, 2003 versus 90% at December 31 2002). Interest expense declined as a result of lower debt levels achieved through scheduled principal amortization.

General and administrative expenses General and administrative expenses increased from approximately $1.2 million in 2002 to approximately $3.2 million in 2003. The increase is primarily the result of the Company's growth throughout both years.

Costs incurred in acquiring external advisor During the fourth quarter of 2003, the Company sold 15,250,000 shares of its common stock in a public offering at a price of $11.50 per share, and received approximately $162.5 million after underwriting fees and offering costs. Contemporaneously with the offering, the Company merged with its external advisor and became a self-advised and self-managed REIT. The total consideration for the merger was $11.96 million (1,040,000 shares of common stock and OP Units at the public offering price of $11.50 per share/unit). The Company accounted for the merger as the termination of a contract and, accordingly, the full consideration was charged to operations.

Early extinguishment of debt In connection with the public offering, the Company refinanced certain of its debt financings and defeased a mortgage in connection with a property acquisition for an aggregate cost of approximately $6.9 million, which was charged to operations during 2003.

Other The Company redeemed its $3.0 million of Preferred OP Units for $3.96 million, of which the cost above par of $960,000 was charged to operations during 2003. In connection with the distribution of shares to certain non-executive employees, the Company's chairman and principal owner of the external advisor agreed to reimburse these employees for the personal income taxes incurred as a result of receiving the shares. During December 2003, the chairman contributed $633,000 to the Company, which was credited to shareholders' equity; the reimbursement to employees was charged to operations.

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; if needed, the Company may also use its secured revolving 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 the secured revolving credit facility and ultimately through a combination of issuing additional mortgage debt and the sale of equity securities. During 2004, the Company sold (1) 2,350,000 shares of 8-7/8% Series A Cumulative Redeemable Preferred Stock at a price of $25.00 per share and realized approximately $56.7 million after underwriting fees and offering costs, and (2) 2,875,000 shares of its common stock at a price of $13.60 per share and realized approximately $38.2 million after underwriting fees and offering costs. The net proceeds from both offerings were initially used to reduce the Company's secured revolving credit facility. In connection with its acquisition of Carbondale Plaza, the Company issued approximately 15,000 OP Units valued at $210,000; the Company may also issue additional OP Units in connection with future property acquisitions.

In January 2004 (as amended in November 2004), the Company concluded a three-year $100 million (expandable to $200 million, subject to certain conditions being met) syndicated secured revolving credit facility with Bank of America (formerly Fleet National Bank) and several other banks, with Bank of America as agent, pursuant to which the Company pledged certain of its shopping center properties as collateral for borrowings thereunder. As of December 31, 2004, based on covenants and collateral in place, the Company was permitted to draw the entire $100 million, of which approximately $31.8 million remained available as of that date. In January 2005, the banks' commitments were increased from $100 million to $140 million, and the Company was permitted to draw approximately $120 million. The Company plans to add additional properties to the collateral pool with the intent to make the full facility available. Borrowings under the facility presently bear interest at a rate of LIBOR plus 150 basis points ("bps"), a total rate of 3.9% as of December 31, 2004, and are subject to increases to a maximum of 205 bps depending upon the Company's leverage ratio, as defined. The credit facility may be 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 other financial statement ratios.

In February 2005, the Company received a commitment for approximately $49 million in construction financing for its Camp Hill Mall redevelopment property, which provides for the repayment of the $14 million in original acquisition financing, as well as funding for substantially all the projected redevelopment costs at the property. The facility will bear interest at 185 bps over LIBOR and mature in three years.

At December 31, 2004, the Company's financial liquidity was provided by $8.5 million in cash and cash equivalents and by the $31.8 million availability under the secured revolving credit facility. In addition, mortgage loans payable at December 31, 2004 consisted of fixed-rate notes totaling $161.5 million and floating rate debt totaling $18.9 million, with a combined weighted average interest rate of 6.3%, and maturing at various dates through 2013.

Portions of the Company's assets are owned through joint venture partnership arrangements which require, among other things, that the Company maintain separate cash accounts for the operations of the respective properties. In addition, the terms of certain of the Company's mortgage agreements require it to deposit replacement and other reserves with its lenders. These joint venture and reserve accounts are

separately classified on the Company's balance sheet as restricted cash, and are available for the specific purpose for which they were established; they are not available to fund other Company obligations.

Contractual obligations and commercial commitments

The following table sets forth the Company's significant debt repayment and operating lease obligations at December 31, 2004 (in thousands):

	Maturity Date						
	2005	2006	2007	2008	2009	Thereafter	Total
Mortgage loans payable	$ 16,094	$ 2,595	$ 12,754	$ 30,292	$ 1,542	$ 117,153	$ 180,430
Secured revolving credit facility	—	—	68,200	—	—	—	68,200
Operating lease obligations	338	349	354	360	366	7,959	9,726
Total	$ 16,432	$ 2,944	$ 81,308	$ 30,652	$ 1,908	$ 125,112	$ 258,356

In addition, as of December 31, 2004, the Company had planned to spend approximately $50 million in connection with its development and redevelopment activities.

Net Cash Flows

Operating Activities

Net cash flows provided by operating activities amounted to $19.3 million during 2004, compared to cash flows used in operating activities of $4.9 million during 2003, and cash flows provided by operating activities of $1.3 million during 2002. The 2004 change in operating cash flows was primarily due to net operating results generated from property acquisitions. The 2003 change in operating cash flows was primarily due to transactions associated with the 2003 public offering, including debt defeasance costs, the cost of interim financing associated with property acquisitions, and the cost above par value to redeem the Preferred OP Units. Such cash flows were offset, in part, by net operating results generated from property acquisitions. During 2002, the change in cash flows from operating activities was primarily the result of net operating results generated by property acquisitions.

Investing Activities

Net cash flows used in investing activities were $168.1 million in 2004, $200.0 million in 2003, and $40.5 million in 2002. These increases were the result of an active acquisition program. During 2004, the Company acquired five shopping centers, three redevelopment properties, one development property, and land for future expansion; during 2003, the Company acquired twelve shopping centers and two redevelopment properties; and during 2002, the Company acquired two shopping centers, one redevelopment property, and one development property. During 2002, the Company sold one property for net proceeds of $4.4 million.

Financing Activities

Net cash flows provided by financing activities were $151.0 million in 2004, $207.1 million in 2003, and $40.8 million in 2002. During 2004, the Company received $94.9 million in net proceeds from public offerings, $51.2 million in net proceeds from the Company's secured revolving credit facility, $44.2 million in net proceeds from mortgage financings, and $0.6 million realized from the termination of interest rate hedges, offset by the repayment of mortgage obligations of $19.6 million, preferred and common stock distributions of $16.0 million, the payment of financing, leasing and other costs of $3.2 million, and distributions paid to

minority and limited partner interests of $1.1 million. During 2003, the Company received $162.5 million net proceeds from a public offering, $49.3 million net proceeds from mortgage financings, $10.5 million in net proceeds from the Company's secured revolving credit facility and interim financings, and $8.8 million of capital contributions from, net of distributions to, minority interest partners, offset by $12.0 million in redemptions of OP Units, the repayment of mortgage obligations of $7.7 million, the payment of financing, leasing and other costs of $4.1 million, and preferred distribution requirements of $0.2 million. During 2002, the Company received $32.7 million in mortgage financings, $8.0 million of capital contributions from, net of distributions to, minority interest partners, and $3.0 million from the issuance of Preferred OP Units, offset by the payment of financing, leasing and other costs of $2.3 million, and the repayment of mortgage obligations of $0.6 million

Funds From Operations

The Company considers Funds From Operations ("FFO") to be a relevant and meaningful supplemental measure of the Company's performance because it is predicated on a cash flow analysis, contrasted with net income, a measure predicated on GAAP, which gives effect to non-cash items such as depreciation and amortization. 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 income before allocation to minority interests (computed in accordance with GAAP), excluding gains or losses from debt restructurings and sales of properties, plus depreciation and amortization, and after preferred distribution requirements and adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are computed to reflect FFO on the same basis. In computing FFO, the Company does not add back to net income the amortization of costs incurred in connection with its financing or hedging activities, or depreciation of non-real estate assets, but does add back to net income those items that are defined as "extraordinary" under GAAP. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to cash flow as a measure of liquidity. Since the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another. FFO is not necessarily indicative of cash available to fund ongoing cash needs. The following table sets forth the Company's calculations of FFO for the years ended December 31, 2004, 2003 and 2002:

	2004	2003	2002
Net income (loss)	$ 7,860,000	$ (21,275,000)	$ (468,000)
Add (deduct):			
Depreciation and amortization	10,622,000	3,878,000	1,720,000
Limited partners' interest	217,000	(1,637,000)	(1,152,000)
Preferred distribution requirements	(2,218,000)	(254,000)	—
Loss on sale of property	—	—	49,000
Minority interests	1,229,000	983,000	159,000
Minority interests' share of FFO	(2,085,000)	(2,283,000)	(759,000)
Funds from (used in) operations	$ 15,625,000	$ (20,588,000)	$ (451,000)
FFO per common share/OP Unit outstanding	$ 0.91	$ (5.79)	$ (0.56)
Average number of common shares/OP Units outstanding (1)	17,131,000	3,557,000	799,000

(1) Assumes conversion of OP Units

Inflation

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

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The primary market risk facing the Company is interest rate risk on its mortgage loans payable and secured revolving credit facility. The Company will, 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 secured floating-rate revolving credit facility used to maintain liquidity, fund capital expenditures and expand its real estate investment portfolio, and (ii) floating rate acquisition and construction financing. The Company's interest rate risk management objectives 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 and/or treasury locks 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.

The Company's interest rate risk is managed using a variety of techniques. At December 31, 2004, long-term debt consisted of fixed- and variable-rate mortgage loans payable, and the variable-rate secured revolving credit facility. The average interest rate on the $161.5 million of fixed rate indebtedness outstanding was 6.5%, with maturities at various dates through 2013. The average interest rate on the Company's $87.1 million of variable-rate debt was 4.1%, with maturities at various dates through 2007. At December 31, 2004, the Company's pro rata share of variable rate debt amounted to $84.7 million. Based upon this amount, if interest rates either increase or decrease by 1%, the Company's net income would decrease or increase respectively by approximately $847,000 per annum.

Back to Contents

Item 8. Financial Statements and Supplementary Data

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. as of December 31, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. We have also audited the financial statement schedule listed in the Index at Item 15(a). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement 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, 2004 and 2003, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles. Also, in our opinion the financial statement schedule referred to above, 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), the effectiveness of Cedar Shopping Centers, Inc.'s internal control over financial reporting as of December 31, 2004, 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 10, 2005 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, NY
March 10, 2005

Report of Independent Registered Public Accounting Firm

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

We have audited management's assessment, included in the accompanying Management Report on Internal Control Over Financial Reporting, that Cedar Shopping Centers, Inc. maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company'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. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of 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, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, 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, management's assessment that Cedar Shopping Centers, Inc. maintained effective internal control over financial reporting as of December 31, 2004 is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Cedar Shopping Centers, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2004 consolidated financial statements of Cedar Shopping Centers, Inc. and our report dated March 10, 2005 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, NY
March 10, 2005

Back to Contents

CEDAR SHOPPING CENTERS, INC.
Consolidated Balance Sheets

	December 31,	
	2004	2003
Assets		
Real estate:		
Land	$ 97,617,000	$ 61,774,000
Buildings and improvements	423,735,000	269,031,000
	521,352,000	330,805,000
Less accumulated depreciation	(16,027,000)	(6,274,000)
Real estate, net	505,325,000	324,531,000
Cash and cash equivalents	8,457,000	6,154,000
Cash at joint ventures and restricted cash	7,105,000	7,668,000
Rents and other receivables, net	4,483,000	3,269,000
Other assets	2,379,000	1,540,000
Deferred charges, net	9,411,000	6,485,000
Total assets	$ 537,160,000	$ 349,647,000
Liabilities and shareholders' equity		
Mortgage loans payable	$ 180,430,000	$ 145,458,000
Secured revolving credit facility	68,200,000	17,000,000
Accounts payable, accrued expenses, and other	9,012,000	6,019,000
Unamortized intangible lease liabilities	25,227,000	13,552,000
Total liabilities	282,869,000	182,029,000
Minority interests	11,995,000	12,435,000
Limited partners' interest in Operating Partnership	6,542,000	4,035,000
Shareholders' equity:		
Preferred stock ($.01 par value, $25.00 per share liquidation value, 5,000,000 shares authorized, 2,350,000 shares issued and outstanding)	58,750,000	—
Common stock ($.06 par value, 50,000,000 shares authorized, 19,351,000 and 16,456,000 shares issued and outstanding)	1,161,000	987,000
Treasury stock (339,000 and 319,000 shares, at cost)	(3,919,000)	(3,669,000)
Additional paid-in capital	215,271,000	181,306,000
Cumulative distributions in excess of net income	(35,139,000)	(27,091,000)
Accumulated other comprehensive income (loss)	(165,000)	(385,000)
Unamortized deferred compensation plans	(205,000)	—
Total shareholders' equity	235,754,000	151,148,000
Total liabilities and shareholders' equity	$ 537,160,000	$ 349,647,000

See accompanying notes to consolidated financial statements.

Back to Contents

CEDAR SHOPPING CENTERS, INC.
Consolidated Statements of Operations

	Years ended December 31,		
	2004	2003	2002
Revenues:			
Rents	$ 40,110,000	$ 20,943,000	$ 9,974,000
Expense recoveries	10,565,000	5,509,000	2,990,000
Interest and other	469,000	227,000	25,000
Total revenues	51,144,000	26,679,000	12,989,000
Expenses:			
Operating, maintenance and management	10,751,000	7,190,000	3,158,000
Real estate and other property-related taxes	4,872,000	2,861,000	1,527,000
General and administrative	3,575,000	3,161,000	1,160,000
Depreciation and amortization	12,401,000	5,196,000	2,546,000
Interest	10,239,000	9,412,000	5,523,000
Costs incurred in acquiring external advisor	—	11,960,000	—
Early extinguishment of debt	—	6,935,000	487,000
Other	—	1,893,000	—
Total expenses	41,838,000	48,608,000	14,401,000
Income (loss) before minority and limited partners' interests and loss on sale of property:	9,306,000	(21,929,000)	(1,412,000)
Minority interests	(1,229,000)	(983,000)	(159,000)
Limited partners' interest	(217,000)	1,637,000	1,152,000
Loss on sale of property	—	—	(49,000)
Net income (loss)	7,860,000	(21,275,000)	(468,000)
Preferred distribution requirements (net of limited partners' share of $60,000 and $178,000)	(2,158,000)	(76,000)	—
Net income (loss) applicable to common shareholders	$ 5,702,000	$ (21,351,000)	$ (468,000)
Per common share (basic and diluted)	$ 0.34	$ (7.09)	$ (2.03)
Dividends to common shareholders	$ 13,750,000	$ —	$ —
Per common share	$ 0.835	$ —	$ —
Average number of common shares outstanding	16,681,000	3,010,000	231,000

See accompanying notes to consolidated financial statements.

Back to Contents

CEDAR SHOPPING CENTERS, INC.
Condolidated Statement of Shareholders' Equity
Years ended December 31, 2004, 2003 and 2002

	Preferred stock		Common stock		
	Shares	$25.00 Liquidation value	Shares	$0.06 Par value	Treasury stock, at cost
Balance, December 31, 2001	—	$ —	232,000	$ 14,000	$ —
Net loss					
Unrealized loss on change in fair value of cash flow hedge					
Issuance of warrants					
Conversion of OP Units to common stock					
Balance, December 31, 2002	—	—	232,000	14,000	—
Net loss					
Unrealized gain on change in fair value of cash flow hedges					
Issuance of warrants					
Issuances of common stock for services			6,000		
Conversion of OP Units to common stock			46,000	3,000	
Conversion of common stock to OP Units			(46,000)	(3,000)	
Net proceeds from common stock offering			15,525,000	931,000	
Redemption of limited partner's interest in excess of basis					
Issuance of common stock in connection with acquiring external advisor			693,000	42,000	
Contribution from Company's chairman relating to employee payroll taxes					
Preferred distribution requirements, net of limited partners' share of $178,000					
Deferred compensation program funded by treasury stock					(3,669,000)
Balance, December 31, 2003	—	—	16,456,000	987,000	(3,669,000)
Net income					
Unrealized gain on change in fair value of cash flow hedges					
Deferred compensation plans, net			20,000	1,000	(250,000)
Accretion/dilution adjustment of limited partners' interest					
Net proceeds from preferred stock offering	2,350,000	58,750,000			
Net proceeds from common stock offering			2,875,000	173,000	
Preferred distribution requirements, net of limited partners' share of $60,000					
Dividends to common shareholders					
Balance, December 31, 2004	2,350,000	$ 58,750,000	19,351,000	$ 1,161,000	$ (3,919,000)

	Additional paid-in capital	Cumulative distributions in excess of net income	Accumulated other comprehensive income (loss)	Unamortized deferred compensation plans	Total shareholders' equity
Balance, December 31, 2001	$ 8,925,000	$ (5,272,000)	$ —	$ —	$ 3,667,000
Net loss		(468,000)			(468,000)
Unrealized loss on change in fair value of cash flow hedge			(65,000)		(65,000)
Issuance of warrants	100,000				100,000
Conversion of OP Units to common stock	11,000				11,000
Balance, December 31, 2002	9,036,000	(5,740,000)	(65,000)	—	3,245,000
Net loss		(21,275,000)			(21,275,000)
Unrealized gain on change in fair value of cash flow hedges			112,000		112,000
Issuance of warrants	70,000				70,000
Issuances of common stock for services	95,000				95,000
Conversion of OP Units to common stock	500,000				503,000
Conversion of common stock to OP Units	(500,000)				(503,000)
Net proceeds from common stock offering	161,982,000				162,913,000

Redemption of limited partner's interest in excess of basis	(2,110,000)		(432,000)		(2,542,000)
Issuance of common stock in connection with acquiring external advisor	7,931,000				7,973,000
Contribution from Company's chairman relating to employee payroll taxes	633,000				633,000
Preferred distribution requirements, net of limited partners' share of $178,000		(76,000)			(76,000)
Deferred compensation program funded by treasury stock	3,669,000				—
Balance, December 31, 2003	181,306,000	(27,091,000)	(385,000)	—	151,148,000
Net income		7,860,000			7,860,000
Unrealized gain on change in fair value of cash flow hedges			220,000		220,000
Deferred compensation plans, net	499,000			(205,000)	45,000
Accretion/dilution adjustment of limited partners' interest	(2,510,000)				(2,510,000)
Net proceeds from preferred stock offering	(2,027,000)				56,723,000
Net proceeds from common stock offering	38,003,000				38,176,000
Preferred distribution requirements, net of limited partners' share of $60,000		(2,158,000)			(2,158,000)
Dividends to common shareholders		(13,750,000)			(13,750,000)
Balance, December 31, 2004	$ 215,271,000	$ (35,139,000)	$ (165,000)	$ (205,000)	$ 235,754,000

See accompanying notes to consolidated financial statements.

Back to Contents

CEDAR SHOPPING CENTERS, INC.
Consolidated Statements of Cash Flows

	Years ended December 31,		
	2004	2003	2002
Cash flow from operating activities:			
Net income (loss)	$ 7,860,000	$ (21,275,000)	$ (468,000)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Non-cash provisions:			
Minority interests	329,000	193,000	—
Limited partners' interest	217,000	(1,637,000)	(806,000)
Straight-line rents	(1,333,000)	(835,000)	(385,000)
Depreciation and amortization	12,401,000	5,196,000	2,546,000
Amortization of intangible lease liabilities	(2,154,000)	(879,000)	(146,000)
Acquisition of external advisor for common stock and OP Units	—	11,960,000	—
Early extinguishment of debt	—	1,442,000	487,000
Other	45,000	851,000	222,000
Increases/decreases in operating assets and liabilities:			
Joint venture cash	(190,000)	225,000	(601,000)
Rents and other receivables	119,000	(1,698,000)	(87,000)
Other assets	(1,180,000)	(1,470,000)	(663,000)
Accounts payable and accrued expenses	3,220,000	3,071,000	1,199,000
Net cash provided by (used in) operating activities	19,334,000	(4,856,000)	1,298,000
Cash flow from investing activities:			
Expenditures for real estate and improvements	(168,893,000)	(188,111,000)	(44,584,000)
Decrease (increase) in construction/improvement escrows	830,000	(3,427,000)	(252,000)
Acquisitions of minority interests	—	(8,360,000)	—
Net proceeds from sale of property	—	—	4,353,000
Net cash (used in) investing activities	(168,063,000)	(199,898,000)	(40,483,000)
Cash flow from financing activities:			
Net proceeds from public offerings	94,899,000	162,508,000	—
Proceeds from mortgage financings	44,222,000	49,296,000	32,708,000
Mortgage repayments	(19,601,000)	(7,700,000)	(617,000)
Line of credit and other interim financings, net	51,200,000	40,573,000	—
Distributions to minority interest partners	(769,000)	(867,000)	(1,026,000)
Distributions to limited partners	(377,000)	—	—
Preferred distribution requirements	(2,218,000)	(254,000)	—
Distributions to common shareholders	(13,750,000)	—	—
Termination of interest rate hedges	609,000	—	—
Repayments of interim financings	—	(30,037,000)	—
Contributions from minority interest partners	—	9,665,000	9,030,000
Redemption of OP Units	—	(9,000,000)	—
Redemption/sale of Preferred OP Units	—	(3,000,000)	3,000,000
Deferred financing, leasing and other costs, net	(3,183,000)	(4,103,000)	(2,328,000)
Net cash provided by financing activities	151,032,000	207,081,000	40,767,000
Net increase in cash and cash equivalents	2,303,000	2,327,000	1,582,000
Cash and cash equivalents at beginning of year	6,154,000	3,827,000	2,245,000
Cash and cash equivalents at end of year	$ 8,457,000	$ 6,154,000	$ 3,827,000
Supplemental disclosure of cash activities:			
Interest paid	$ 11,837,000	$ 9,806,000	$ 5,144,000
Supplemental disclosure of non-cash investing and financing activities:			
Purchase accounting adjustments	$ 11,187,000	$ 7,481,000	$ 5,117,000
Assumption of mortgage loans payable	$ 9,993,000	$ 9,825,000	$ 16,800,000
Issuances of OP Units	$ 210,000	$ 1,000,000	$ —

See accompanying notes to consolidated financial statements.

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2004

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 has focused on the ownership, operation and redevelopment of community and neighborhood shopping centers located in the Northeast, primarily in Pennsylvania. At December 31, 2004, the Company owned 31 properties, aggregating approximately 4.9 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, 2004 and 2003, the Company owned a 97.3% and 97.4%, respectively, economic interest in, and is the sole general partner of, the Operating Partnership. The limited partners' interest in the Operating Partnership 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. Such ownership percentage was 2.7% and 2.6% at December 31, 2004 and 2003, respectively. The 454,000 OP Units outstanding at December 31, 2004 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 consolidated financial statements include the accounts and operations of the Company, the Operating Partnership, its subsidiaries, and joint venture partnerships in which it participates. With respect to its joint ventures, the Company has general partnership interests ranging from 20% to 50% and, since the Company is the sole general partner, exercises substantial operating control over these entities, and has determined pursuant to The Financial Accounting Standards Board ("FASB") Interpretation No. 46, "Consolidation of Variable Interest Entities", that they are not variable-interest entities, such partnerships are included in the consolidated financial statements. Prior years' consolidated financial statements have been reclassified to conform to the 2004 presentation.

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"). The preparation of financial statements in conformity with GAAP 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.

Real Estate Investments

Real estate investments are carried at cost less accumulated depreciation. The provision for depreciation has been 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 $9,753,000, $3,878,000, and $1,722,000 for 2004, 2003, and 2002, respectively. Additions and 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 $2,102,000, $1,903,000, and $827,000 for 2004, 2003, and 2002, 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. 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 capitalized amounted to $1,633,000, $184,000, and none, in 2004, 2003, and 2002, respectively.

FASB's Statement of Financial Accounting Standards ("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 trigger exists due to the 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 market value. No impairment provisions were recorded by the Company during the three years ended December 31, 2004.

Real estate investments held for sale are carried at the lower of carrying amount or estimated fair value, less cost to sell. Depreciation and amortization are suspended during the period held for sale.

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, building and building improvements. In addition, the fair value of in-place leases, consisting primarily of below-market rents, is allocated to intangible lease liabilities.

The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land, building and building improvements based on management's determination of the relative fair values of these assets. Management determines the as-if-vacant value of a property using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and 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 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 an interest 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. This aggregate value is allocated among above-market and below-market leases, tenant relationships, and other intangibles based on management's evaluation of the specific characteristics of each lease. 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 immediately recognized in operations.

During 2004, the Company finalized the real estate valuation allocations with respect to property acquisitions completed during the fourth quarter of 2003 and, in this connection, the December 31, 2003 consolidated balance sheet was adjusted. Real estate, net, increased by $5,907,000, deferred charges (leasing costs) increased by $2,433,000, and unamortized intangible lease liabilities increased by $8,340,000; 2003 results of operations were not affected by these allocations. With respect to the Company's 2004 acquisitions, the fair value of in-place leases and other intangibles has been allocated, on a preliminary basis, to the applicable intangible asset and liability accounts. Unamortized intangible lease liabilities of $25,227,000 and $13,552,000 at December 31, 2004 and 2003, respectively, relate primarily to below-market leases.

Revenues include $2,154,000, $879,000 and $146,000 for the years ended December 31, 2004, 2003 and 2002, respectively, relating to the amortization of intangible lease liabilities. Correspondingly, depreciation and amortization expense includes $2,656,000, $307,000 and $17,000 for the years ended December 31, 2004, 2003 and 2002, respectively, applicable to amounts allocated to intangible lease assets.

The unamortized balance of intangible lease liabilities at December 31, 2004 will be credited to future operations as follows:

2005	$ 3,568,000
2006	3,209,000
2007	3,224,000
2008	3,209,000
2009	3,132,000
Thereafter	8,885,000
	$ 25,227,000

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2004

Cash Equivalents

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

Cash at Joint Ventures and Restricted Cash

Joint venture partnership agreements require, among other things, that the Company maintain separate cash accounts for the operation of the joint ventures, and distributions to the general and limited (joint venture) partners are strictly controlled. Cash at joint ventures amounted to $1,193,000 and $1,003,000 at December 31, 2004 and 2003, respectively.

The terms of several of the Company's mortgage loans payable require it to deposit certain replacement and other reserves with its lenders. This restricted cash is generally available for property-level capital requirements for which the reserve was established. This cash is not, however, available to fund other property-level or Company-level obligations. Restricted cash amounted to $5,912,000 and $6,665,000 at December 31, 2004 and 2003, respectively.

Rents and Other Receivables

Management has determined that all of the Company's leases with its various tenants are operating leases. Base rents are recognized on a straight-line basis over the terms of the related leases, net of valuation adjustments based on management's assessment of credit, collection and other business risks. The excess of rents recognized over amounts contractually due is included in rents and other receivables on the consolidated balance sheet and, where applicable, are evaluated under the provisions of SFAS No. 144. The leases also typically provide for tenant reimbursements of common area maintenance and other operating expenses, and real estate taxes; such income is recognized in the period earned. The Company makes estimates as to the collectibility of its accounts receivables based on evaluations of tenant creditworthiness, current economic trends, and changes in customer payment patterns when determining the adequacy of its allowance for doubtful accounts.

Deferred Charges

Deferred charges consist principally of lease origination costs, the costs incurred in connection with the Company's secured revolving credit facility and other long-term debt, and the cost of interest rate protection agreements. Such costs are amortized over the term of the related agreement and, where applicable, are evaluated under the provisions of SFAS No. 144.

Income Taxes

The Company has elected since 1986 to be taxed as a REIT under the Internal Revenue Code of 1986, 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 its taxable income to its shareholders and complies with certain other requirements.

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2004

Derivative Financial Instruments

The Company utilizes derivative financial instruments, principally interest rate swaps and interest rate caps, 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 only entering into derivative contracts with major financial institutions.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", requires the Company to measure derivative instruments at fair value and to record them in the consolidated balance sheet as an asset or liability, depending on the Company's rights or obligations under the applicable derivative contract. The Company's derivative investments are primarily cash flow hedges that limit the base rate of variable rate debt. For cash flow hedges, the ineffective portion of a derivative's change in fair value is immediately recognized in operations, if applicable, and the effective portion of the fair value difference of the derivative is reflected separately in shareholders' equity as accumulated other comprehensive income (loss).

SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities", amended and clarified the accounting treatment of (1) derivative instruments (including certain derivative instruments embedded in other contracts), and (2) hedging activities that fall within the scope of SFAS No. 133. SFAS No. 149 also amended certain other existing pronouncements, which result in more consistent reporting of contracts that are derivatives in their entirety, or that contain embedded derivatives that warrant separate accounting. SFAS No. 149 was effective prospectively (1) for contracts entered into or modified after June 30, 2003, with certain exceptions, and (2) for hedging relationships designated after June 30, 2003, and has had no material affect on the Company's results of operations.

Fair Value of Financial Instruments

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments", requires the Company to disclose fair value information of all financial instruments for which it is practicable to estimate fair value. The Company's financial instruments, other than fixed-rate mortgage loans payable, are generally short-term in nature, or bear interest at variable current market rates, and contain minimal credit risk. These instruments consist of cash and cash equivalents, cash at joint ventures and restricted cash, rents and other receivables, and accounts payable. The carrying amount of these assets and liabilities are assumed to be at fair value.

The fair values of fixed-rate mortgage loans payable, estimated utilizing discounted cash flow analysis at interest rates reflective of current market conditions, were $168,959,000 and $152,037,000, respectively, at December 31, 2004 and 2003; the carrying values of such loans were $161,476,000 and $145,458,000, respectively at those dates.

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 average number of common

shares outstanding for the period. Fully diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For 2004, 2003 and 2002, fully diluted EPS were not different than basic EPS.

In July 2003, the Company paid a stock dividend of one new share for each share of common stock outstanding. In October 2003, the Company effectuated a one-for-six "reverse" stock split. The accompanying financial statements and all share and per share data have been retroactively adjusted to give effect to the stock dividend and the reverse stock split.

Stock-Based Compensation

SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure", which amended SFAS No. 123, "Accounting for Stock-Based Compensation", provides alternative methods of transition for an entity that voluntarily adopts the fair value recognition method of recording stock option expense. It also amends the disclosure provisions of SFAS 123 and APB Opinion No. 28, "Interim Financial Reporting" to require disclosure in the summary of significant accounting policies, of the effects of an entity's accounting policy with respect to stock options on reported net income and EPS in annual and interim financial statements.

SFAS No. 123 established 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. SFAS No. 123 defined a fair value based method of accounting for an employee stock option or similar equity instrument, and encouraged all entities to adopt that method of accounting for all of their employee stock compensation plans. However, it also allowed an entity to continue to measure compensation cost using the intrinsic value based method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees". The Company has elected to continue using APB Opinion No. 25 and make pro forma disclosures of net income and EPS as if the fair value method of accounting defined in SFAS No. 123 had been applied.

In 2003, the Company's shareholders approved an amendment to its stock option plan, originally approved by shareholders in 1998, authorizing the Company to issue option grants for a total of 2,000,000 shares. In 2001, the Company granted to five directors ten-year options to purchase 3,333 shares at $10.50 per share, the market value of the Company's common stock on the date of the grant. The following table sets forth, on a pro forma basis, the net income (loss) and net income (loss) per share as if the fair value method of accounting defined in SFAS No. 123 had been applied:

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2004

	2004	2003	2002
Net income (loss) applicable to common shareholders, as reported	$ 5,702,000	$ (21,351,000)	$ (468,000)
Adjustment to amortize the value of stock options granted	(17,000)	(17,000)	(17,000)
Pro forma net income (loss)	$ 5,685,000	$ (21,368,000)	$ (485,000)
Average number of common shares outstanding	16,681,000	3,010,000	231,000
Pro forma net income (loss) per common share	$ 0.34	$ (7.10)	$ (2.10)

In 2004, the Company's shareholders approved the 2004 Stock Incentive Plan, which 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 this plan is 850,000, and the maximum number of shares that may be subject to grants to any single participant may not exceed 250,000. The Company's Board of Directors determined to grant $20,000 of restricted shares annually to each of its five independent directors, which shares would vest on the third anniversary of the grant date. In addition, the Board determined to grant $50,000 of restricted shares to each of three independent directors as consideration for past services rendered, which shares would vest 20% on the first anniversary of the grant date, and 40% each on the second and third anniversaries of the grant date. In August 2004, 19,970 shares of the Company's common stock became issuable relating to these grants at $12.525 per share, the fair value on the date of grant, an aggregate of $250,000. Such shares were transferred to a Rabbi Trust for the benefit of the Directors, have been classified as treasury stock and deferred compensation plan in the Company's consolidated balance sheet, and are accounted for pursuant to Emerging Issues Task Force ("EITF") No. 97-14, "Accounting for Deferred Compensation Arrangements Where Amounts Earned Are Held in a Rabbi Trust and Invested". Amortization of amounts deferred are being charged to operations over the vesting periods. Shares held by the Rabbi Trust are included in outstanding shares for EPS computations.

In connection with the Red Lion acquisition, the Operating Partnership issued warrants to purchase 83,333 OP Units to a minority interests partner in the property; such warrants have an exercise price of $13.50 per unit, subject to anti-dilution adjustments. The warrants became fully vested in January 2004 and expire in May 2012. The first 27,778 warrants were capitalized at fair value as part of the property acquisition cost; approximately $173,000 was charged to operations during each of 2003 and 2002.

Note 3. Public Offerings

In October 2003, the Company sold 13,500,000 shares of its common stock in a public offering at a price of $11.50 per share, and realized approximately $141.2 million after underwriting fees and offering costs. The Company's shares were listed on the New York Stock Exchange and commenced trading on October 24, 2003. In November 2003, the underwriter exercised its over-allotment option to

purchase an additional 2,025,000 shares at $11.50 per share, less underwriting fees, and the Company received an additional $21.7 million.

In July 2004, the Company sold 2,350,000 shares of 8-7/8% Series A Cumulative Redeemable Preferred Stock in a public offering at a price of $25.00 per share, an aggregate of $58.75 million. The preferred stock has no stated maturity and is not convertible into any other security of the Company. The preferred stock 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 net proceeds of the offering, after underwriting fees and offering costs, amounted to approximately $56.7 million, substantially all of which were used to repay amounts outstanding on the Company's secured revolving credit facility.

In December 2004, the Company sold 2,500,000 shares of its common stock in a public offering at a price of $13.60 per share, and realized approximately $33.2 million after underwriting fees and offering costs, substantially all of which were used to repay amounts outstanding on the Company's secured revolving credit facility. Later in December 2004, the underwriters exercised their over-allotment option to purchase an additional 375,000 shares at $13.60 per share less underwriting fees, and the Company received an additional $5.0 million of proceeds.

Note 4. Related-Party Transactions, Allocation of Costs and Expenses and Pro Forma Financial Information

Transactions with CBRA, SKR and Brentway

Prior to the 2003 public offering, the Company was externally advised and, in this connection, Cedar Bay Realty Advisors, Inc. ("CBRA"), SKR Management Corp. ("SKR") and Brentway Management LLC ("Brentway") (collectively the "External Advisor") provided advisory, management and legal services to the Company. The Company paid fees in connection with these services of approximately $2.2 million and $1.9 million during 2003 and 2002, respectively. Contemporaneously with the public offering, CBRA and SKR merged into the Company and Brentway merged into the Operating Partnership. Each of the Company's executive officers was also a principal or officer of the External Advisor and each became an employee of the Company, together with the other employees of the External Advisor. An independent committee of the Board retained a financial advisor who advised it as to the fairness of the consideration paid in connection with the merger. The merger was approved at the annual meeting of stockholders held in October 2003. The total consideration paid for the External Advisor was $11.96 million, comprised of 693,333 shares of the Company's common stock and 346,667 OP Units, each valued at $11.50 per share/unit, and such consideration was charged to operations during 2003. The consideration was distributed to the owners, who are also executive officers of the Company, and to other officers and employees of the Company. In connection with the merger, an aggregate of 319,000 shares of the consideration, with a value of $3.7 million, was transferred to a Rabbi Trust for the benefit of certain of the Company's executive officers; such shares have been classified as treasury stock in the Company's consolidated financial statements, and are accounted for pursuant to EITF No. 97-14, "Accounting for Deferred Compensation Arrangements Where Amounts Earned Are Held in a Rabbi Trust and Invested". Also in connection with the merger, 90,000 shares, with an aggregate value of $1.04 million, were distributed to non-executive employees. At the time the aggregate consideration for the External Advisor was being negotiated with the independent committee of the Board, the Company's chairman and principal owner of the External Advisor agreed to reimburse these non–executive

employees for their personal income taxes incurred as a result of receiving the shares. The chairman paid $633,000 to the Company which, in accordance with Interpretation of APB 25, "Accounting for Stock Issued to Employees", was credited to shareholders' equity; the tax payments were charged to operations during 2003.

Transactions with CBC

Prior to the 2003 public offering, Cedar Bay Company ("CBC") owned approximately 78% of the Company's common stock and OP Units (comprised of approximately 63,000 shares of common stock and approximately 568,000 OP Units). CBC received $9.0 million of the proceeds from the public offering in connection with the repurchase all the OP Units owned by it ($15.85 per unit). The same financial advisor who opined as to the fairness of the consideration paid for the External Advisor also advised the independent committee of the Board as to the fairness of the consideration paid to CBC.

In May 2003, an affiliate of CBC loaned $750,000 to the Company, which was used to partially fund the deposit requirement for the South Philadelphia shopping center. The principal, plus interest at an annual rate of 15%, was repaid in full with the proceeds from the public offering.

In November 2003, the Company used approximately $2.4 million of the proceeds from the public offering to purchase the remaining 50% interest in The Point owned by an affiliate of CBC. The purchase price for this interest was arrived at through negotiation with the owner of CBC.

In December 2003, the Company used approximately $1.6 million of the proceeds from the public offering to acquire Golden Triangle from an affiliate of CBC. In connection with the acquisition, the Company assumed a $9.8 million 7.39% existing first mortgage.

In connection with the June 2002 acquisition of the Red Lion partnership interest from an affiliate of CBC, the Company agreed to pay $887,000 in three equal annual installments, plus interest at 7.5%. This loan was repaid in full with the proceeds from the public offering.

Transactions with Homburg Invest Inc.

In December 2002, Homburg Invest USA Inc., a wholly-owned subsidiary of Homburg Invest Inc. ("Homburg Invest"), which is owned approximately 62% by Mr. Richard Homburg, a director of the Company, purchased 3,300 Preferred OP Units for $3.0 million ($909.09 each), with a liquidation value of $1,000 each and a preferred distribution rate of 9%. In October 2003, the Company exercised its option and redeemed the Preferred OP Units from the proceeds of the public offering, at $1,200 per unit, an aggregate of $3.96 million. The $960,000 cost above par was charged to operations during 2003.

Homburg Invest supplied substantially all the equity (through the purchase of joint venture interests) in connection with the Company's acquisitions of the Pine Grove Plaza, Swede Square and Wal-Mart center properties. Homburg Invest received 10% in origination fees for providing the equity in each acquisition. The Company had the option to buy the Homburg Invest joint venture interest in the Wal-Mart property for 120% of Homburg Invest's original investment plus a 12% preferential return. In the case of the Pine Grove Plaza and Swede Square properties, the Company had the option to purchase the Homburg Invest joint venture interests provided that Homburg Invest receive a 15% annualized rate of

return from the date each center was acquired. The Company exercised these options and used the proceeds from the public offering to purchase these joint venture interests.

Homburg Invest provided to the Company a one-year, $1.1 million, 9% interest-only loan. The loan included a $100,000 entrance fee and required the payment of a $220,000 exit fee. The loan was used to partially fund the deposit requirements for the South Philadelphia property. This loan was repaid in full with the proceeds from the public offering and the entrance and exit fees were charged to operations during 2003. In addition, Homburg Invest arranged for and guaranteed the third-party financing for the acquisitions of the Valley Plaza and Wal-Mart properties, and received approximately $325,000 in fees from the third-party lender.

The entrance and exit fees paid to Homburg Invest in connection with the aforementioned transactions, either directly or indirectly, aggregated approximately $2.6 million.

Allocation of Costs and Expenses

Costs and expenses charged to operations during 2003 in connection with the above transactions (exclusive of fees paid to the External Advisor prior to the merger) are summarized as follows:

	Total	Contract termination costs	Early extinguishment of debt	Other costs
Acquisition of External Advisor	$ 11,960,000	$ 11,960,000	$ —	$ —
Redemption of Preferred OP Units	960,000	—	—	960,000
Mortgage defeasance	4,754,000	—	4,754,000	—
Payment of employee personal income taxes	633,000	—	—	633,000
Early extinguishment of debt	2,181,000	—	2,181,000	—
Other	300,000	—	—	300,000
	$ 20,788,000	$ 11,960,000	$ 6,935,000	$ 1,893,000

Pro Forma Financial Information (unaudited)

The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for the years ended December 31, 2004 and 2003 as though (1) the transactions described above, (2) the 2003 public offering, and (3) the 2004 and 2003 property acquisitions were all completed as of January 1, 2003. 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, 2003, nor do they purport to predict the results of operations of future periods.

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2004

	2004	2003
Revenues	$ 61,159,000	$ 56,927,000
Net income applicable to common shareholders	$ 6,768,000	$ 7,332,000
Per common share (basic and fully diluted)	$ 0.41	$ 0.44
Average number of common shares outstanding	16,681,000	16,681,000

Note 5. Real Estate

The following table summarizes the activity in real estate for 2004 and 2003:

	2004	2003
Cost		
Balance, beginning of year	$ 330,805,000	$ 123,634,000
Properties acquired	172,192,000	200,342,000
Improvements and betterments	18,355,000	6,829,000
Balance, end of year	$ 521,352,000	$ 330,805,000
Accumulated depreciation		
Balance, beginning of year	$ 6,274,000	$ 2,396,000
Depreciation expense	9,753,000	3,878,000
Balance, end of year	$ 16,027,000	$ 6,274,000

During 2004, the Company acquired 8 properties, of which three are redevelopment properties; in addition, the Company acquired 55 acres of land for development and/or future expansion. During 2003, the Company acquired 14 properties, of which two were redevelopment properties.

At December 31, 2004, substantially all of the Company's real estate was pledged as collateral for mortgage loans payable and the secured revolving credit facility. In addition, one of the Company's properties is owned subject to a ground lease which provides for annual payments of $129,000, subject to cost-of-living adjustments, through May 2071.

Note 6. Rentals Under Operating Leases

Annual future base rents due to be received under non-cancelable operating leases in effect at December 31, 2004 are as follows:

2005	$ 43,455,000
2006	40,984,000
2007	37,356,000
2008	33,999,000
2009	29,640,000
Thereafter	169,717,000
	$ 355,151,000

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 $11,070,000, $5,724,000, and $2,990,000 in 2004, 2003, and 2002, respectively.

Giant Food Stores, Inc. ("Giant Foods") and Stop & Shop, Inc., which are both owned by Ahold N.V., a Netherlands corporation, collectively accounted for approximately 10%, 12% and 10% of the Company's total revenues in 2004, 2003 and 2002, respectively. The Giant Foods leases are generally guaranteed by the parent company.

Note 7. Mortgage Loans Payable, Secured Revolving Credit Facility, and Other Loans Payable

Mortgage loans payable at December 31, 2004 and 2003 consist of the following:

Collateral property	Original amount	Interest rate	Maturity	Balance at December 31, 2004	Balance at December 31, 2003
The Point	$ 20,000,000	7.63 %	Sep 2012	$ 19,264,000	$ 19,575,000
Academy Plaza	10,715,000	7.28 %	Mar 2013	10,278,000	10,422,000
Port Richmond Village	11,610,000	7.17 %	Mar 2008	11,135,000	11,292,000
Washington Center Shoppes	6,236,000	7.53 %	Nov 2007	5,749,000	5,826,000
Red Lion	16,800,000	8.86 %	Feb 2010	16,459,000	16,590,000
Loyal Plaza	13,877,000	7.18 %	Jun 2011	13,532,000	13,677,000
Camp Hill Mall	7,000,000	4.74 %	Nov 2005	—	7,000,000
Camp Hill Mall (a)	7,000,000	LIBOR+1.95 %	Nov 2005	14,000,000	7,000,000
LA Fitness Facility (b)	5,000,000	LIBOR+2.75 %	Dec 2007	4,955,000	4,559,000
Fairview Plaza	6,080,000	5.71 %	Feb 2013	5,941,000	6,018,000
Halifax Plaza	4,265,000	6.83 %	Feb 2010	4,100,000	4,190,000
Newport Plaza	5,424,000	6.83 %	Feb 2010	5,237,000	5,346,000
Pine Grove	6,000,000	6.24 %	Apr 2010	5,738,000	5,888,000
Pine Grove outparcel	388,000	8.50 %	Mar 2006	388,000	388,000
Swede Square (b)	5,560,000	LIBOR+2.75 %	May 2005	—	5,560,000
Valley Plaza	6,430,000	LIBOR+2.50 %	Jun 2005	—	6,361,000
Wal-Mart	5,444,000	LIBOR+2.50 %	Aug 2005	—	5,441,000
Golden Triangle (c)	10,325,000	6.00 %	Apr 2008	9,987,000	10,325,000
Townfair Center (c)	10,351,000	6.00 %	Mar 2008	10,167,000	—
Franklin Village Plaza	43,500,000	4.81 %	Nov 2011	43,500,000	—
Totals	$ 202,005,000			$ 180,430,000	$ 145,458,000

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2004

(a) In February 2005, the Company received a commitment for an aggregate of $49 million in construction financing, which provides for the repayment of the $14 million in original acquisition financing, as well as funding for substantially all the projected redevelopment costs at the property. The facility will bear interest at 185 bps over LIBOR and mature in three years.
(b) The LA Fitness Facility and Swede Square mortgage loans payable have minimum interest rate requirements of 5.75% and 7.25%, respectively.
(c) The principal amounts and rates of interest on these assumed loans represent the fair market values at the dates of acquisition. The stated amounts were as follows: Golden Triangle - $9,825,000 at 7.39% and Townfair Center - $9,993,000 at 6.96%.

Scheduled principal payments on mortgage loans payable at December 31, 2004 are as follows: 2005 - $16,094,000 (including the $14 million Camp Hill Mall obligation), 2006 - $2,595,000, 2007 - $12,754,000, 2008 - $30,292,000, 2009 - $1,542,000, and thereafter - $117,153,000.

Secured Revolving Credit Facility

In January 2004 (as amended in November 2004 and January 2005), the Company concluded a three-year $100 million (expandable to $200 million, subject to certain conditions being met) syndicated secured revolving credit facility with Bank of America (formerly Fleet National Bank) and several other banks, and Bank of America as agent, pursuant to which the Company pledged certain of its shopping center properties as collateral for borrowings thereunder. Borrowings under the facility aggregated $68,200,000 at December 31, 2004, and bore interest at a rate of 3.9% per annum. Based on covenants and collateral in place, the Company was permitted to draw the entire $100 million, and $31.8 million remained available as of that date. In January 2005, the banks' commitments were increased to $140 million and the Company was permitted to draw approximately $120 million. The Company plans to add additional properties to the collateral pool with the intent to make the full facility available. Borrowings under the facility presently incur interest at a rate of LIBOR plus 150 basis points ("bps"), subject to increases to a maximum of 205 bps depending upon the Company's leverage ratio, as defined. The facility also requires an unused portion fee of 15 or 20 bps, depending on the level of outstanding borrowings, and limits dividends to 95% of funds from operations, as defined. The Company has paid facility and arrangement fees to the banks, plus legal and other on-going closing costs as properties are added to the collateral pool, aggregating approximately $2.2 million through December 31, 2004.

The credit facility is used to fund acquisitions, development/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 other financial statement ratios.

In December 2003, Bank of America provided a $40 million secured bridge line of credit. Borrowings under that temporary facility aggregated $17 million at December 31, 2003, which were repaid in January 2004 when the syndicated facility was concluded.

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2004

Other Loans Payable

The December 31, 2002 balance of other loans payable of $7.5 million, together with $22.5 million of additional interim financing during 2003, were repaid in full with $30.0 million in funds from the 2003 public offering and the secured bridge line of credit. An additional $1.0 million of interim financing was converted, at the election of the lender, into approximately 93,000 OP Units.

Note 8. Interest Rate Hedges

In 2003 and 2002, the Company entered into interest rate swaps in connection with the Camp Hill Mall, Newport Plaza, Halifax Plaza and Pine Grove Plaza acquisitions converting LIBOR-based variable rate debt to fixed annual rates.

In November and December 2003, respectively, the Company entered into $20 million and $10 million non-specific five-year interest rate hedges capping LIBOR at 4.5%. Since these caps did not relate to specific debt, they were ineffective for accounting purposes and, accordingly, changes in their fair values were charged to operations. These hedge positions were closed in December 2004.

In December 2003, the Company entered into a fair value hedge with respect to its mortgage at Washington Center Shoppes. The derivative had swapped a fixed rate amortization schedule on $5,788,000 at 7.53% to a variable rate of LIBOR plus 250 bps through November 2007. The change in fair value of this hedge was charged to operations. This hedge position was closed in December 2004.

The following table summarizes the notional values and fair values of the Company's derivative financial instruments as of December 31, 2004 and 2003 (the fair value liabilities are included in accounts payable, accrued expenses and other; the fair value assets are included in deferred charges):

Hedge	Type	Notational value	Interest rate	Expiration date	Fair value at December 31, 2004	Fair value at December 31, 2003
Interest rate swap	Cash flow hedge	$ 4,190,000	6.83 %	Feb 2010	$ (80,000)	$ (125,000)
Interest rate swap	Cash flow hedge	5,346,000	6.83 %	Feb 2010	(71,000)	(122,000)
Interest rate swap	Cash flow hedge	5,888,000	6.24 %	Apr 2010	—	(38,000)
Interest rate swap	Cash flow hedge	7,000,000	4.74 %	Nov 2004	—	(93,000)
Interest rate cap	Cash flow hedge	20,000,000	4.50 %	Nov 2008	—	609,000
Interest rate cap	Cash flow hedge	10,000,000	4.50 %	Oct 2008	—	335,000
Interest rate swap	Fair value hedge	5,788,000	LIBOR +2.50 %	Nov 2007	—	395,000

During 2004, the Company recognized losses of $503,000, representing the change in fair value of the derivatives. A $220,000 gain was recorded in accumulated other comprehensive income (loss), a $7,000 gain was credited to limited partners' interest, and the $730,000 ineffective portion of net loss was charged to operations (included in depreciation and amortization). During 2003, the Company recognized losses of $367,000, representing the change in fair value of the derivatives. A $112,000 gain was recorded in accumulated other comprehensive income (loss), a $266,000 loss was charged to limited partners'

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2004

interest, and the $213,000 ineffective portion of net loss was charged to operations. During 2002, an unrealized loss resulting from a change in the fair value of the derivatives totaled $224,000, of which $65,000 was reflected in accumulated other comprehensive income (loss) and $159,000 was charged to limited partners' interest.

Note 9. Commitments and Contingencies

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.

The Company's principal office is located in 6,200 square feet (increasing to 7,500 square feet effective March 1, 2005) at 44 South Bayles Avenue, Port Washington, NY, which it leases from a partnership owned 24% by the Company's CEO. Future minimum rents payable under the terms of the lease, as amended, amount to $209,000, $220,000, $225,000, $231,000, $237,000, and $39,000 during the years 2005 through 2009, and through February 2010, respectively. The Company's Wal-Mart shopping center is subject to a ground lease running through May 2071, with future minimum rents payable amounting to $129,000 per annum.

Note 10. Selected Quarterly Financial Data (unaudited)

	Quarter ended				
Year	March 31	June 30	September 30	December 31	Year ended December 31
2004					
Revenues	$ 11,275,000	$ 12,667,000	$ 12,464,000	$ 14,738,000	$ 51,144,000
Net income applicable to common shareholders	1,343,000	1,903,000	1,208,000	1,248,000	5,702,000
Basic and fully diluted net income per share	$ 0.08	$ 0.12	$ 0.07	$ 0.07	$ 0.34
2003					
Revenues	$ 5,284,000	$ 6,138,000	$ 6,672,000	$ 8,585,000	$ 26,679,000
Net loss applicable to common shareholders	(199,000)	(40,000)	(228,000)	(20,884,000)	(21,351,000)
Basic and fully diluted net loss per share	$ (0.73)	$ (0.14)	$ (0.96)	$ (1.86)	$ (7.09)
2002					
Revenues	$ 2,510,000	$ 2,657,000	$ 3,614,000	$ 4,208,000	$ 12,989,000
Net loss applicable to common shareholders	(53,000)	(222,000)	(45,000)	(148,000)	(468,000)
Basic and fully diluted net loss per share	$ (0.23)	$ (0.96)	$ (0.20)	$ (0.64)	$ (2.03)

Note 11. Subsequent Events

On February 2, 2005, the Company's Board of Directors approved a dividend of $.225 per share with respect to its common stock as well as an equal distribution per unit on its 454,000 outstanding OP Units. At the same time, the Board approved a dividend of $0.554688 per share with respect to the

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2004

Company's 8-7/8% Series A Cumulative Redeemable Preferred Stock. The distributions were paid on February 22, 2005 to shareholders of record on February 14, 2005.

On February 7, 2005, the Company announced that it had reached an non-binding agreement to acquire a portfolio of 27 properties located primarily in Ohio. The properties contains approximately 735,000 sq. ft. of GLA, and the purchase price is expected to be approximately $90 million. Eleven of the properties are anchored by an Ohio-based drug store chain. The Company expects to finance the acquisition by (1) issuing approximately $15 million of OP Units, and (2) funding the balance with a combination of fixed-rate debt and borrowings from its secured revolving credit facility.

On March 2, 2005, the Company acquired the Kenley Village and St. James Square shopping centers, both located in Hagerstown, MD. These community shopping centers contain approximately 52,000 and 40,000 square feet of GLA, respectively, and both are anchored by Food Lion supermarkets. Kenley Village was built in 1988 and St. James Square was built in 2000. The combined purchase price for both properties, including closing costs, was approximately $8.3 million.

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 Securities and Exchange Commission's ("SEC") rules and forms. 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, 2004, and have determined that such disclosure controls and procedures are effective.

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, 2004. 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, 2004, the Company's internal control over financial reporting is effective based on those criteria.

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 2004.

Ernst & Young LLP, the Company's independent auditors, have issued an audit report on management's assessment of the Company's internal control over financial reporting, which appears elsewhere in this report.

Item 9B. Other Information

None.

Back to Contents

Part III.

Item 10. Directors and Executive Officers of the Registrant

This item is incorporated by reference to the definitive proxy statement for the 2005 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 2005 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 2005 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 13. Certain Relationships and Related Transactions

This item is incorporated by reference to the definitive proxy statement for the 2005 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 14. Principal Accountant Fees and Services

This item is incorporated by reference to the definitive proxy statement for the 2005 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Back to Contents

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

III. Real Estate and Accumulated Depreciation

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.

3. Exhibits

Item	Title or Description
3.1.a	Articles of Incorporation of the Company, as amended, incorporated by reference to Exhibits 3.1 and 3.2 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.1.b	Articles Supplementary for 8-7/8% Series A Cumulative Redeemable Preferred Stock.
3.2	By-laws of the Company, as amended, incorporated by reference to Exhibit 3.3 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.3.a	Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P., incorporated by reference to Exhibit 3.4 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.
10.1.a	[Intentionally left blank]
10.1.b	Standstill Agreement by and between Robert J. Ambrosi of ARC Properties, Inc. and Cedar Shopping Centers, Inc., dated May 31, 2002, incorporated by reference to Exhibit 10.3 of Form 8-K filed on June 13, 2002.
10.1.c	Indemnity Agreement by Cedar-RL, LLC to and for the benefit of Leo S. Ullman, dated as of May 31, 2002, incorporated by reference to Exhibit 10.5 of Form 8-K filed on June 13, 2002.
10.1.d	Promissory Note from Cedar-RL, LLC to Silver Circle Management Corp., dated as of May 31, 2002, incorporated by reference to Exhibit 10.6 of Form 8-K filed on June 13, 2002.
10.1.e	Subordinate Pledge and Security Agreement by Cedar-RL, LLC and Silver Circle Management Corp., dated as of May 31, 2002, incorporated by reference to Exhibit 10.7 of Form 8-K filed on June 13, 2002.
10.1.f	Compensation Agreement between Cedar Shopping Centers, Inc., Cedar Shopping Centers Partnership, L.P. SKR Management Corp., Cedar Bay Realty Advisors, Inc., Brentway Management LLC, Leo S. Ullman and ARC Properties, Inc., dated May 31, 2002, incorporated by reference to Exhibit 10.8 of Form 8-K filed on June 13, 2002.

10.1.g	Amended and Restated Limited Partnership Agreement of API Red Lion Shopping Center Associates, L.P., a New York Limited Partnership, among Cedar-RL, LLC and Silver Circle Management Corp. and Philadelphia ARC-Cedar, LLC, dated as of May 31, 2002, incorporated by reference to Exhibit 11.11 of Form 8-K filed on June 13, 2002.
10.1.h	Warrant by Cedar Shopping Centers Partnership, L.P. to ARC Properties, Inc., dated as of May 31, 2002, incorporated by reference to Exhibit 10.12 of Form 8-K filed on June 13, 2002.
10.2.a	Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P. dated January 7, 2002; First Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated February 22, 2002; Second Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated February 24, 2002; Third Amendment to Agreement to Purchase Real Estate between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated March 1, 2002; Fourth Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated March 8, 2002; Fifth Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated March 13, 2002; Sixth Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated March 15, 2002; and Seventh Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated March 22, 2002 (collectively, the “Purchase Contract”), incorporated by reference to Exhibit 10.1 of Form 8-K filed on July 17, 2002.
10.2.b	Limited Partnership Agreement of Loyal Plaza Associates, L.P. between CIF-Loyal Plaza Associates, L.P. and Kimco Preferred Investor IV Trust, dated June 28, 3002, incorporated by reference to Exhibit 10.3 of Form 8-K filed on July 17, 2002.
10.2.c	Limited Partnership Agreement of CIF-Loyal Plaza Associates, L.P. by and among CIF-Loyal Plaza Associates, L.P. and Cedar Shopping Centers Partnership, L.P., dated as of June 28, 2002, incorporated by reference to Exhibit 10.4 of Form 8-K filed on July 17, 2002.
10.2.d	Open-End Mortgage and Security Agreement in the amount of $14 million (Original Mortgage) by Loyal Plaza Venture, L.P. (Borrower) and Glimcher Loyal Plaza Tenant, L.P. (Tenant) (collectively referred to as Mortgagor) to Lehman Brothers Bank, FSB (Lender), dated May 31, 2001, incorporated by reference to Exhibit 10.5 of Form 8-K file don July 17, 2002.
10.2.e	Loan Assumption and Modification Agreement by and among Loyal Plaza Associates, L.P. (Assuming Borrower), Cedar Shopping Centers, Inc. (Assuming Principal), Loyal Plaza Venture, L.P. (Original Borrower), Glimcher Properties Limited Partnership (Glimcher) and Glimcher Loyal Plaza Tenant, L.P. (Tenant), in favor of LaSalle Bank National Association (Trustee) and LB-UBS Commercial Mortgage Trust 2001-C3 (Lender), dated as of July 2, 2002, incorporated by reference to Exhibit 10.6 of Form 8-K filed on July 17, 2002.
10.2.f	Post Closing Agreement regarding the Assumption by Loyal Plaza Associates, L.P. (Assuming Borrower) of that certain Loan evidenced by that certain Note dated May 31, 2001, payable by Loyal Plaza Venture, L.P. (Original Borrower) to Lehman Brothers Bank, FSB (Original Lender) as secured by that certain Open-End Mortgage and Security Agreement of even date to Glimcher Loyal Plaza Tenant, L.P. (Mortgage) currently held

	and owned by LaSalle Bank National Association (Trustee) of LB-UBS Commercial Trust (Lender), dated July 2, 2002, incorporated by reference to Exhibit 10.13 of Form 8-K filed on July 17, 2002.
10.3.a	Agreement of Purchase and Sale between Connecticut General Life Insurance Company and Cedar Shopping Centers Partnership, L.P., dated September 12, 2002, incorporated by reference to Exhibit 10.1 of Form 8-K filed on December 9, 2002.
10.3.b	First Amendment to Agreement of Purchase and Sale between Connecticut General Life Insurance Company and Cedar Shopping Centers Partnership, L.P., dated September 12, 2002, incorporated by reference to Exhibit 10.2 of Form 8-K filed on December 9, 2002.
10.3.c	Second Amendment to Agreement of Purchase and Sale between Connecticut General Life Insurance Company and Cedar Shopping Centers Partnership, L.P., dated September 12, 2002, incorporated by reference to Exhibit 10.3 of Form 8-K filed on December 9, 2002.
10.3.d	Third Amendment to Agreement of Purchase and Sale between Connecticut General Life Insurance Company and Cedar Shopping Centers Partnership, L.P., dated as of November 15, 2002, incorporated by reference to Exhibit 10.4 of Form 8-K filed on December 9, 2002.
10.3.e	Limited Liability Company Agreement of Cedar-Camp Hill, LLC by Cedar Shopping Centers Partnership, L.P., effective as of November 1, 2002, incorporated by reference to Exhibit 10.6 of Form 8-K filed on December 9, 2002.
10.3.f	Loan Agreement by and between Cedar-Camp Hill, LLC and Citizens Bank of Pennsylvania, executed on November 14, 2002, incorporated by reference to Exhibit 10.10 of Form 8-K filed on December 9, 2002.
10.3.g	Open-End Mortgage and Security Agreement between Cedar-Camp Hill, LLC, Cedar Bay Realty Advisors, Inc. and Citizens Bank of Pennsylvania, executed on November 14, 2002, incorporated by reference to Exhibit 10.11 of Form 8-K filed on December 9, 2002.
10.4.a	Limited Partnership Agreement of Fairport Associates, L.P. between CIF-Fairport Associates, LLC and Kimco Preferred Investor III, Inc, dated as of January 8, 2003, incorporated by reference to Exhibit 10.1 of Form 8-K filed on February 21, 2003.
10.4.b	Limited Partnership Agreement of Fairview Plaza Associates, L.P. between CIF-Fairview Associates, LLC and Fairport Associates, L.P., dated as of January 10, 2003, incorporated by reference to Exhibit 10.3 of Form 8-K filed on February 21, 2003.
10.4.c	Loan Agreement from General Electric Capital Corp. to Fairview Plaza Associates, L.P., dated as of January 10, 2003, incorporated by reference to Exhibit 10.5 of Form 8-K filed on February 21, 2003.
10.4.d	Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing by Fairview Plaza Associates, L.P. for the benefit of General Electric Capital Corporation, is executed as of January 10, 2003, incorporated by reference to Exhibit 10.7 of Form 8-K filed on February 21, 2003.
10.4.e	Promissory Note for Fairview Plaza Associates, L.P. to General Electric Capital Corporation, dated January 10, 2003, incorporated by reference to Exhibit 10.8 of Form 8-K filed on February 21, 2003.
10.4.f	Loans to One Borrower Certificate from General Electric Capital Corp. to Fairview Plaza Associates, L.P. guaranteed by Cedar Income Fund, Ltd., dated January 10, 2003, incorporated by reference to Exhibit 10.10 of Form 8-K filed on February 21, 2003.
10.4.g	Agreement for the Sale of Real Estate of Newport Plaza by and between Cedar Income Fund Partnership, L.P. and Caldwell Development, Inc., dated in August 2002, incorporated by reference to Exhibit 10.11 of Form 8-K filed on February 21, 2003.
10.4.h	Limited Partnership Agreement of Newport Plaza Associates, L.P. between CIF-Newport Plaza Associates, LLC and Fairport Associates, L.P., dated as of January 7, 2003, incorporated by reference to Exhibit 10.12 of Form 8-K filed on February 21, 2003.

10.4.i	Indemnification Agreement between Mark G. Caldwell and Newport Plaza Associates, L.P. by and between Mark G. Caldwell and Newport Plaza Associates, L.P., dated February 6, 2003, incorporated by reference to Exhibit 10.16 of Form 8-K filed on February 21, 2003.
10.4.j	Loan Agreement by and between Newport Plaza Associates, L.P. and Citizens Bank of Pennsylvania, dated as of February 6, 2003, incorporated by reference to Exhibit 10.17 of Form 8-K filed on February 21, 2003.
10.4.k	Promissory Note from Citizens Bank of Pennsylvania for the benefit of Newport Plaza Associates, L.P., dated as of February 6, 2003, incorporated by reference to Exhibit 10.18 of Form 8-K filed on February 21, 2003.
10.4.l	Open-End Mortgage and Security Agreement between Newport Plaza Associates, L.P. and Citizens Bank of Pennsylvania, dated as of February 6, 2003, incorporated by reference to Exhibit 10.19 of Form 8-K filed on February 21, 2003.
10.4.m	Guaranty and Suretyship Agreement by Cedar Income Fund, Ltd. and Cedar Income Fund Partnership, L.P. made in favor of Citizens Bank of Pennsylvania, made as of February 6, 2003, incorporated by reference to Exhibit 10.23 of Form 8-K filed on February 21, 2003.
10.4.n	Agreement for the Sale of Real Estate of Halifax Plaza between Cedar Income Fund Partnership, L.P. and Caldwell Development Company, dated in August 2002, incorporated by reference to Exhibit 10.27 of Form 8-K filed on February 21, 2003.
10.4.o	First Addendum to Agreement of Sale of Halifax Plaza between Cedar Income Fund Partnership, L.P. and Caldwell Development Company, dated in August 2002, incorporated by reference to Exhibit 10.28 of Form 8-K filed on February 21, 2003.
10.4.p	Limited Partnership Agreement of Halifax Plaza Associates, L.P. between CIF-Halifax Plaza Associates, LLC and Fairport Associates, L.P., entered into as of January 7, 2003, incorporated by reference to Exhibit 10.29 of Form 8-K filed on February 21, 2003.
10.4.q	Indemnification Agreement between Mark G. Caldwell and Halifax Plaza Associates, L.P. by and between Mark G. Caldwell and Halifax Plaza Associates, L.P., dated as of February 6, 2003, incorporated by reference to Exhibit 10.32 of Form 8-K filed on February 21, 2003.
10.4.r	Loan Agreement by and between Halifax Plaza Associates, L.P. and Citizens Bank of Pennsylvania, made as of February 6, 2003, incorporated by reference to Exhibit 10.33 of Form 8-K filed on February 21, 2003.
10.4.s	Promissory Note for Halifax Plaza Associates, L.P. to Citizens Bank of Pennsylvania, dated as of February 6, 2003, incorporated by reference to Exhibit 10.34 of Form 8-K filed on February 21, 2003.
10.4.t	Open-End Mortgage and Security Agreement between Halifax Plaza Associates, L.P. and Citizens Bank of Pennsylvania, dated as of February 6, 2003, incorporated by reference to Exhibit 10.35 of Form 8-K filed on February 21, 2003.
10.4.u	Guaranty and Suretyship Agreement by Cedar Income Fund, Ltd. and Cedar Income Fund Partnership, L.P. in favor of Citizens Bank of Pennsylvania, made as of February 6, 2003, incorporated by reference to Exhibit 10.39 of Form 8-K filed on February 21, 2003.
10.5.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.
10.5.a.ii	First Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Leo S. Ullman, dated as of March 23, 2004.
10.5.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.
10.5.b.ii	First Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Brenda J. Walker, dated as of March 23, 2004.

10.5.c.i	Employment Agreement between Cedar Shopping Centers, Inc. and Thomas J. O'Keeffe, dated as of November 1, 2003, incorporated by reference to Exhibit 10.41 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
10.5.c.ii	First Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Thomas J. O'Keeffe, dated as of March 23, 2004.
10.5.d.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 field on August 20, 2003, as amended.
10.5.d.ii	First Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Thomas B. Richey, dated as of March 23, 2004.
10.5.e.i	Employment Agreement between Cedar Shopping Centers, Inc. and Stuart H. Widowski, dated as of November 1, 2003, incorporated by reference to Exhibit 10.43 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
10.5.e.ii	First Amendment to Employment Agreement between Cedar Shopping Centers, Inc. and Stuart H. Widowski, dated as of March 23, 2004.
10.6.a	Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of October 29, 2003.
10.6.b	Amendment No. 1 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of October 29, 2003.
10.6.c	Amendment No. 2 to the Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan, effective as of August 9, 2004.
10.7.a	Agreement to Enter into Net Lease among SPSP, PSI, 24th Street (collectively. "Owners") and Cedar I, dated as of April 23, 2003 ("Original Agreement").
10.7.b	Amendment to Original Agreement among Owners and Cedar I, dated May 15, 2003.
10.7.c	Amendment to Original Agreement and Original Commitment among Owners and Cedar I, Cedar II and Cedar Income Fund Partnership, LP ("Cedar Partnership:) dated June 18, 2003 (the "Second Amendment Letter").
10.7.d	Amended and Restated Agreement to Enter into Letter Agreement Among Owners, Cedar I and Cedar II, dated June 18, 2003.
10.7.e	Amendment to Original Agreement among Owners, Cedar I, Cedar II and Cedar Partnership, dated July 29, 2003.
10.7.f	Amendment to Original Agreement among Owners, Cedar I, Cedar II and Cedar Partnership, dated October 30, 2003.
10.7.g	Lease between Owners and Cedar I (the "Lease").
10.7.h	Promissory Note in the original principal amount of $39,000,000 made by Owners in favor of Cedar II (the "Loan").
10.7.i	Open-End Mortgage and Security Agreement made by Owners in favor of Cedar II, dated October 23, 2003 and made effective as of October 31, 2003.
10.8.a	Contribution Agreement by and among Owner Entities and Cedar LP, dated as of October 2, 2003.
10.8.b	Amendment to Contribution Agreement by and among Owner Entities and Cedar LP.
10.8.c	Loan Agreement between Owner Entities and Cedar Lender.
10.8.d	Promissory Note by Owner Entities in favor of Cedar Lender.
10.8.e	Pledge and Security Agreement by Owner Entities in favor of Cedar Lender.
10.8.f	Guaranty by Owner Principal in favor of Cedar GP, Cedar LP and Cedar Lender.
10.8.g	Agreement of Limited Partnership of the Partnership by and among Cedar GP, Cedar LP and Owner Entities.
10.9.a	Recapitalization Agreement by and among the Partnership, Owner Entities and Cedar LP, dated as of October 2, 2003.

10.9.b	Amendment to Recapitalization Agreement by and among the Partnership, Owner Entities and Cedar LP, dated November 3, 2003.
10.9.c	Second Amendment to Recapitalization Agreement by and among the Partnership and Owner Entities and Cedar LP.
10.9.d	Right of First Refusal by the Partnership to Owner Entities, executed on November 19, 2003, and effective as of December 9, 2003.
10.9.e	Loan Agreement between Owner Entities and Cedar Lender.
10.9.f	Promissory Note by Owner Entities in favor of Cedar Lender.
10.9.g	Pledge and Security Agreement by Owner Entities in favor of Cedar Lender.
10.9.h	Guaranty by Owner Principal in favor of Cedar GP, Cedar LP and Cedar Lender.
10.9.i	Promissory Note by Cedar Partners in favor of Lender.
10.9.j	Amended and Restated Partnership Agreement of Limited Partnership of the Partnership LP, by and among the Partnership, Cedar GP, Cedar LP and Owner Entities.
10.10.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.
10.10.b	First Amendment to Loan Agreement, dated as of June 16, 2004.
10.10.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.
10.10.d	Third Amendment to Loan Agreement, dated as of January 28, 2005.
10.11.a	Agreement of Purchase and Sale between Dubois Realty Partners, L.P. and Cedar Shopping Centers Partnership, L.P., dated as of December 24 2003, incorporated by reference to Exhibit 10.2 of Form 8-K filed on March 22, 2004.
10.11.b	Guaranty of Cedar Dubois, LLC by and among Cedar Shopping Centers Partnership, L.P. and Fleet National Bank, dated January 30, 2004, incorporated by reference to Exhibit 10.3 of Form 8-K filed on March 22, 2004.
10.11.c	Pledge and Security Agreement of Cedar Dubois, LLC by and between Cedar Shopping Centers Partnership, L.P. and Fleet National Bank, dated as of March 2004, incorporated by reference to Exhibit 10.4 of Form 8-K filed on March 22, 2004.
10.11.d	Open-End Mortgage and Security Agreement of Cedar Dubois, LLC between Fleet National Bank and Cedar Shopping Centers Partnership, L.P., dated as of March 2004, incorporated by reference to Exhibit 10.5 of Form 8-K filed on March 22, 2004.
10.11.e	Limited Liability Company Agreement of Cedar Dubois, LLC by Cedar Shopping Centers Partnership, L.P. as sole member, dated March 2004, incorporated by reference to Exhibit 10.8 of Form 8-K filed on March 22, 2004.
10.11.f	Agreement of Purchase and Sale between Townfair Center Associates and Townfair Center Associates, Phase III (comprised of P.J. Dick Incorporated and Michael Joseph Limited Partnership) and Cedar Shopping Centers Partnership, L.P., dated as of December 24, 2003, incorporated by reference to Exhibit 10.9 of Form 8-K filed on March 22, 2004.
10.11.g	Loan Agreement between Patrician Financial Company Limited Partnership as Lender and Townfair Center Associates as Borrower, dated as of February 13, 1998, incorporated by reference to Exhibit 10.10 of Form 8-K filed on March 22, 2004.
10.11.h	Promissory Note (Townfair Center Phases I & II) from Cedar Shopping Centers Partnership, L.P. to Patrician Financial Company Limited Partnership, Note Date: February 13, 1998, incorporated by reference to Exhibit 10.11 of Form 8-K filed on March 22, 2004.

10.11.i	Open-End Mortgage, Assignment of Leases and Rents and Security Agreement by Townfair Center Associates in favor of Patrician Financial Company Limited Partnership, entered into as of February 13, 1998, incorporated by reference to Exhibit 10.12 of Form 8-K filed on March 22, 2004.
10.11.j	Limited Liability Company Agreement of Cedar Townfair, LLC between Cedar Shopping Centers Partnership, L.P. as sole member and Frank Ullman as special member, dated March 2004, incorporated by reference to Exhibit 10.17 of Form 8-K filed on March 22, 2004.
10.11.k	Limited Liability Company Agreement of Cedar Townfair Phase III, LLC between Cedar Shopping Centers Partnership, L.P. as sole member, dated March 2004, incorporated by reference to Exhibit 10.18 of Form 8-K filed on March 22, 2004.
10.12.a	Agreement of Purchase and Sale by and between Roger V. Calarese and A. Richard Calarese as Trustees of the Franklin Village Trust and Cedar-Franklin Village, LLC, dated as of August 2, 2004, incorporated by reference to Exhibit 10.1 of Form 8-K filed on November 5, 2004.
10.12.b	Amendment to Agreement of Purchase and Sale by and between Roger V. Calarese and A. Richard Calarese as Trustees of the Franklin Village Trust and Cedar-Franklin Village, LLC, dated as of September 2, 2004, incorporated by reference to Exhibit 10.2 of Form 8-K filed on November 5, 2004.
10.12.c	Second Amendment to Agreement of Purchase and Sale by and between Roger V. Calarese and A. Richard Calarese as Trustees of the Franklin Village Trust and Cedar-Franklin Village, LLC, dated as of September 10, 2004, incorporated by reference to Exhibit 10.3 of Form 8-K filed on November 5, 2004.
10.12.d	Third Amendment to Agreement of Purchase and Sale by and between Roger V. Calarese and A. Richard Calarese as Trustees of the Franklin Village Trust and Cedar-Franklin Village, LLC, dated as of September 13, 2004, incorporated by reference to Exhibit 10.4 of Form 8-K filed on November 5, 2004.
10.12.e	Fourth Amendment to Agreement of Purchase and Sale by and between Roger V. Calarese and A. Richard Calarese as Trustees of the Franklin Village Trust and Cedar-Franklin Village, LLC, dated as of October 29, 2004, incorporated by reference to Exhibit 10.5 of Form 8-K filed on November 5, 2004.
10.12.f	Limited Liability Company Agreement of Cedar-Franklin Village LLC entered into by Cedar-Franklin Village 2 LLC as sole equity member, Suzanne M. Hay as Springing Member 1 and Jan Koeman as Springing Member 2, dated October 22, 2004, incorporated by reference to Exhibit 10.6 of Form 8-K filed on November 5, 2004.
10.12.g	Operating Agreement of Cedar-Franklin Village 2 LLC made and entered into by Cedar Shopping Centers Partnership, L.P. dated as of October 21, 2004, incorporated by reference to Exhibit 10.7 of Form 8-K filed on November 5, 2004.
10.12.h	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.
10.12.i	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.
10.12.j	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.
10.12.k	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.

10.12.l	Supplemental Guaranty by 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 10.19 of Form 8-K filed on November 5, 2004.
10.13.a	Agreement of Purchase and Sale dated as of November 15, 2004, by and between Gateway Connecticut Properties, Inc., as Seller, and Cedar Shopping Centers Partnership, L.P., a Delaware Limited Partnership, as Purchaser, in respect of the Brickyard Shopping Center, incorporated by reference to Exhibit 10.1 of Form 8-K filed on December 21, 2004.
21.1	List of Subsidiaries of the Registrant
23.1	Consent of Independent Registered Public Accounting Firm
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

(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.

Back to Contents

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/ THOMAS J. O'KEEFFE

Thomas J. O'Keeffe
Chief Financial Officer
(principal financial officer)

/s/ ANN MANERI

Ann Maneri
Property Controller
(principal accounting officer)

/s/ JEFFREY L. GOLDBERG

Jeffrey L. Goldberg
Corporate Controller

March 10, 2005

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/ J.A.M.H. DER KINDEREN

J.A.M.H. der Kinderen
Director

/s/ RICHARD HOMBURG

Richard Homburg
Director

/s/ EVERETT B. MILLER, III

Everett B. Miller, III
Director

/s/ LEO S. ULLMAN

Leo S. Ullman
Director

/s/ BRENDA J. WALKER

Brenda J. Walker
Director

/s/ROGER M. WIDMANN

Roger M. Widmann
Director

March 10, 2005

Back to Contents

CEDAR SHOPPING CENTERS, INC.
SCHEDULE III - Real Estate and Accumulated Depreciation
Year Ended December 31, 2004

Property location/% - owned (1)	Gross leasable area	Year acquired	Year built/ year last renovated	Initial cost to Company		Subsequent cost capitalized
				Land	Buildings and improvements	
STABILIZE2D PROPERTIES (2):						
The Point	255,000	2000	1972/2001	$ 2,700,000	$ 10,800,000	$ 11,179,000
Harrisburg, PA (100%)						
Academy Plaza	153,000	2001	1965/1998	2,406,000	9,623,000	908,000
Philadelphia, PA (100%)						
Port Richmond Village	155,000	2001	1988	2,942,000	11,769,000	324,000
Philadelphia, PA (100%)						
Washington Center Shoppes	153,000	2001	1979/1995	1,811,000	7,314,000	859,000
Washington Tnsp, NJ (100%)						
Red Lion	224,000	2002	1990/2000	4,221,000	16,531,000	(658,000)
Philadelphia, PA (20%)						
Loyal Plaza	294,000	2002	1969/2000	3,853,000	15,620,000	1,129,000
Williamsport, PA (25%)						
LA Fitness Facility	41,000	2002	2003	2,107,000	—	3,920,000
Fort Washington, PA (50%)						
Fairview Plaza	70,000	2003	1992	1,810,000	7,272,000	156,000
New Cumberland, PA (30%)						
Halifax Plaza	54,000	2003	1994	1,102,000	4,609,000	85,000
Halifax, PA (30%)						
Newport Plaza	67,000	2003	1996	1,316,000	5,320,000	99,000
Newport, PA (30%)						
Pine Grove Plaza	79,000	2003	2001/2002	1,622,000	6,489,000	—
Pemberton Tnsp, NJ (100%)						
Swede Square	99,000	2003	1980/2004	1,555,000	6,232,000	1,932,000
East Norriton, PA (100%)						
Valley Plaza	191,000	2003	1975/1994	1,950,000	7,766,000	59,000
Hagerstown, MD (100%)						
Wal-Mart Center	156,000	2003	1972/2000	—	11,834,000	10,000
Southington, CT (100%)						
South Philadelphia	283,000	2003	1950/2003	8,222,000	35,907,000	857,000
Philadelphia, PA (100%)						
River View Plaza I II III	244,000	2003	1991/1998	9,718,000	40,356,000	75,000
Philadelphia, PA (100%)						
Columbus Crossing	142,000	2003	2001	4,579,000	19,135,000	5,000
Philadelphia, PA (100%)						
Sunset Crossing	74,000	2003	2002	2,150,000	8,980,000	(13,000)
Dickson City, PA (100%)						
The Commons	175,000	2004	2000 - 2003	3,098,000	14,047,000	1,000
DuBois, PA (100%)						
Townfair Center	204,000	2004	1995 - 2002	3,022,000	13,786,000	393,000
White Township, PA (100%)						
Lake Raystown Plaza	84,000	2004	1995	1,482,000	6,735,000	—
Huntingdon, PA (100%)						
Franklin Village Plaza	304,000	2004	1987/1989	13,825,000	58,203,000	—
Franklin, MA (100%)						
The Brickyard	275,000	2004	1989 - 1990	6,463,000	28,198,000	42,000
Berlin, CT (100%)	3,776,000			81,954,000	346,526,000	21,362,000

Property location/% - owned (1)	Gross amount at which carried at Dec 31, 2004			Accumulated depreciation (4)	Amount Of encumbrance
	Land	Buildings and improvements	Total		
STABILIZED PROPERTIES (2):					
The Point	$ 2,996,000	$ 21,683,000	$ 24,679,000	$ 2,121,000	$ 19,264,000
Harrisburg, PA (100%)					
Academy Plaza	2,406,000	10,531,000	12,937,000	822,000	10,278,000
Philadelphia, PA (100%)					
Port Richmond Village	2,942,000	12,093,000	15,035,000	979,000	11,135,000
Philadelphia, PA (100%)					
Washington Center Shoppes	1,811,000	8,173,000	9,984,000	691,000	5,749,000
Washington Tnsp, NJ (100%)					
Red Lion	4,221,000	15,873,000	20,094,000	1,099,000	16,459,000

Philadelphia, PA (20%)					
Loyal Plaza	3,853,000	16,749,000	20,602,000	1,007,000	13,532,000
Williamsport, PA (25%)					
LA Fitness Facility	2,107,000	3,920,000	6,027,000	97,000	4,955,000
Fort Washington, PA (50%)					
Fairview Plaza	1,810,000	7,428,000	9,238,000	367,000	5,941,000
New Cumberland, PA (30%)					
Halifax Plaza	1,102,000	4,694,000	5,796,000	225,000	4,100,000
Halifax, PA (30%)					
Newport Plaza	1,316,000	5,419,000	6,735,000	260,000	5,237,000
Newport, PA (30%)					
Pine Grove Plaza	1,622,000	6,489,000	8,111,000	282,000	5,738,000
Pemberton Tnsp, NJ (100%)					
Swede Square	2,268,000	7,451,000	9,719,000	412,000	(3)
East Norriton, PA (100%)					
Valley Plaza	1,950,000	7,825,000	9,775,000	292,000	(3)
Hagerstown, MD (100%)					
Wal-Mart Center	—	11,844,000	11,844,000	395,000	
Southington, CT (100%)					
South Philadelphia	8,222,000	36,764,000	44,986,000	1,384,000	(3)
Philadelphia, PA (100%)					
River View Plaza I II III	9,718,000	40,431,000	50,149,000	1,492,000	(3)
Philadelphia, PA (100%)					
Columbus Crossing	4,579,000	19,140,000	23,719,000	610,000	(3)
Philadelphia, PA (100%)					
Sunset Crossing	2,150,000	8,967,000	11,117,000	268,000	(3)
Dickson City, PA (100%)					
The Commons	3,098,000	14,048,000	17,146,000	475,000	(3)
DuBois, PA (100%)					
Townfair Center	3,022,000	14,179,000	17,201,000	405,000	10,167,000
White Township, PA (100%)					
Lake Raystown Plaza	1,482,000	6,735,000	8,217,000	144,000	(3)
Huntingdon, PA (100%)					
Franklin Village Plaza	13,825,000	58,203,000	72,028,000	422,000	43,500,000
Franklin, MA (100%)					
The Brickyard	6,463,000	28,240,000	34,703,000	6,000	(3)
Berlin, CT (100%)	82,963,000	366,879,000	449,842,000	14,255,000	156,055,000

Back to Contents

CEDAR SHOPPING CENTERS, INC.
SCHEDULE III - Real Estate and Accumulated Depreciation
Year Ended December 31, 2004 (continued)

Property location/% - owned (1)	Gross leasable area	Year acquired	Year built/ year last renovated	Initial cost to Company		Subsequent cost capitalized
				Land	Buildings and improvements	
DEVELOPMENT/REDEVELOPMENT PROPERTIES:						
Camp Hill Mall	449,000	2002	1958/2004	4,460,000	17,857,000	10,897,000
Camp Hill, PA (100%)						
Golden Triangle	192,000	2003	1960/2004	2,320,000	9,713,000	1,787,000
Lancaster, PA (100%)						
Carbondale Plaza	130,000	2004	1972	1,586,000	7,289,000	95,000
Carbondale, PA (100%)						
Huntingdon Plaza	151,000	2004	1972 - 2003	933,000	4,129,000	39,000
Huntingdon, PA (100%)						
Hamburg Commons	98,000	2004	1988 - 1993	1,153,000	4,678,000	117,000
Hamburg, PA (100%)						
Meadows Marketplace	91,000	2004	2004	1,914,000	—	63,000
So. Hanover Tnsp, PA (100%)						
	1,111,000			12,366,000	43,666,000	12,998,000
LAND ASSETS:						
Washington Center Shoppes						
parcel	N/A	2001	N/A	250,000	—	—
Washington Tnsp, NJ (100%)						
Pine Grove Plaza parcel	N/A	2003	N/A	388,000	—	—
Pemberton Township, NJ (100%)						
Lake Raystown Plaza parcel	N/A	2004	N/A	749,000	—	21,000
Huntingdon, PA (100%)						
Halifax Plaza parcel	N/A	2004	N/A	901,000	—	171,000
Halifax, PA (100%)						
	—			2,288,000	—	192,000
Totals	4,887,000			$ 96,608,000	$ 390,192,000	$ 34,552,000

Property location/% - owned (1)	Gross amount at which carried at Dec 31, 2004			Accumulated depreciation (4)	Amount Of encumbrance
	Land	Buildings and improvements	Total		
DEVELOPMENT/REDEVELOPMENT PROPERTIES:					
Camp Hill Mall	4,460,000	28,754,000	33,214,000	957,000	14,000,000
Camp Hill, PA (100%)					
Golden Triangle	2,320,000	11,500,000	13,820,000	429,000	9,987,000
Lancaster, PA (100%)					
Carbondale Plaza	1,586,000	7,384,000	8,970,000	212,000	
Carbondale, PA (100%)					
Huntingdon Plaza	933,000	4,168,000	5,101,000	98,000	(3)
Huntingdon, PA (100%)					
Hamburg Commons	1,153,000	4,795,000	5,948,000	76,000	
Hamburg, PA (100%)					
Meadows Marketplace	1,914,000	63,000	1,977,000	—	
So. Hanover Tnsp, PA (100%)					
	12,366,000	56,664,000	69,030,000	1,772,000	23,987,000
LAND ASSETS:					
Washington Center Shoppes					
parcel	250,000	—	250,000	—	
Washington Tnsp, NJ (100%)					
Pine Grove Plaza parcel	388,000	—	388,000	—	388,000
Pemberton Township, NJ (100%)					
Lake Raystown Plaza parcel	749,000	21,000	770,000	—	
Huntingdon, PA (100%)					

Halifax Plaza parcel	901,000	171,000	1,072,000	—	
Halifax, PA (100%)					
	2,288,000	192,000	2,480,000	—	388,000
Totals	$ 97,617,000	$ 423,735,000	$ 521,352,000	$ 16,027,000	$ 180,430,000

(1) Other than the partnerships owning the Red Lion and the LA Fitness Facility properties, the terms of the several joint venture agreements provide, among other things, that the minority interest partners receive certain preferential returns on their investments prior to any distributions to the Company.

(2) "Stabilized properties" are those properties, with no development/redevelopment activities, having an occupancy rate of at least 80%.

(3) Properties pledged as collateral under the Company's secured revolving credit facility, including Valley Plaza which is in the process of being added to the collateral pool. The total net book value of all such properties was $209,451,000 at December 31, 2004; the total amounts outstanding under the secured revolving credit facility at that date was $68,200,000.

(4) Depreciation is provided over the estimated useful lives of buildings and improvements, which range from 5 to 40 years.

CEDAR SHOPPING CENTERS, INC.

ARTICLES SUPPLEMENTARY

8 7/8% SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK

Cedar Shopping Centers, Inc., a Maryland corporation (the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST : Under a power contained in Article IV of the Articles of Incorporation of the Corporation, as amended and supplemented (the "Charter"), the Board of Directors of the Corporation (the "Board of Directors"), by resolution duly adopted at a meeting duly called and held on July 19, 2004 (the "Board Resolutions"), and the Pricing Committee of the Board of Directors established by the Board Resolutions, by resolution duly adopted at a meeting duly called and held on July 23, 2004, classified and designated 2,350,000 shares (the "Shares") of Preferred Stock (as defined in the Charter) as shares of 8?% Series A Cumulative Redeemable Preferred Stock, with the preferences, conversions and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of shares of stock as follows and provided for the issuance thereof. Upon any restatement of the Charter, Sections 1 through 13 of this Article FIRST shall become part of Article IV of the Charter, with such changes in enumeration as are necessary to complete such restatement.

(1) Designation and Number. A series of shares of Preferred Stock, designated as the "8?% Series A Cumulative Redeemable Preferred Stock" (the "Series A Preferred Stock"), is hereby established. The number of shares of Series A Preferred Stock shall be 2,350,000. The par value of the Series A Preferred Stock shall be $.01 per share.

(2) Rank. The Series A Preferred Stock will, with respect to distribution rights and rights upon liquidation, dissolution or winding up of the Corporation, rank (a) senior to all classes or series of Common Stock (as defined in the Charter), and to all equity securities the terms of which provide that such equity securities shall rank junior to the Series A Preferred Stock; (b) on parity with all equity securities issued by the Corporation the terms of which specifically provide that such equity securities rank on parity with the Series A Preferred Stock; and (c) junior to all equity securities issued by the Corporation the terms of which specifically provide that such equity securities rank senior to the Series A Preferred Stock. The term "equity securities" shall not include convertible debt securities.

(3) Distributions.

(a) Holders of Series A Preferred Stock shall be entitled to receive, when and if declared by the Board of Directors, out of funds legally available for payment of distributions, cumulative preferential cash distributions at the rate of 8?% of the liquidation preference per annum (which is equivalent to a fixed annual amount of $2.21875 per share of Series A Preferred Stock). Such distributions shall accrue and cumulate from the date of original issuance (July 28, 2004) and shall be payable quarterly in arrears on the 20th day of February, May, August and November of each year or, if not a business day, the next succeeding business day (each a "Distribution Payment Date"). The first distribution on the Series A Preferred Stock

shall be paid on November 20, 2004, will be for more than a full quarter and will reflect distributions accumulated from the date of original issuance through November 20, 2004. Any distribution payable on the Series A Preferred Stock for any partial distribution period shall be prorated and computed on the basis of a 360-day year consisting of twelve 30-day months. Distributions shall be payable to holders of record as they appear in the stock records of the Corporation at the close of business on the applicable distribution record date, which shall be a date designated by the Board of Directors for the payment of distributions that is not more than 60 nor less than 10 calendar days immediately preceding such Distribution Payment Date (each, a "Distribution Record Date").

(b) No distribution on the Series A Preferred Stock shall be authorized or declared or paid or set apart for payment by the Corporation at such time as the terms and provisions of any agreement of the Corporation, including any agreement relating to its indebtedness or any other of the Corporation's preferred stock, prohibits such authorization, declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach or default thereunder, or if such authorization, declaration, payment or setting apart for payment shall be restricted or prohibited by law.

Notwithstanding anything to the contrary contained herein, distributions on the Series A Preferred Stock shall accrue and cumulate whether or not the Corporation has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such

distributions are declared by the Board of Directors. Accrued but unpaid distributions on the Series A Preferred Stock shall cumulate as of the Distribution Payment Date on which they first become payable or on the date of redemption, as the case may be. No interest shall be payable in respect of any distribution on the Series A Preferred Stock that may be in arrears.

(c) Except as provided in the following sentence, if any Series A Preferred Stock are outstanding, no distributions, other than distributions in kind of the Corporation's Common Stock or other shares of the Corporation's equity securities ranking junior to the Series A Preferred Stock as to distributions and upon liquidation, may be declared or paid or set apart for payment, and no other distribution may be declared or made upon, the Corporation's Common Stock or any other shares of equity securities of the Corporation of any other class or series ranking, as to distributions and upon liquidation, on parity with or junior to the Series A Preferred Stock unless full cumulative distributions have been or contemporaneously are declared and paid or declared and a sum sufficient is set apart for such payment on the Series A Preferred Stock for all past distribution periods and the then current distribution period. When distributions are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series A Preferred Stock and all other equity securities ranking on parity, as to distributions, with the Series A Preferred Stock, all distributions declared upon the Series A Preferred Stock and any other equity securities ranking on parity, as to distributions, with the Series A Preferred Stock shall be authorized pro rata so that the amount of distributions authorized per share of Series A Preferred Stock and each such other equity security shall in all cases bear to each other the same ratio that accrued distributions per share of Series A Preferred Stock and such other equity security (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such other equity securities do not

have a cumulative distribution) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on Series A Preferred Stock which may be in arrears.

(d) Except as provided in clause (c), unless full cumulative distributions on the Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient is set apart for payment for all past distribution periods and the then current distribution period, no Common Stock or any other shares of equity securities of the Corporation ranking junior to or on parity with the Series A Preferred Stock as to distributions or upon liquidation shall be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such shares) by the Corporation (except by conversion into or exchange for Common Stock or other shares of equity securities of the Corporation ranking junior to the Series A Preferred Stock as to distributions and amounts upon liquidation). The foregoing shall not prohibit any redemption, purchase or other acquisition by the Corporation of any class or series of equity securities of the Corporation for the purpose of enforcing restrictions on ownership contained in the Corporation's Charter or preserving the Corporation's status as a real estate investment trust.

(e) Holders of Series A Preferred Stock shall not be entitled to any distribution, whether payable in cash, property or shares, in excess of full cumulative distributions on the Series A Preferred Stock as described above. Any distribution payment made on the Series A Preferred Stock, including any capital gain distributions, shall first be credited against the earliest accrued but unpaid distribution due with respect to the Series A Preferred Stock which remains payable.

(f) If, for any taxable year, the Corporation elects to designate as a "capital gain dividend" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends (as determined for federal income tax purposes) paid or made available for the year to holders of all series or classes of the Corporation's stock (the "Total Dividends"), then, except as otherwise required by applicable law, that portion of the Capital Gains Amount that shall be allocable to the holders of Series A Preferred Stock shall be in proportion to the amount that the total dividends (as determined for federal income tax purposes) paid or made available to the holders of the Series A Preferred Stock for the year bears to the Total Dividends. Except as otherwise required by applicable law, the Corporation will make a similar allocation with respect to any undistributed long-term capital gains of the Corporation which are to be included in its stockholders' long-term capital gains, based on the allocation of the Capital Gains Amount which would have resulted if such undistributed long-term capital gains has been distributed as "capital gains dividends" by the Corporation to its stockholders.

(4) Liquidation Preference.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation (referred to herein sometimes as a "liquidation"), the holders of Series A Preferred Stock then

outstanding shall be entitled to receive out of the assets of the Corporation legally available for distribution to stockholders (after payment or provision for payment of all debts and other liabilities of the Corporation) the sum of (i) the liquidation

preference of $25.00 per share, (ii) the applicable premium per share (expressed as a percentage of the liquidation preference of $25.00 per share) as set forth in the table below during the twelve-month period beginning on July 28 of each year and (c) an amount equal to any accrued and unpaid distributions (whether or not declared) to the date of payment, before any distribution of assets is made to holders of Common Stock (as defined in the Charter) or any equity securities that the Corporation may issue that rank junior to the Series A Preferred Stock as to liquidation rights.

12-MONTH PERIOD	APPLICABLE PREMIUM
July 28, 2004 to July 27, 2005	5%
July 28, 2005 to July 27, 2006	4%
July 28, 2006 to July 27, 2007	3%
July 28, 2007 to July 27, 2008	2%
July 28, 2008 to July 27, 2009	1%
July 28, 2009 and thereafter	0

(b) If, upon any such voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the assets of the Corporation are insufficient to make full payment to holders of the Series A Preferred Stock and any shares of other classes or series of equity securities of the Corporation ranking on parity with the Series A Preferred Stock as to liquidation rights, then the holders of the Series A Preferred Stock and all other such classes or series of equity securities ranking on parity with the Series A Preferred Stock as to liquidation rights shall share ratably in any distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

(c) Written notice of any such liquidation, dissolution or winding up of the Corporation, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage pre-paid, not less than 30 nor more than 60 calendar days immediately preceding the payment date stated therein, to each record holder of the Series A Preferred Stock at the respective addresses of such holders as the same shall appear on the share transfer records of the Corporation.

(d) After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series A Preferred Stock shall have no right or claim to any of the remaining assets of the Corporation.

(e) None of a consolidation or merger of the Corporation with or into another entity, the merger of another entity with or into the Corporation, a statutory share exchange by the Corporation or a sale, lease, transfer or conveyance of all or substantially all of the Corporation's assets or business shall be considered a liquidation, dissolution or winding up of the Corporation.

(f) In determining whether a distribution (other than upon voluntary or involuntary dissolution) by dividend, redemption or other acquisition of shares of the Corporation or otherwise is permitted under Maryland law, amounts that would be needed, if the Corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights

upon dissolution of the holders of Series A Preferred Stock will not be added to the Corporation's total liabilities.

(5) Redemption.

(a) Except as otherwise set forth in this Section 5 and in Section 8, the Series A Preferred Stock is not redeemable prior to July 28, 2009, except that the Corporation will be entitled to redeem, purchase or acquire shares of Series A Preferred Stock in order to ensure that the Corporation remains qualified as a REIT for federal income tax purposes.

(b) On or after July 28, 2009 the Corporation, at its option, upon giving notice as provided below, may redeem the Series A Preferred Stock, in whole or from time to time in part, for cash, at a redemption price of $25.00 per share, plus all accrued and unpaid distributions on such Series A Preferred Stock to the date of redemption, whether or not declared (the "Redemption Right").

(c) If fewer than all of the outstanding shares of Series A Preferred Stock are to be redeemed pursuant to the Redemption Right,

the shares to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional shares) or by lot or in such other equitable method prescribed by the Board of Directors. If such redemption is to be by lot and, as a result of such redemption, any holder of Series A Preferred Stock would become a holder of a number of Series A Preferred Stock in excess of the Ownership Limit because such holder's shares of Series A Preferred Stock were not redeemed, or were only redeemed in part, then, except as otherwise provided in the Charter, the Corporation shall redeem the requisite number of shares of Series A Preferred Stock of such holder such that no holder will hold in excess of the Ownership Limit subsequent to such redemption.

(d) Notwithstanding anything to the contrary contained herein, unless full cumulative distributions on all shares of Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient is set apart for payment for all past distribution periods and the then current distribution period, no shares of Series A Preferred Stock shall be redeemed unless all outstanding shares of Series A Preferred Stock are simultaneously redeemed. In addition, unless full cumulative distributions on all shares of Series A Preferred Stock have been or contemporaneously are declared and paid or declared and a sum sufficient is set apart for payment for all past distribution periods and the then current distribution period, the Corporation shall not purchase or otherwise acquire directly or indirectly any shares of Series A Preferred Stock or any other shares of equity securities of the Corporation ranking junior to or on parity with the Series A Preferred Stock as to distributions or upon liquidation (except by conversion into or exchange for shares of equity securities of the Corporation ranking junior to the Series A Preferred Stock as to distributions and upon liquidation). The restrictions in this Section 5 on redemptions, purchases and other acquisitions shall not prevent the redemption, purchase or acquisition by the Corporation of Preferred Stock of any series pursuant to Article IV of the Charter or Section 5(a) hereof, or otherwise in order to ensure that the Corporation remains qualified as a REIT for United States federal income tax purposes, or the purchase or acquisition of Series A Preferred Stock pursuant to a purchase or exchange offer made on the same terms to all holders of the Series A Preferred Stock.

(e) Immediately prior to any redemption of shares of Series A Preferred Stock, the Corporation shall pay, in cash, any accrued and unpaid distributions to the redemption date, whether or not declared, unless a redemption date falls after a Distribution Record Date and prior to the corresponding Distribution Payment Date, in which case each holder of Series A Preferred Stock at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such shares on the corresponding Distribution Payment Date notwithstanding the redemption of such shares before the Distribution Payment Date. Except as provided in the previous sentence, the Corporation shall make no payment or allowance for unpaid distributions, whether or not in arrears, on Series A Preferred Stock for which a notice of redemption has been given.

(f) The following provisions set forth the procedures for redemption.

(i) Notice of redemption will be mailed by the Corporation, postage prepaid, no less than 30 nor more than 60 calendar days immediately preceding the redemption date, addressed to the respective holders of record of the Series A Preferred Stock to be redeemed at their respective addresses as they appear on the stock transfer records of the Corporation. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any Series A Preferred Stock except as to the holder to whom notice was defective or not given.

(ii) In addition to any information required by law or by the applicable rules of any exchange upon which the Series A Preferred Stock may be listed or admitted to trading, each notice shall state: (A) the redemption date; (B) the redemption price; (C) the number of Series A Preferred Stock to be redeemed; (D) the place or places where the holders of Series A Preferred Stock may surrender certificates for payment of the redemption price; and (E) that distributions on the Series A Preferred Stock to be redeemed will cease to accrue on the redemption date. If less than all of the Series A Preferred Stock held by any holder are to be redeemed, the notice mailed to each holder shall also specify the number of Series A Preferred Stock held by such holder to be redeemed.

(iii) On or after the redemption date, each holder of Series A Preferred Stock to be redeemed shall present and surrender the certificates representing his Series A Preferred Stock to the Corporation at the place designated in the notice of redemption and thereupon the redemption price of such shares (including all accrued and unpaid distributions up to the redemption date) shall be paid to or on the order of the person

whose name appears on such certificate representing Series A Preferred Stock as the owner thereof and each surrendered certificate shall be canceled. If fewer than all the shares represented by any such certificate representing Series A Preferred Stock are to be redeemed, a new certificate shall be issued representing the unredeemed shares.

(iv) From and after the redemption date (unless the Corporation defaults in payment of the redemption price), all distributions on the Series A Preferred Stock designated for redemption and all rights of the holders thereof,

except the right to receive the redemption price thereof and all accrued and unpaid distributions up to the redemption date, shall terminate with respect to such shares and such shares shall not thereafter be transferred (except with the consent of the Corporation) on the Corporation's stock transfer records, and such shares shall not be deemed to be outstanding for any purpose whatsoever. At its election, the Corporation, prior to a redemption date, may irrevocably deposit the redemption price (including accrued and unpaid distributions to the redemption date) of the Series A Preferred Stock so called for redemption in trust for the holders thereof with a bank or trust company, in which case the redemption notice to holders of the Series A Preferred Stock to be redeemed shall (A) state the date of such deposit, (B) specify the office of such bank or trust company as the place of payment of the redemption price and (C) require such holders to surrender the certificates representing such shares at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accrued and unpaid distributions to the redemption date). Any monies so deposited which remain unclaimed by the holders of the Series A Preferred Stock at the end of two years after the redemption date shall be returned by such bank or trust company to the Corporation.

(g) Any Series A Preferred Stock that shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued Preferred Stock, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors.

(6) Voting Rights.

(a) Holders of the Series A Preferred Stock shall not have any voting rights, except as set forth below.

Whenever distributions on the Series A Preferred Stock are in arrears for six or more consecutive quarterly periods (a "Preferred Distribution Default"), the holders of Series A Preferred Stock (voting together as a single class with all other equity securities of the Corporation upon which like voting rights have been conferred and are exercisable ("Parity Preferred Stock")) shall be entitled to elect a total of two additional directors to the Corporation's Board of Directors (the "Preferred Stock Directors") at a special meeting called by the holders of record of at least 10% of the outstanding shares of Series A Preferred Stock (unless such request is received less than 90 calendar days before the date fixed for the next annual or special meeting of stockholders) or, if the request for a special meeting is received by the Corporation less than 90 calendar days before the date fixed for the next annual or special meeting of stockholders, at the next annual meeting of stockholders, and at each subsequent annual meeting until all distributions accrued on the Series A Preferred Stock for the past distribution periods and the then current distribution period shall have been fully paid or declared and a sum sufficient for the payment thereof set aside for payment. On any matter in which the holders of Series A Preferred Stock are entitled to vote (as expressly provided herein or as may be required by law), including any action by written consent, each share of Series A Preferred Stock shall have one vote per share, except that when shares of any other series of preferred stock of the Corporation shall

have the right to vote with the Series A Preferred Stock as a single class on any matter, then the Series A Preferred Stock and such other series shall have with respect to such matters one vote per $25.00 of stated liquidation preference.

(b) If and when all accrued distributions and the distribution for the then current distribution period on the Series A Preferred Stock shall have been paid in full or declared and a sum sufficient for the payment thereof set aside for payment in full, the holders of Series A Preferred Stock shall be divested of the voting rights set forth in clause (a) above (subject to revesting in the event of each and every Preferred Distribution

Default) and, if all accrued distributions and the distribution for the then current distribution period have been paid in full or declared by the Board of Directors and set aside for payment in full on all other series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, the term of office of each Preferred Stock Director so elected shall terminate. Any Preferred Stock Director may be removed at any time with or without cause by the vote or consent of, and shall not be removed otherwise than by the vote of, the holders of a majority of the outstanding Series A Preferred Stock when they have the voting rights set forth in clause (a) above and all other series of Parity Preferred Stock (voting as a single class). So long as a Preferred Distribution Default shall continue, any vacancy in the office of a Preferred Stock Director may be filled by written consent of the Preferred Stock Director remaining in office, or if none remains in office, by a vote of the holders of a majority of the outstanding Series A Preferred Stock when they have the voting rights set forth in clause (a) above and all other series of Parity Preferred Stock (voting as a single class). The Preferred Stock Directors shall each be entitled to one vote per director on any matter.

(c) So long as any Series A Preferred Stock remain outstanding, the Corporation shall not, without the affirmative vote or consent of the holders of at least two-thirds of the Series A Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (such series voting separately as a class), (i) authorize, create or increase the authorized or issued amount of any class or series of equity securities ranking senior to the outstanding Series A Preferred Stock with respect to the payment of distributions or the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation or reclassify any authorized equity securities of the Corporation into any such senior equity securities, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such senior equity securities; or (ii) amend, alter or repeal the provisions of the Charter (including these Articles Supplementary), whether by merger or consolidation (in either case, an "Event") or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Stock; provided, however, that with respect to any such amendment, alteration or repeal of the provisions of the Charter (including these Articles Supplementary) upon the occurrence of an Event, so long as shares of the Series A Preferred Stock remain outstanding with the terms thereof materially unchanged in any adverse respect, taking into account that, upon the occurrence of an Event, the Corporation may not be the surviving entity and such surviving entity may thereafter be the issuer of the Series A Preferred Stock, the occurrence of any such Event shall not be deemed to materially and adversely affect the rights, preferences or voting powers of the Series A Preferred Stock; and provided further that any increase in the amount of authorized Series A Preferred Stock or the creation or issuance of or increase in the amount of any other class or series of the Corporation's equity securities, in each case ranking on parity with or junior to the Series A

Preferred Stock with respect to the payment of distributions and the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding up of the Corporation, shall not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of the Series A Preferred Stock.

(d) The foregoing voting provisions shall not apply if, at or prior to the time when the action with respect to which such vote or consent would otherwise be required shall be effected, all outstanding Series A Preferred Stock shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

(7) Conversion. The Series A Preferred Stock is not convertible into or exchangeable for any other property or securities of the Corporation.

(8) Ownership Limitations. The provisions of this Section 8 shall apply with respect to the limitations on the ownership and acquisition of shares of Series A Preferred Stock.

(a) Definitions

For the purposes of this Section 8, the following terms shall have the following meanings:

"Act" shall mean the General Corporation Law of Maryland.

"Beneficial Ownership" shall mean ownership of Series A Preferred Stock by a Person who would be treated as an owner of such shares of Series A Preferred Stock either directly or constructively through the application of Section 544 of the Code, as modified by Section 856(h) of the Code. The terms "Beneficial Owner," "Beneficially Owns" and "Beneficially Owned" shall have the correlative meanings.

"Charitable Trust" shall mean the trust created pursuant to subparagraph 8(c)(i) of this Section 8.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time. All section references to the Code shall include any successor provisions thereof as may be adopted from time to time.

"Constructive Ownership" shall mean ownership of Series A Preferred Stock by a Person who would be treated as an owner of such shares of Series A Preferred Stock either directly or constructively through the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructively Owns" and "Constructively Owned" shall have the correlative meanings.

"Holder" shall mean the record holder of shares of Series A Preferred Stock, or in the case of shares held by a Purported Record Transferee, the Charitable Trust.

"Initial Date" shall mean the date upon which the Corporation issues the Series A Preferred Stock.

"IRS" shall mean the United States Internal Revenue Service.

"Market Price" shall mean the last reported sales price reported on the New York Stock Exchange of Series A Preferred Stock on the trading day immediately preceding the relevant date, or if the Series A Preferred Stock is not then traded on the New York Stock Exchange, the last reported sales price of the Series A Preferred Stock on the trading day immediately preceding the relevant date as reported on any exchange or quotation system over which the Series A Preferred Stock may be traded, or if the Series A Preferred Stock is not then traded over any exchange or quotation system, then the market price of the Series A Preferred Stock on the relevant date as determined in good faith by the Board of Directors of the Corporation.

"Ownership Limit" shall mean 9.9% of the outstanding Series A Preferred Stock of the Corporation, and after any adjustment as set forth in subparagraph 8(i) of this Section 8, shall mean such greater percentage.

"Partner" shall mean any Person owning Units.

"Partnership" shall mean Cedar Shopping Centers Partnership, L.P., a Delaware limited partnership.

"Partnership Agreement" shall mean the Agreement of Limited Partnership of the Partnership, of which the Corporation is the sole general partner, as amended, as such agreement may be further amended from time to time.

"Person" shall mean an individual, corporation, partnership, estate, trust, a portion of a trust permanently set aside for or to be used exclusively for the purposes described in Section 642(c) of the Code, association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity and also includes a group as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended; but does not include an underwriter which participates in a public offering of the Series A Preferred Stock provided that the ownership of Series A Preferred Stock by such underwriter would not result in the Corporation failing to qualify as a REIT.

"Purported Transferee" shall mean, with respect to any purported Transfer (or other event) which results in a violation of subparagraph 8(b) of this Section 8, the purported beneficial transferee or owner for whom the Purported Record Transferee would have acquired or owned shares of Series A Preferred Stock, if such Transfer had been valid under such subparagraph.

"Purported Record Transferee" shall mean, with respect to any purported Transfer which results in a violation of subparagraph 8(b) of this Section 8, the record holder of the Series A Preferred Stock if such Transfer had been valid under such subparagraph.

"REIT" shall mean a Real Estate Investment Trust under Section 856 of the Code.

"Restriction Termination Date" shall mean the first day on which the Board of Directors of the Corporation determines that it is no longer in the best interests of the Corporation to attempt to, or

continue to, qualify as a REIT.

"Transfer" shall mean any sale, issuance, transfer, gift, assignment, devise or other disposition of Series A Preferred Stock as well as any other event that causes any Person to Beneficially Own or Constructively Own Series A Preferred Stock (including (i) the granting of any option or entering into any agreement for the sale, transfer or other disposition of Series A Preferred Stock or (ii) the sale, transfer. assignment or other disposition of any securities or rights convertible into or exchangeable for Series A Preferred Stock), whether voluntary or involuntary, whether of record or beneficially or Beneficially or Constructively (including but not limited to transfers of interests in other entities which result in changes in Beneficial or Constrictive Ownership of Series A Preferred Stock), and whether by operation of law or otherwise.

"Trustee" shall mean the Corporation as trustee for the Charitable Trust, and any successor trustee appointed by the Corporation.

"Units" shall mean the units into which partnership interests of the Partnership are divided, and as the same may be adjusted, as provided in the Partnership Agreement.

(b) Restriction on Ownership and Transfer.

(i) Except as provided in subparagraph 8(k) of this Section 8, from the Initial Date and prior to the Restriction Termination Date, no Person shall Beneficially Own shares of Series A Preferred Stock in excess of the Ownership Limit.

(ii) Except as provided in subparagraph 8(k) of this Section 8, from the Initial Date and prior to the Restriction Termination Date, any Transfer that, if effective, would result in any Person Beneficially Owning Series A Preferred Stock in excess of the Ownership Limit shall be void ab initio as to the Transfer of such shares of Series A Preferred Stock which would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit; and the Purported Transferee shall acquire no rights in such shares of Series A Preferred Stock.

(iii) Except as provided in subparagraph 8(k) of this Section 8, from the Initial Date and prior to the Restriction Termination Date, any Transfer that, if effective, would result in the Series A Preferred Stock being beneficially owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void ab initio as to the Transfer of such shares of Series A Preferred Stock which would be otherwise beneficially owned by the transferee; and the intended transferee shall acquire no rights in such shares of Series A Preferred Stock.

(iv) Notwithstanding any other provisions contained in this Section 8, from the Initial Date and prior to the Restriction Termination Date, any Transfer or other event that, if effective, would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or would otherwise result in the Corporation failing to qualify as a REIT (including, but not limited to, a Transfer or other event that would result in the Corporation owning (directly or Constructively) an interest in a tenant that is described in Section

856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy, any of the gross income requirements of Section 856(c) of the Code), shall be void ab initio as to the Transfer of the shares of Series A Preferred Stock which would cause the Corporation to be "closely held" within the meaning of Section 856(h) of the Code or would otherwise result in the Corporation failing to qualify as a REIT; and the intended transferee or owner or Constructive or Beneficial Owner shall acquire or retain no rights in such shares of Series A Preferred Stock.

(c) Effect of Transfer in Violation of Subparagraph 8(b).

(i) If, notwithstanding the other provisions contained in this Section 8, at any time after the Initial Date and prior to the Restriction Termination Date, there is a purported Transfer, or change in the capital structure of the Corporation, or other event such that one or more of the restrictions on ownership and transfers described in subparagraph 8(b) above has been violated, then the shares of Series A Preferred Stock being Transferred (or in the case of an event other than a Transfer, the shares owned or Constructively Owned or Beneficially Owned) which would cause one or more of the restrictions on ownership or transfer to be violated (rounded up to the nearest whole share) (the "Trust Shares"), shall automatically be transferred to the Corporation, as Trustee of a trust (the "Charitable Trust") for the exclusive benefit of The American Cancer Society (the "Designated Charity"), an organization described in Section 170(b)(1)(A) and 170(c) of the Code. The

Purported Transferee shall have no rights in such Trust Shares.

(ii) The Corporation, as Trustee of the Charitable Trust, may transfer the shares held in such trust to a Person whose ownership of the shares will not result in a violation of the ownership restrictions (a "Permitted Transferee"). If such a transfer is made, the interest of the Designated Charity will terminate and proceeds of the sale will be payable to the Purported Transferee and to the Designated Charity. The Purported Transferee will receive the lesser of (1) the price paid by the Purported Transferee for the shares or, if the Purported Transferee did not give value for the shares, the Market Price of the shares on the day of the event causing the shares to be held in trust, and (2) the price per share received by the Corporation, as Trustee, from the sale or other disposition of the shares held in trust. The Designated Charity will receive any proceeds in excess of the amount payable to the Purported Transferee. The Purported Transferee will not be entitled to designate a Permitted Transferee.

(iii) All stock held in the Charitable Trust will be deemed to have been offered for sale to the Corporation or its designee for a 90-day period, at the lesser of the price paid for that stock by the Purported Transferee and the Market Price on the date that the Corporation accepts the offer. This period will commence on the date of the violative transfer, if the Purported Transferee gives notice to the Corporation of the transfer, or the date that the Board of Directors of the Corporation determines that a violative transfer occurred, if no such notice is provided.

(iv) Any dividend or distribution paid prior to the discovery by the Corporation that shares of Series A Preferred Stock have been transferred in violation of subparagraph 8(b) of this Section 8, shall be repaid to the Corporation upon demand and shall be

held in trust for the Designated Charity. Any dividend or distribution declared but unpaid shall be rescinded as void ab initio with respect to such shares of stock.

(v) In the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation, the Designated Charity shall be entitled to receive, ratably with each other holder of Series A Preferred Stock, that portion of the assets of the Corporation available for distribution to its stockholders as the number of Trust Shares bears to the total number of shares of Series A Preferred Stock then outstanding (including the Trust Shares). The Corporation, as Trustee, or if the Corporation shall have been dissolved, any trustee appointed by the Corporation prior to its dissolution, shall distribute to the Designated Charity, when determined (or if not determined, or only partially determined, ratably to the other holders of Series A Preferred Stock who have been determined and the Designated Charity), any such assets received in respect of the Trust Shares in any liquidation, dissolution or winding up of, or any distribution of the assets of, the Corporation.

(vi) The Purported Transferee will not be entitled to vote any Series A Preferred Stock it attempts to acquire, and any stockholder vote will be rescinded if a Purported Transferee votes and the stockholder vote would have been decided differently if such Purported Transferee's vote was not counted.

(d) Remedies for Breach. If the Board of Directors or its designees shall at any time determine in good faith that a Transfer or other event has taken place in violation of subparagraph 8(b) of this Section 8 or that a Person intends to acquire or has attempted to acquire beneficial ownership (determined without reference to any rules of attribution), Beneficial Ownership or Constructive Ownership of any shares of Series A Preferred Stock in violation of subparagraph 8(b) of this Section 8, the Corporation shall inform the Purported Transferee of its obligations pursuant to this Section 8, including such Purported Transferee's obligations to pay over to the Charitable Trust any and all dividends received with respect to the Trust Shares. In addition, the Board of Directors or its designees shall take such action as it deems advisable to refuse to give effect or to prevent such Transfer, including, but not limited to, refusing to give effect to such Transfer on the books of the Corporation or instituting proceedings to enjoin such Transfer and to recover any dividend erroneously paid and declaring any votes erroneously cast to be retroactively invalid; provided, however, that any Transfers (or, in the case of events other than a Transfer, ownership or Constructive Ownership or Beneficial Ownership) in violation of subparagraph 8(b) of this Section 8 shall automatically result in a transfer to the Charitable Trust as described in subparagraph 8(c), irrespective of any action (or non-action) by the Board of Directors.

(e) Notice of Restricted Transfer. Any Person who acquires or attempts to acquire shares of Series A Preferred Stock in violation of subparagraph 8(b) of this Section 8, or any Person who is a Purported Transferee, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the

Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer on the Corporation's status as a REIT.

(f) Owners Required To Provide Information. From the Initial Date and prior to the Restriction Termination Date each Person who is a beneficial owner or

Beneficial Owner or Constructive Owner of Series A Preferred Stock and each Person (including the stockholder of record) who is holding Series A Preferred Stock for a Beneficial Owner or Constructive Owner shall provide to the Corporation such information that the Corporation may request, in good faith, in order to determine the Corporation's status as a REIT.

(g) Remedies Not Limited. Nothing contained in this Section 8 shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable to protect the Corporation and the interests of its stockholders by preservation of the Corporation's status as a REIT.

(h) Ambiguity. In the case of an ambiguity in the application of any of the provisions of subparagraph 8 of this Section 8, including any definition contained in subparagraph 8(a), the Board of Directors shall have the power to determine the application of the provisions of this subparagraph 8 with respect to any situation based on the facts known to it.

(i) Modification of Ownership Limit. Subject to the limitations provided in subparagraph 8(j), the Board of Directors may from time to time increase the Ownership Limit and shall file Articles Supplementary with the State Department of Assessment and Taxation of Maryland to evidence such increase.

(j) Limitations on Modifications.

(i) From the Initial Date and prior to the Restriction Termination Date, the Ownership Limit may not be increased if, after giving effect to such increase, five Persons who are Beneficial Owners of Series A Preferred Stock could (taking into account the Ownership Limit) Beneficially Own, in the aggregate, more than 49.5% of the outstanding Series A Preferred Stock.

(ii) Prior to the modification of any Ownership Limit pursuant to subparagraph 8(i) of this Section 8, the Board of Directors of the Corporation may require such opinions of counsel, affidavits, undertakings or agreements as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT.

(k) Exceptions.

(i) The Board of Directors, in its sole discretion, may exempt a Person from the Ownership Limit, if such Person is not an individual for purposes of Section 542(a)(2) of the Code and the Board of Directors obtains such representations and undertakings from such Person as are reasonably necessary to ascertain that no individual's Beneficial Ownership of such shares of Series A Preferred Stock will violate the Ownership Limit, and agrees that any violation of such representations or undertaking (or other action which is contrary to the restrictions contained in this subparagraph 8 of this Section 8) or attempted violation will result in such shares of Series A Preferred Stock automatically being transferred to the Charitable Trust.

(ii) Prior to granting any exception pursuant to subparagraph 8(k)(i) of this Section 8, the Board of Directors may require a ruling from the IRS, or an opinion of counsel, in either case in form and substance satisfactory to the Board of Directors in its sole

discretion, as it may deem necessary or advisable in order to determine or ensure the Corporation's status as a REIT.

(l) Legend. Each certificate for shares of Series A Preferred Stock shall bear legends substantially to the effect of the following:

"The Corporation is authorized to issue two classes of capital stock which are designated as Common Stock and Preferred Stock. The Board of Directors is authorized to determine the preferences, limitations and relative rights of the Preferred Stock before the issuance of any Preferred Stock. The Corporation will furnish, without charge, to any stockholder making a written request therefor, a copy of the Corporation's charter and a written statement of the designations, relative rights, preferences and limitations applicable to each such class of stock. Requests for the Corporation's charter and such written statement may be directed to Cedar Shopping Centers, Inc., 44 South Bayles Avenue, Port Washington, New York 11050, Attention: Secretary.

The shares of Series A Preferred Stock represented by this certificate are subject to restrictions on ownership and Transfer for the purpose of the Corporation's maintenance of its status as a Real Estate Investment Trust under the Code. No Person may Beneficially Own shares of Series A Preferred Stock in excess of 9.9% (or such greater percentage as may be determined by the Board of Directors of the Corporation) of the outstanding Series A Preferred Stock of the Corporation with certain exceptions set forth in the Corporation's charter. Any Person who attempts to Beneficially Own shares of Series A Preferred Stock in excess of the above limitations must immediately notify the Corporation. All capitalized terms in this legend have the meanings defined in the Corporation's charter. Transfers in violation of the restrictions described above may be void ab initio.

In addition, upon the occurrence of certain events, if the restrictions on ownership are violated, the shares of Series A Preferred Stock represented hereby may be automatically exchanged for Trust Shares which will be held in trust by the Corporation. The Corporation has an option to acquire Trust Shares under certain circumstances. The Corporation will furnish to the holder hereof upon request and without charge a complete written statement of the terms and conditions of the Trust Shares. Requests for such statement may be directed to Cedar Shopping Centers, Inc., 44 South Bayles Avenue, Port Washington, New York 11050, Attention: Secretary."

(m) Severability. If any provision of this Section 8 or any application of any such provision is determined to be invalid by any Federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

(9) Status. Upon any redemption of shares of Series A Preferred Stock, the shares of Series A Preferred Stock which are redeemed will be reclassified as authorized and unissued shares of Preferred Stock, and the number of shares of Series A Preferred Stock which the Corporation has the authority to issue will be decreased by the redemption of shares of Series

A Preferred Stock, so that the shares of Series A Preferred Stock which were redeemed may not be reissued.

(10) Exclusion of Other Rights. The shares of Series A Preferred Stock shall not have any preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption other than those specifically set forth in these Articles Supplementary. The shares of Series A Preferred Stock shall have no preemptive or subscription rights.

(11) Headings of Subdivisions. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

(12) Severability of Provisions. If any preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Stock set forth in the Charter is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of Series A Preferred Stock set forth in the Charter which can be given effect without the invalid, unlawful or unenforceable provision thereof shall, nevertheless, remain in full force and effect, and no preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of Series A Preferred Stock herein set forth shall be deemed dependent upon any other provision thereof unless so expressed therein.

SECOND : The Shares have been classified and designated by the Board of Directors under the authority contained in the Charter.

THIRD : These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH : The undersigned President of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned President acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

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IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its President and attested to by its Secretary on this 26th of July, 2004.

ATTEST:	CEDAR SHOPPING CENTERS, INC.
/s/ STUART H. WIDOWSKI	/s/ LEO S. ULLMAN
Stuart H. Widowski, Secretary	Leo S. Ullman, President

AMENDMENT NO. 2
TO
AGREEMENT OF LIMITED PARTNERSHIP
OF
CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.

This Amendment No. 2 to Agreement of Limited Partnership (the "Partnership Agreement") of Cedar Shopping Centers Partnership, L.P. (this "Amendment") is entered into as of July 26, 2004, by and among Cedar Shopping Centers, Inc. (the "General Partner") and the limited partners signatory hereto. All capitalized terms used herein shall have the meanings given to them in the Partnership Agreement.

WHEREAS, Section 4.5 of the Partnership Agreement authorizes the General Partner to cause the Partnership to issue additional Partnership Units in one or more classes or series, with such designations, preferences and relative, participating, optional or other special rights, powers and duties as shall be determined by the General Partner, subject to the provisions of such Section; and

WHEREAS, the General Partner desires to amend the Partnership Agreement (i) to establish a new class of Partnership Units, designated the 8?% Series A Cumulative Redeemable Preferred Partnership Units (the "Series A Preferred Partnership Units") and (ii) to issue the Series A Preferred Partnership Units to the General Partner.

NOW THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Issuance of Series A Preferred Partnership Units.

In consideration of the contribution of the net proceeds from the issue and sale by the General Partner of 2,350,000 shares of its 8?% Series A Cumulative Redeemable Preferred Stock in an underwritten public offering, the Partnership hereby issues to the General Partner 2,350,000 Series A Preferred Partnership Units.

Section 2. Definitions.

A. In addition to those terms defined in the Partnership Agreement, the following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in the Partnership Agreement and in this Amendment:

"Common Partnership Unit" means a Partnership Unit that is not a Preferred Partnership Unit.

"Liquidation Preference Amount" means, with respect to any Preferred Partnership Unit, the amount payable with respect to such Preferred Partnership Unit (as established by the instrument designating such Preferred Partnership Unit) upon the voluntary or involuntary dissolution, liquidation or winding up of the Partnership, or upon the earlier redemption of such Preferred Partnership Units, as the case may be.

"Preferred Partnership Unit" means any Partnership Unit issued from time to time pursuant to Section 4.5 of the Partnership Agreement that is designated by the General Partner at the time of its issuance as a Preferred Partnership Unit. Each Preferred Partnership Unit shall have such preferences, conversions and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption as shall be determined by the General Partner subject to the requirements of Section 4.5 of the Partnership Agreement.

"Partnership Interest" means, as to a Partner, with respect to any class of Partnership Units held by such Partner, an ownership interest in such class of Partnership Units (including any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in the Partnership Agreement, together with all obligations of such Person to comply with the terms and provisions of the Partnership Agreement) as determined by dividing the number of Partnership Units in such class owned by such Partner by the total number of Partnership Units in such class then outstanding. A Partnership Interest may be expressed as a number of Partnership Units.

"Partnership Unit" means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to Sections 4.1, 4.2 and 4.5 of the Partnership Agreement. The ownership of Partnership Units shall be evidenced by such form, if any, of certificate for units as the General Partner adopts from time to time on behalf of the Partnership. Without limitation on the authority of the General Partner as set forth in Section 4.5 of the Partnership Agreement, the General Partner may designate any Partnership Units, when issued, as Common Partnership Units or as Preferred Partnership Units, may establish any

other class of Partnership Units, and may designate one or more series of any class of Partnership Units.

Section 3. Requirement and Characterization of Distributions.

Section 5.1 of the Partnership Agreement is hereby deleted in its entirety and the following new Section 5.1 is inserted in its place:

"Section 5.1 Requirement and Characterization of Distributions.

The General Partner shall cause the Partnership to make quarterly distributions of all or such portion as the General Partner may in its discretion determine, of Available Cash generated by the Partnership during such quarter to the Holders of Partnership Units who are Holders on the Partnership Record Date with respect to such quarter in the following order of priority:

(i) First, to the Holders of Partnership Units in such amount as is required for the Partnership to pay all distributions with respect to such Preferred Partnership Units due or payable in accordance with the instruments designating such Preferred Partnership Units through the last day of such quarter; such distributions shall be made to such Holders of Partnership Units in such order of priority and with such preferences as have been established with respect to such Preferred Partnership Units as of the last day of such calendar quarter; and

(ii) Second, to the Holders of Partnership Units in proportion to their respective Percentage Interests in Common Partnership Units on such Partnership Record Date;

provided that in no event may a Holder of Partnership Units receive a distribution of Available Cash with respect to a Partnership Unit if such Holder of Partnership Units is entitled to receive a distribution out of such Available Cash with respect to a REIT Share for which such Partnership Unit has been redeemed or exchanged. The General Partner shall take such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with its qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable the General Partner to pay unit holder dividends that will (a) satisfy the requirements for qualifying as a REIT under the Code and Regulations, and (b) avoid any federal income or excise tax liability of the General Partner.

Notwithstanding anything to the contrary contained herein, in no event shall any Holder of Partnership Units receive a distribution of Available Cash with respect to any Common Partnership Unit with respect to any quarter until such time as the Partnership has distributed to the holders of the Preferred Partnership Units an amount sufficient to pay all distributions payable with respect to such Preferred Partnership Units through the last day of such quarter, in accordance with the instruments designating such Preferred Partnership Units."

Section 4. Tax Provisions.

Section 6.2 of the Partnership Agreement is hereby deleted in its entirety and the following new Section 6.2 is inserted in its place:

"Section 6.2 Allocations of Net Income and Net Loss

For purposes of maintaining the Capital Accounts and in determining the rights of the Holders of Partnership Units among themselves, the Partnership's items of income, gain, loss and deduction shall be allocated among the Holders of Partnership Units in each taxable year (or portion thereof) as provided herein below.

A. Net Income. After giving effect to the special allocations set forth in Section 6.3, Net Income shall be allocated in the following manner and order of priority:

(1) First, to the General Partner until the cumulative allocations of Net Income under this Section 6.2.A.(1) equal the cumulative Net Losses allocated to the General Partner under Section 6.2.B.(4) hereof;

(2) Second, to the General Partner until the cumulative allocations of Net Income under this Section 6.2.A.(2) equal the cumulative allocations of Net Loss to the General Partner under Section 6.2.B.(3) hereof;

(3) Third, to those Holders of Partnership Units who have received allocations of Net Loss under Section 6.2.B.(2) hereof until the cumulative allocations of Net Income under this Section 6.2.A.(3) equal such cumulative allocations of Net Loss (such allocation of Net Income to be in proportion to the cumulative allocations of Net Loss under such section to each such Holder of Partnership Units);

(4) Fourth, to the Holders of Partnership Units until the cumulative allocations of Net Income under this Section 6.2.A.(4) equal the cumulative allocations of Net

Loss to such Holders of Partnership Units under Section 6.2.B.(1) hereof (such allocation of Net Income to be in proportion to the cumulative allocations of Net Loss under such section to each such Holder of Partnership Units); and

(5) Fifth any remaining Net Income shall be allocated to the Holders of Partnership Units who hold Common Partnership Units in proportion to their respective Percentage Interests as holders of Common Partnership Units.

B. Net Losses. After giving effect to the special allocations set forth in Section 6.3, Net Losses shall be allocated to the Holders of Partnership Units as follows:

(1) To the Holders of Partnership Units who hold Common Partnership Units in accordance with their respective Percentage Interests as holders of Common Partnership Units, except as otherwise provided in this Section 6.2.B.

(2) To the extent that an allocation of Net Loss under Section 6.2.B.(1) would cause a Holder of Partnership Units to have an Adjusted Capital Account Deficit at the end of such taxable year (or increase any existing Adjusted Capital Account Deficit of such Holder of Partnership Units), such Net Loss shall instead be allocated to those Holders of Partnership Units, if any, for whom such allocation of Net Loss would not cause or increase an Adjusted Capital Account Deficit. Solely for purposes of this Section 6.2.B.(2), the Adjusted Capital Account Deficit, in the case of the General Partner, shall be determined without regard to the amount credited to the General Partner's Capital Account for the aggregate Liquidation Preference Amount attributable to the General Partner's Preferred Partnership Units. The Net Loss allocated under this Section 6.2.B.(2) shall be allocated among the Holders of Partnership Units who may receive such allocation in proportion to and to the extent of the respective amounts of Net Loss that could be allocated to such Holders of Partnership Units without causing such Holders of Partnership Units to have an Adjusted Capital Account Deficit.

(3) Any remaining Net Loss shall be allocated to the General Partner to the extent that such allocation of Net Loss would not cause or increase an Adjusted Capital Account Deficit of the General Partner.

(4) Any remaining Net Loss shall be allocated to the General Partner.

Section 5. Preferred Unit Allocation.

The Partnership Agreement is hereby amended by adding the following new Section 6.3.C to the Partnership Agreement, immediately following Section 6.3.B:

"C. Priority Allocation With Respect To Preferred Partnership Units. After taking into account the special allocation provisions of Section 6.3.A, all or a portion of the remaining items of Partnership gross income or gain for the Partnership Year, if any, shall be specially allocated to the holders of Series A Preferred Partnership Units in an amount equal to the excess, if any, of the cumulative distributions received by the holders of Series A Preferred Partnership Units pursuant to Section 5.1(i) hereof for the current Partnership Year and all prior Partnership Years (other than any distributions that are treated as being in satisfaction of the Liquidation Preference Amount for any Preferred Partnership Units) over the cumulative

allocations of Partnership gross income and gain to the holders of Series A Preferred Partnership Units under this Section 6.3.C for all prior Partnership Years."

Section 6. Redemption Right.

The Partnership Agreement is hereby amended by adding the following new Sections 8.6.E and 8.6.F to the Partnership Agreement, immediately following Section 8.6.D:

"E. Notwithstanding anything contained in Sections 8.6.A, 8.6.B, 8.6.C and 8.6.D, except as set forth in Section 8.6.F, no Partner shall be entitled to exercise the Redemption Right pursuant to Section 8.6.A with respect to any Preferred Partnership Unit unless (i) such Preferred Partnership Unit has been issued to and is held by a Partner other than the General Partner, and (ii) the General Partner has expressly granted to such Partner the right to redeem such Preferred Partnership Units pursuant to Section 8.6.A.

F. Preferred Partnership Units shall be redeemed, if at all, only in accordance with such redemption rights or options as are set forth with respect to such Preferred Partnership Units (or class or series thereof) in the instruments designating such Preferred Partnership Units (or class or series thereof)."

Section 7. General Amendments to Partnership Agreement.

Notwithstanding anything contained herein, all references to Partnership Units in the definition of Cash Amount and in Section 7.5.B of the Partnership Agreement shall be deemed to refer solely to Common Partnership Units, and not to Preferred Partnership Units. In addition, references in Section 14.2 of the Partnership Agreement to Percentage Interests of the Limited Partners shall be deemed to refer solely to Percentage Interests of Limited Partners with respect to Common Partnership Units. Further, the reference to Partnership Interests appearing in Section 14.2.A shall be deemed to refer only to Partnership Interests held with respect to Common Partnership Units.

Section 8. Exhibits to Partnership Agreement.

The General Partner shall maintain the information set forth in Exhibit A to the Partnership Agreement, as such information shall change from time to time, in such form as the General Partner deems appropriate for the conduct of the Partnership affairs, and Exhibit A shall be deemed amended from time to time to reflect the information so maintained by the General Partner, whether or not a formal amendment to the Partnership Agreement has been executed amending such Exhibit A. In addition to the issuance of Series A Preferred Partnership Units to the Investor pursuant to this Amendment, such information shall reflect (and Exhibit A shall be deemed amended from time to time to reflect) the issuance of any additional Partnership Units to the General Partner or any other Person, the transfer of Partnership Units and the redemption of any Partnership Units, all as contemplated herein.

In addition, the Partnership Agreement is hereby amended by attaching thereto as Exhibits 1 the Exhibit 1 attached hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to the Partnership Agreement to be executed as of the day and year first above written.

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.

By: Cedar Shopping Centers, Inc.
General Partner

By: _____
Name: Leo S. Ullman
Title: President

LIMITED PARTNERS

By: _____
Name: Leo S. Ullman

By: _____
Name: Brenda J. Walker

EXHIBIT 1

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.

DESIGNATION OF THE VOTING POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS AND QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS

OF THE

SERIES A PREFERRED PARTNERSHIP UNITS

All capitalized terms in this legend have the meanings defined in the Limited Partnership Agreement of Cedar Shopping Centers Partnership, L.P.

(1) Designation and Number. A series of Preferred Partnership Units, designated as the "8?% Series A Cumulative Redeemable Preferred Partnership Units" (the "Series A Preferred Partnership Units"), is hereby established. The number of Series A Preferred Partnership Units shall be 2,350,000. The par value of the Series A Preferred Partnership Units shall be

$.01 per unit.

(2) Rank. The Series A Preferred Partnership Units will, with respect to distribution rights and rights upon liquidation, dissolution or winding up of the Partnership, rank (a) senior to all classes or series of Partnership Units, and to all equity securities, the terms of which provide that such equity securities shall rank junior to the Series A Partnership Units; (b) on parity with all equity securities issued by the Partnership the terms of which specifically provide that such equity securities rank on parity with the Series A Partnership Units; and (c) junior to all Partnership Units issued by the Partnership the terms of which specifically provide that such Partnership Units rank senior to the Series A Preferred Partnership Units. The term "equity securities" shall not include convertible debt securities.

(3) Distributions.

(a) Holders of Series A Preferred Partnership Units shall be entitled to receive, when and if declared by the General Partner, out of funds legally available for payment of distributions, cumulative preferential cash distributions at the rate of 8?% of the liquidation preference per annum (which is equivalent to a fixed annual amount of $2.21875 per Series A Preferred Partnership Unit). Such distributions shall accrue and cumulate from the date of original issuance (July 28, 2004) and shall be payable quarterly in arrears on the 20th day of February, May, August and November of each year or, if not a business day, the next succeeding business day (each a "Distribution Payment Date"). The first distribution on the Series A Preferred Partnership Units shall be paid on November 20, 2004, will be for more than a full quarter and will reflect distributions accumulated from the date of original issuance through November 20, 2004. Any distribution payable on the Series A Preferred Partnership Units for any partial distribution period shall be prorated and computed on the basis of a 360-day year consisting of twelve 30-day months. Distributions shall be payable to holders of record as they appear in the records of the Partnership at the close of business on the applicable distribution record date, which shall be a date designated by the General Partner for the payment of

distributions that is not more than 60 nor less than 10 calendar days immediately preceding such Distribution Payment Date (each, a "Distribution Record Date").

(b) No distribution on the Series A Preferred Partnership Units shall be authorized or declared or paid or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Partnership, including any agreement relating to its indebtedness or any other of the Partnership's Preferred Partnership Units, prohibits such authorization, declaration, payment or setting apart for payment or provides that such authorization, declaration, payment or setting apart for payment would constitute a breach or default thereunder, or if such authorization, declaration, payment or setting apart for payment shall be restricted or prohibited by law.

Notwithstanding anything to the contrary contained herein, distributions on the Series A Preferred Partnership Units shall accrue and cumulate whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are declared by the General Partner. Accrued but unpaid distributions on the Series A Preferred Partnership Units shall cumulate as of the Distribution Payment Date on which they first become payable or on the date of redemption, as the case may be. No interest shall be payable in respect of any distribution on the Series A Preferred Partnership Units that may be in arrears.

(c) Except as provided in the following sentence, if any Series A Preferred Partnership Units are outstanding, no distributions, other than distributions in kind of the Common Partnership Units or other Partnership Units ranking junior to the Series A Preferred Partnership Units as to distributions and upon liquidation, may be declared or paid or set apart for payment, and no other distribution may be declared or made upon, the Common Partnership Units or any other Partnership Units ranking, as to distributions and upon liquidation, on parity with or junior to the Series A Preferred Partnership Units unless full cumulative distributions have been or contemporaneously are declared and paid or declared and a sum sufficient is set apart for such payment on the Series A Preferred Partnership Units for all past distribution periods and the then current distribution period. When distributions are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series A Preferred Partnership Units and all other Partnership Units ranking on parity, as to distributions, with the Series A Preferred Partnership Units, all distributions declared upon the Series A Preferred Partnership Units and any other Partnership Units ranking on parity, as to distributions, with the Series A Preferred Partnership Units shall be authorized pro rata so that the amount of distributions authorized per Series A Preferred Partnership Unit and each such Partnership Units shall in all cases bear to each other the same ratio that accrued distributions per Series A Preferred Partnership Unit and such other Partnership Units (which shall not include any accumulation in respect of unpaid distributions for prior

distribution periods if such other Partnership Units do not have a cumulative distribution) bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any distribution payment or payments on Series A Preferred Partnership Unit which may be in arrears.

(d) Except as provided in clause (c), unless full cumulative distributions on the Series A Preferred Partnership Units have been or contemporaneously are declared and paid or declared and a sum sufficient is set apart for payment for all past distribution periods and the

then current distribution period, no Common Partnership Units or any other Partnership Units ranking junior to or on parity with the Series A Preferred Partnership Units as to distributions or upon liquidation shall be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any such Partnership Units) by the Partnership (except by conversion into or exchange for Common Partnership Units or other Partnership Units ranking junior to the Series A Preferred Partnership Units as to distributions and amounts upon liquidation).

(e) Holders of Series A Preferred Partnership Units shall not be entitled to any distribution, whether payable in cash, property or units, in excess of full cumulative distributions on the Series A Preferred Partnership Units as described above. Any distribution payment made on the Series A Preferred Partnership Units, including any capital gain distributions, shall first be credited against the earliest accrued but unpaid distribution due with respect to the Series A Preferred Partnership Units which remains payable.

(f) If, for any taxable year, the Partnership elects to designate as a "capital gain dividend" (as defined in Section 857 of the Code) any portion (the "Capital Gains Amount") of the dividends (as determined for federal income tax purposes) paid or made available for the year to holders of all series or classes of Partnership Units (the "Total Dividends"), then, except as otherwise required by applicable law, that portion of the Capital Gains Amount that shall be allocable to the holders of Series A Preferred Partnership Units shall be in proportion to the amount that the total dividends (as determined for federal income tax purposes) paid or made available to the holders of the Series A Preferred Partnership Units for the year bears to the Total Dividends. Except as otherwise required by applicable law, the Partnership will make a similar allocation with respect to any undistributed long-term capital gains of the Partnership which are to be included in its unit holders' long-term capital gains, based on the allocation of the Capital Gains Amount which would have resulted if such undistributed long-term capital gains has been distributed as "capital gains dividends" by the Partnership to its unit holders.

(4) Liquidation Preference.

(a) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Partnership (referred to herein sometimes as a "liquidation"), the holders of Series A Preferred Partnership Units then outstanding shall be entitled to receive out of the assets of the Partnership legally available for distribution to unit holders (after payment or provision for payment of all debts and other liabilities of the Partnership) a liquidation preference of $25.00 per unit, (ii) the applicable premium per unit (expressed as a percentage of the liquidation preference of $25.00 per Series A Preferred Partnership Unit) as set forth in the table below during the twelve-month period beginning on July 28 of each year and (c) an amount equal to any accrued and unpaid distributions (whether or not declared) to the date of payment, before any distribution of assets is made to holders of Common Partnership Units or any equity securities that the Partnership may issue that rank junior to the Series A Preferred Partnership Units as to liquidation rights.

12-month period	Applicable Premium
July 28, 2004 to July 27, 2005	5%
July 28, 2005 to July 27, 2006	4%
July 28, 2006 to July 27, 2007	3%
July 28, 2007 to July 27, 2008	2%
July 28, 2008 to July 27, 2009	1%
July 28, 2009 and thereafter	0

(b) If, upon any such voluntary or involuntary liquidation, dissolution or winding up of the Partnership, the assets of the Partnership are insufficient to make full payment to holders of the Series A Preferred Partnership Units and any Partnership Units ranking on parity with the Series A Preferred Partnership Units as to liquidation rights, then the holders of the Series A Preferred Partnership Units and all other such Partnership Units ranking on parity with the Series A Preferred Partnership Units as to liquidation rights shall share ratably in any distribution of assets in proportion to the full liquidating distributions to which they would otherwise be respectively entitled.

(c) Written notice of any such liquidation, dissolution or winding up of the Partnership, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by first class mail, postage pre-paid, not less than 30 nor more than 60 calendar days immediately preceding the payment date stated therein, to each record holder of the Series A Preferred Partnership Units at the respective addresses of such holders as the same shall appear on the unit transfer records of the Partnership.

(d) After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series A Preferred Partnership Units shall have no right or claim to any of the remaining assets of the Partnership.

(e) None of a consolidation or merger of the Partnership with or into another entity, the merger of another entity with or into the Partnership, a statutory share exchange by the Partnership or a sale, lease, transfer or conveyance of all or substantially all of the Partnership's assets or business shall be considered a liquidation, dissolution or winding up of the Partnership.

(f) In determining whether a distribution (other than upon voluntary or involuntary dissolution) by dividend, redemption or other acquisition of Partnership Units of the Partnership or otherwise is permitted under Delaware law, amounts that would be needed, if the Partnership were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of the holders of Series A Preferred Partnership Units will not be added to the Partnership's total liabilities.

(5) Redemption.

(a) Except as otherwise set forth in this Section 5, the Series A Preferred Partnership Units are not redeemable prior to July 28, 2009, except that the Partnership will be entitled to redeem, purchase or acquire Series A Preferred Partnership Units for federal income tax purposes to maintain the General Partnership's status as a REIT.

(b) On or after July 28, 2009 the Partnership, at its option, upon giving notice as provided below, may redeem the Series A Preferred Partnership Units, in whole or from time to time in part, for cash, at a redemption price of $25.00 per Series A Preferred Partnership Unit, plus all accrued and unpaid distributions on such Series A Preferred Partnership Units to the date of redemption, whether or not declared (the "Redemption Right").

(c) If fewer than all of the outstanding Series A Preferred Partnership Units are to be redeemed pursuant to the Redemption Right, the Series A Preferred Partnership Units to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional Series A Preferred Partnership Units) or by lot or in such other equitable method prescribed by the General Partner.

(d) Notwithstanding anything to the contrary contained herein, unless full cumulative distributions on all Series A Preferred Partnership Units have been or contemporaneously are declared and paid or declared and a sum sufficient is set apart for payment for all past distribution periods and the then current distribution period, no Series A Preferred Partnership Units shall be redeemed unless all outstanding Series A Preferred Partnership Units are simultaneously redeemed. In addition, unless full cumulative distributions on all Series A Preferred Partnership Units have been or contemporaneously are declared and paid or declared and a sum sufficient is set apart for payment for all past distribution periods and the then current distribution period, the Partnership shall not purchase or otherwise acquire directly or indirectly any Series A Preferred Partnership Units or any other Partnership Units ranking junior to or on parity with the Series A Preferred Partnership Units as to distributions or upon liquidation (except by conversion into or exchange for Partnership Units ranking junior to the Series A Preferred Partnership Units as to distributions and upon liquidation). The restrictions in this Section 5 on redemptions, purchases and other acquisitions shall not prevent the redemption, purchase or acquisition by the Partnership of Preferred Units of any series pursuant to the Partnership Agreement or the purchase or acquisition of Series A Preferred Partnership Units pursuant to a purchase or exchange offer made on the same terms to all holders of the Series A Preferred Partnership Units.

(e) Immediately prior to any redemption of Series A Preferred Partnership Units, the Partnership shall pay, in cash, any accrued and unpaid distributions to the redemption date, whether or not declared, unless a redemption date falls after a Distribution Record Date and prior to the corresponding Distribution Payment Date, in which case each holder of Series A Preferred Partnership Units at the close of business on such Distribution Record Date shall be entitled to the distribution payable on such Series A Preferred Partnership Units on the corresponding Distribution Payment Date notwithstanding

the redemption of such Series A Preferred Partnership Units before the Distribution Payment Date. Except as provided in the previous sentence, the Partnership shall make no payment or allowance for unpaid distributions, whether or not in arrears, on Series A Preferred Partnership Units for which a notice of redemption has been given.

(f) The following provisions set forth the procedures for redemption.

(i) Notice of redemption will be mailed by the Partnership, postage prepaid, no less than 30 nor more than 60 calendar days immediately preceding the redemption

date, addressed to the respective holders of record of the Series A Preferred Partnership Units to be redeemed at their respective addresses as they appear on the unit transfer records of the Partnership. No failure to give such notice or any defect thereto or in the mailing thereof shall affect the validity of the proceedings for the redemption of any Series A Preferred Partnership Unit except as to the holder to whom notice was defective or not given.

(ii) In addition to any information required by law or by the applicable rules of any exchange upon which the Series A Preferred Partnership Units may be listed or admitted to trading, each notice shall state: (A) the redemption date; (B) the redemption price; (C) the number of Series A Preferred Partnership Units to be redeemed; (D) the place or places where the holders of Series A Preferred Partnership Units may surrender certificates for payment of the redemption price; and (E) that distributions on the Series A Preferred Partnership Units to be redeemed will cease to accrue on the redemption date. If less than all of the Series A Preferred Partnership Units held by any holder are to be redeemed, the notice mailed to each holder shall also specify the number of Series A Preferred Partnership Units held by such holder to be redeemed.

(iii) On or after the redemption date, each holder of Series A Preferred Partnership Units to be redeemed shall present and surrender the certificates representing his Series A Preferred Partnership Units to the Partnership at the place designated in the notice of redemption and thereupon the redemption price of such Series A Preferred Partnership Units (including all accrued and unpaid distributions up to the redemption date) shall be paid to or on the order of the person whose name appears on such certificate representing Series A Preferred Partnership Units as the owner thereof and each surrendered certificate shall be canceled. If fewer than all the units represented by any such certificate representing Series A Preferred Partnership Units are to be redeemed, a new certificate shall be issued representing the unredeemed units.

(iv) From and after the redemption date (unless the Partnership defaults in payment of the redemption price), all distributions on the Series A Preferred Partnership Units designated for redemption and all rights of the holders thereof, except the right to receive the redemption price thereof and all accrued and unpaid distributions up to the redemption date, shall terminate with respect to such units and such units shall not thereafter be transferred (except with the consent of the Partnership) on the Partnership's transfer records, and such units shall not be deemed to be outstanding for any purpose whatsoever. At its election, the Partnership, prior to a redemption date, may irrevocably deposit the redemption price (including accrued and unpaid distributions to the redemption date) of the Series A Preferred Partnership Units so called for redemption in trust for the holders thereof with a bank or trust company, in which case the redemption notice to holders of the Series A Preferred Partnership Units to be redeemed shall (A) state the date of such deposit, (B) specify the office of such bank or trust company as the place of payment of the redemption price and (C) require such holders to surrender the certificates representing such units at such place on or about the date fixed in such redemption notice (which may not be later than the redemption date) against payment of the redemption price (including all accrued and unpaid distributions to the redemption date). Any monies so deposited which remain unclaimed by the holders of the Series A Preferred Partnership Units at the end of two years after the redemption date shall be returned by such bank or trust company to the Partnership.

(g) Any Series A Preferred Partnership Units that shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued Preferred Partnership Units, without designation as to series until such Preferred Partnership Units are once more designated as part of a particular series by the General Partner.

(6) Voting Rights.

(a) Except as required by law, the holder of the Series A Preferred Partnership Units shall not be entitled to vote at any meeting of the Partners or for any other purpose or otherwise to participate in any action taken by the Partnership or the Partners, or to receive notice of any meeting of

Partners.

(b) So long as any Series A Preferred Partnership Units remain outstanding, the Partnership shall not, without the affirmative vote or consent of the holders of at least two-thirds of the Series A Preferred Partnership Units outstanding at the time, given in person or by proxy, either in writing or at a meeting (such series voting separately as a class), (i) authorize, create or increase the authorized or issued amount of any class or series of equity securities ranking senior to the outstanding Series A Preferred Partnership Units with respect to the payment of distributions or the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding up of the Partnership or reclassify any authorized equity securities of the Partnership into any such senior equity securities, or create, authorize or issue any obligation or security convertible into or evidencing the right to purchase any such senior equity securities; or (ii) amend, alter or repeal the provisions of the Partnership Agreement, as amended, whether by merger or consolidation (in either case, an "Event") or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series A Preferred Partnership Units; provided, however, that with respect to any such amendment, alteration or repeal of the provisions of the Partnership Agreement, as amended, upon the occurrence of an Event, so long as the Series A Preferred Partnership Units remain outstanding with the terms thereof materially unchanged in any adverse respect, taking into account that, upon the occurrence of an Event, the Partnership may not be the surviving entity and such surviving entity may thereafter be the issuer of the Series A Preferred Partnership Units, the occurrence of any such Event shall not be deemed to materially and adversely affect the rights, preferences or voting powers of the Series A Preferred Partnership Units; and provided further that any increase in the amount of authorized Series A Preferred Partnership Units or the creation of or increase in the amount of any other class or series of the Partnership's equity securities, in each case ranking on parity with or junior to the Series A Preferred Partnership Units with respect to the payment of distributions and the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding up of the Partnership, shall not be deemed to materially and adversely affect the rights, preferences, privileges or voting powers of the Series A Preferred Partnership Units.

(c) The foregoing voting provisions shall not apply if, at or prior to the time when the action with respect to which such vote or consent would otherwise be required shall be effected, all outstanding Series A Preferred Partnership Units shall have been redeemed or called for redemption upon proper notice and sufficient funds shall have been deposited in trust to effect such redemption.

(7) Conversion. The Series A Preferred Partnership Units are not convertible into or exchangeable for any other property or securities of the Partnership.

(8) Legend. Each certificate for Series A Preferred Partnership Units shall bear legends substantially to the effect of the following:

> "The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), or the securities laws of any state. The securities may not be offered, sold, transferred, pledged or otherwise disposed of without an effective registration statement under the Act and under any applicable state securities laws, receipt of a no-action letter issued by the Securities and Exchange Commission (together with either registration or an exemption under applicable state securities laws) or an opinion of counsel acceptable to the Partnership and the REIT that the proposed transaction will be exempt from registration under the Act and applicable state securities laws."

(9) Status. Upon any redemption of Series A Preferred Partnership Units, the Series A Preferred Partnership Units which are redeemed will be reclassified as authorized and unissued Preferred Partnership Units, and the number of Series A Preferred Partnership Units which the Partnership has the authority to issue will be decreased by the redemption of Series A Preferred Partnership Units, so that the Series A Preferred Partnership Units which were redeemed may not be reissued.

(10) Exclusion of Other Rights. The Series A Preferred Partnership Units shall not have any preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption other than those specifically set forth herein. The Series A Preferred Partnership Units shall have no preemptive or subscription rights.

(11) Headings of Subdivisions. The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

(12) Severability of Provisions. If any preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of the Series A Preferred Partnership Units set forth in the Partnership Agreement is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of Series A Preferred Partnership Units set forth in the Partnership Agreement which can be given effect without the invalid, unlawful or unenforceable provision thereof shall, nevertheless, remain in full force and effect, and no preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of Series A Preferred Partnership Units herein set forth shall be deemed dependent upon any other provision thereof unless so expressed therein.

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement is hereby entered into as of March 23, 2004 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 Leo S. Ullman (the "Executive").

W I T N E S S E T H

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

WHEREAS, on March 23, 2004 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 Section 4.1 of each of the existing Employment Agreements, by deleting the words commencing with "provided however..." and ending with "... conclusive and binding".

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

Section 4.1(i) of the Employment Agreement is hereby amended to read as follows:

"(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;"

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

CEDAR SHOPPING CENTERS, INC.

By: /s/ BRENDA J. WALKER

Brenda J. Walker, Vice President

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.
By: Cedar Shopping Centers, Inc.

By: /s/ BRENDA J. WALKER

Brenda J. Walker, Vice President

/s/ LEO S. ULLMAN

Leo S. Ullman

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement is hereby entered into as of March 23, 2004 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").

W I T N E S S E T H

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

WHEREAS, on March 23, 2004 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 Section 4.1 of each of the existing Employment Agreements, by deleting the words commencing with "provided however..." and ending with "... conclusive and binding".

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

Section 4.1(i) of the Employment Agreement is hereby amended to read as follows:

"(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;"

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

CEDAR SHOPPING CENTERS, INC.

By: /s/ LEO S. ULLMAN

Leo S. Ullman, President

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.
By: Cedar Shopping Centers, Inc.

By: : /s/ LEO S. ULLMAN

Leo S. Ullman, President

/s/ BRENDA J. WALKER

Brenda J. Walker

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement is hereby entered into as of March 23, 2004 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 J. O'Keeffe (the "Executive").

W I T N E S S E T H

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

WHEREAS, on March 23, 2004 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 Section 4.1 of each of the existing Employment Agreements, by deleting the words commencing with "provided however..." and ending with "... conclusive and binding".

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

Section 4.1(i) of the Employment Agreement is hereby amended to read as follows:

"(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;"

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

CEDAR SHOPPING CENTERS, INC.

By: /s/ LEO S. ULLMAN

Leo S. Ullman, President

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.
By: Cedar Shopping Centers, Inc.

By: /s/ LEO S. ULLMAN

Leo S. Ullman, President

/s/ THOMAS J. O'KEEFFE

Thomas J. O'Keeffe

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement is hereby entered into as of March 23, 2004 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").

W I T N E S S E T H

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

WHEREAS, on March 23, 2004 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 Section 4.1 of each of the existing Employment Agreements, by deleting the words commencing with "provided however..." and ending with "... conclusive and binding".

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

Section 4.1(i) of the Employment Agreement is hereby amended to read as follows:

"(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;"

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

CEDAR SHOPPING CENTERS, INC.

By: /s/ LEO S. ULLMAN

Leo S. Ullman, President

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.
By: Cedar Shopping Centers, Inc.

By: /s/ LEO S. ULLMAN

Leo S. Ullman, President

/s/ THOMAS B. RICHEY

Thomas B. Richey

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to Employment Agreement is hereby entered into as of March 23, 2004 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 Stuart H. Widowski (the "Executive").

W I T N E S S E T H

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

WHEREAS, on March 23, 2004 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 Section 4.1 of each of the existing Employment Agreements, by deleting the words commencing with "provided however..." and ending with "... conclusive and binding".

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

Section 4.1(i) of the Employment Agreement is hereby amended to read as follows:

"(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;"

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

CEDAR SHOPPING CENTERS, INC.

By: /s/ LEO S. ULLMAN

Leo S. Ullman, President

CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.
By: Cedar Shopping Centers, Inc.

By: /s/ LEO S. ULLMAN

Leo S. Ullman, President

/s/ STUART H. WIDOWSKI

Stuart H. Widowski

(EXECUTION COPY)

CEDAR SHOPPING CENTERS, INC.
SENIOR EXECUTIVE
DEFERRED COMPENSATION PLAN

CEDAR SHOPPING CENTERS, INC.
SENIOR EXECUTIVE
DEFERRED COMPENSATION PLAN

CEDAR SHOPPING CENTERS, INC.

SENIOR EXECUTIVE
DEFERRED COMPENSATION PLAN

ARTICLE I

PURPOSE

The purpose of this Senior Executive Deferred Compensation Plan (hereinafter referred to as the "Plan") is to provide accumulation of supplemental benefits on a tax-deferred basis for certain senior executives and directors of Cedar Shopping Centers, Inc. and their beneficiaries. This Plan shall be effective as of the Effective Date.

ARTICLE II

DEFINITIONS

For purposes of this Plan, the words and phrases set forth below shall have the following meaning, unless the context clearly indicates otherwise:

2.1 Account. "Account" means an account maintained for a Participant by the Administrator pursuant to Section 4.1.

2.2 Administrator. "Administrator" means the Board of Directors.

2.3 Beneficiary. "Beneficiary" means the person, persons, or entity designated by the Participant, or as provided in Article VI, to receive any Plan Benefits payable after a Participant's death.

2.4 Board of Directors. "Board of Directors" means the Board of Directors of the Company.

2.5 Cause. "Cause" with respect to a Participant means (i) if the Participant has an employment agreement in effect with the Company which contains a definition of "cause", "termination for cause" or any other similar phrase, then the definition of the term "Cause" for purposes of the Plan shall be as defined in such employment agreement, or (ii) if the Participant does not have an

employment agreement in effect with the Company which contains a definition of cause, then "Cause" for purposes of the Plan shall mean (A) any willful misconduct of the Participant in connection with the performance of any of his

duties as an employee of the Company or an Affiliate including without limitation misappropriation of funds or property of the Company or an affiliate or securing or attempting to secure personally (whether directly or indirectly) any profit in connection with any transaction entered into on behalf of the Company or an Affiliate; (B) willful failure, neglect or refusal to perform the Participant's duties which is not cured within 10 days after written notice thereof and/or (C) conviction (or nolo contendere plea) in connection with a felony.

2.6 Company. "Company" means Cedar Shopping Centers, Inc., and any successor thereto which adopts this Plan.

2.7 Determination Date. "Determination Date" means the last day of each calendar year in which this Plan is in effect.

2.8 Distribution Date. "Distribution Date" with respect to any Account means the first business day of the January next following the third anniversary of the date on which units of Shares were first credited to the Participant's Account.

2.9 Dividends. "Dividends" means the dividends paid by the Company on Stock held in the Trust.

2.10 Dividend Deferral Election. "Dividend Deferral Election" means an election by a Participant to defer the distribution under the Plan of the Dividends paid with respect to Shares equal in number to the Share units credited to the Participant's Account.

2.11 Effective Date. "Effective Date" means October 29, 2003.

2.12 Employer Provided Benefit. "Employer Provided Benefit" means the benefit provided for under Article IV, initially consisting of units that are equivalent to a number of Shares.

2.13 Fair Market Value. "Fair Market Value" on a specified date means the closing price at which a Share is traded on the stock exchange, if any, on which Shares are primarily traded or, if the Shares are not then traded on a stock exchange, the closing price of a Share as reported on the NASDAQ National Market System or, if the Shares are not then traded on the NASDAQ National Market System, the average of the closing bid and asked prices at which a Share is traded on the over-the-counter market, but if no Shares were traded on such date, then on the last previous date on which a Share was so traded, or, if none of the above are applicable, the value of a Share as established by the Board of Directors for such date using any reasonable method of valuation.

2.14 Good Reason. "Good Reason" means (i) with respect to any Participant who has an employment agreement in effect with the Company which contains a definition of "good reason", "good reason" as defined in such employment agreement, or (ii) with respect to any Participant that does not have an employment agreement in effect with the Company which contains a definition of "good reason", good reason shall mean (A) a material reduction in the Participant's duties or responsibilities; (B) a reduction in the Participant's salary; (C) a relocation of the Participant's office outside a fifty (50) mile radius of his present location; or (D) a material breach by the Company of the terms of an employment agreement (if any) with the Participant.

2.15 Participant. "Participant" shall have the meaning set forth in Article III.

2.16 Plan. "Plan" means this Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan.

2.17 Plan Benefit. "Plan Benefit" means at any given time an amount equal to the value of the Participant's Accounts.

2.18 Plan Year. "Plan Year" means the calendar year.

2.19 Shares/Stock. "Shares" or "Stock" means shares of the common stock of the Company.

2.20 Trust. "Trust" means the Cedar Shopping Centers, Inc. Deferred Compensation Trust created by the Company pursuant to Section 4.1, to assist the Company in meeting its obligations under this Plan, substantially in the form of Exhibit A attached hereto.

2.21 Trustee. "Trustee" means the trustee of the Trust.

2.22 Unforeseeable Financial Emergency. "Unforeseeable Financial Emergency" with respect to a Participant means an unanticipated emergency that is caused by an event beyond the control of the Participant and that would result in severe financial hardship to the Participant if a premature distribution were not

permitted, as may be occasioned by accident, illness or other emergency beyond the control of the Participant; and in no event shall cash needs arising from foreseeable events, such as the purchase of a residence or education expenses of children, be considered the result of an unforeseeable financial emergency nor shall a decline in the Fair Market Value of Shares, for any reason, be considered the result of an unforeseeable financial emergency for purposes of this definition.

ARTICLE III

PARTICIPATION

3.1 Participation. The Administrator shall determine from time to time those key executive employees and directors (including non-employee directors) of the Company who shall be entitled to awards under the Plan of units equivalent to a number of Shares, and shall determine the number of Shares underlying each award. The name of each initial Participant as of the Effective Date, and the

respective number of Shares underlying each such initial Participant's award, is listed on Schedule A hereto. In the case of any non-employee director who is selected to participate in the Plan, references in the Plan to employment by the Company shall be deemed to refer to such director's service as a director of the Company.

ARTICLE IV

EMPLOYER PROVIDED BENEFIT AND ACCOUNT

4.1 Employer Provided Benefit. The Company shall establish a Trust in order to provide the Participants with a benefit known as an Employer Provided Benefit which shall initially consist of units that are equivalent to the number of Shares underlying each award. On the Effective Date, or as soon as practicable thereafter, the Company shall contribute to the Trust the aggregate number of Shares representing the initial Employer Provided Benefit for the Participants listed on Schedule A hereto. An Account shall be established by the Administrator under the Plan in the name of each Participant which shall initially be credited with units equal to the number of Shares underlying each award. Thereafter, an Account shall be established by the Administrator for each new Participant and each such Account shall be credited with units equal to the number of Shares determined by the Administrator. A separate Account shall be established for each subsequent award of units of Shares, and the Company shall contribute to the Trust, on the date of such subsequent award or as soon as practicable thereafter, the aggregate number of Shares underlying each such award. Except as provided in Section 4.4, under no circumstance shall any benefit be awarded, allocated or distributable to a Participant from his Account except in the form of units of Stock (or Stock itself, in the case of a distribution), nor shall a Participant's Account be credited with earnings that are equivalent to any other investment. If there shall be a tender offer for some or all Shares held in the Trust from a third party which, in the sole

judgment of the Board of Directors, shall constitute a valid offer of sufficient value, the Trustee shall be directed by the Administrator to tender the subject Shares, and any cash or in-kind consideration received for such Shares from such third party shall be invested by the Trustee in accordance with each Participant's direction in such investment alternatives as are designated by the Administrator. Any cash or in-kind consideration received for Stock and any investment earnings therefrom shall be credited to the Account of the Participant in a manner that reflects the Account values for each Participant prior to such tender.

4.2 Dividends and Dividend Deferral Election. Except as hereinafter provided, an amount equal to the Dividends paid on the number of Share units allocated to a Participant's Account shall be paid to the Participant as soon as practicable after such Dividends are received by the Trustee; provided, however, that a Participant may elect to have all or a portion of the Dividends that would be payable to him deferred under the Plan until the Distribution Date of the Shares on which the Dividends are declared, by completing, within 30 days of receipt of written notice of the award of an Employer Provided Benefit and in any event prior to the date on which any such Dividends are declared, a Dividend Deferral Election form provided by the Administrator. The amount of any deferred Dividend will be credited pursuant to Section 4.4 to the Participant's Account to which the Shares on which the Dividends are declared are allocated. Notwithstanding anything to the contrary herein, with respect to those Participants who are listed on Schedule B hereto, and with respect to any additional Participants who are selected to participate in the Plan after the Effective Date and are designated by the Administrator, in its sole discretion, at the time that the

Employer Provided Benefit is awarded, to be subject to this provision, in the event that such Participant's employment with the Company is terminated by the Company for Cause or in the event such Participant resigns without Good Reason,

before the initial Distribution Date applicable to the Shares with respect to which such Dividends are paid, then any Dividends declared on or after the date of such termination or resignation but before such Distribution Date (and any earnings thereon) shall be forfeited by, and shall not be distributed or distributable with respect to, such Participant. Schedule B hereto lists those Participants who, as of the Effective Date, are subject to a risk of forfeiture of the portion of their Accounts attributable to Dividends, as provided above.

4.3 Vesting.

(a) Except for the portion of a Participant's Account attributable to any Dividends (including earnings thereon) that are subject to a risk of forfeiture as provided in Section 4.2, and except as hereinafter provided in Section 4.3(b), a Participant shall be 100% vested in his Plan Benefit at all times. A Participant who is subject to a risk of forfeiture of a portion of his or her Account attributable to Dividends, as provided in Section 4.2, shall become 100% vested in any Dividends (and any earnings thereon) if and to the extent that such Dividends are declared prior to any termination of such Participant's employment by the Company for Cause or resignation by such Participant without Good Reason which occurs before the initial Distribution Date applicable to the Shares with respect to which the Dividends were declared.

(b) Notwithstanding the preceding or any other provision of the Plan to the contrary, if a Participant elects to receive a premature distribution pursuant to Section 7.2 and such distribution is not due to an Unforeseeable Financial Emergency of the Participant as determined by the Administrator in accordance with Section 7.2, the Participant shall forfeit a portion of his vested Account balance which is equal to (i) 16% of the value of such premature distribution if it occurs after the first anniversary, but before the second anniversary, of the date as of which units of Shares were first credited to the Account, or (ii)

11.11% of the value of such premature distribution if it occurs after the second anniversary of the date as of which units of Shares were first credited to the Account.

4.4 Alternative Forms of Dividend Distribution and Interest. An amount equal to the Dividends deferred in accordance with Section 4.2 shall be credited to the Participant's Account in which the Shares with respect to which the Dividends were declared are held, and shall be credited thereon, in the form of additional units of Shares (and fractional Shares) in such number of Shares which would be issuable by the reinvestment of such Dividends in Shares as of the date of receipt by the Trustee. Notwithstanding the preceding, a Participant may elect, in such manner as prescribed by the Administrator, that the portion of his Account attributable to Dividends be in the form of cash, in which case such portion of the Account shall be credited with interest at an annual rate equal to the rate which would be provided on a three-year certificate of deposit of a major New York commercial bank as selected by the Administrator, which rate shall be determined as of ten business days prior to the Effective Date and each Determination Date thereafter, to be applied prospectively to the portion of the year following the Effective Date and to the calendar year following each Determination Date.

4.5 Determination of Account. A Participant's Account as of each Determination Date shall consist of the balance of the Account as of the immediately preceding Determination Date (or as of the date the Account was established, if the Account was first established since the preceding Determination Date), adjusted to reflect the earnings with respect to the Participant's Account since the immediately preceding Determination Date (or the date the Account was established, if applicable).

4.6 Statement of Account. The Administrator shall submit to each Participant, within 120 days after each Determination Date and at such other times as determined by the Administrator, a statement setting forth the balance of the Participant's Accounts.

4.7 Unfunded Plan. It is the intention of the Company that the arrangements hereunder be unfunded for federal income tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (if applicable). Each Participant shall have the status of a general unsecured creditor of the Company. This Plan constitutes a mere promise by the Company to make benefit payments in the future. The Company shall create the Trust in order to identify assets to be used for the purposes designated herein. The Trust shall be irrevocable, except as provided in Section 12 of the Trust.

ARTICLE V

PLAN BENEFITS

5.1 Benefits-General. Each Participant shall be entitled to receive payment of his or her Plan Benefit as provided under this Article V and Article VII hereof.

5.2 Death Benefits. In the event of the death of a Participant before payment of the Participant's entire vested Plan Benefit, the Company shall pay to the Participant's Beneficiary an amount equal to 100% of the remaining vested but unpaid balance of the Participant's Accounts (without any forfeiture). Such payment shall be made in a lump sum, as soon as practicable following the Participant's death.

5.3 Payment to Guardian. If a Plan Benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of property, the Administrator may direct payment of such Plan Benefit to the guardian, legal representative or person having the care and custody of such minor or incompetent person. The Administrator may require proof of

incompetency, minority, incapacity or guardianship, as it may deem appropriate prior to distribution of the Plan Benefit. Such distribution shall completely discharge the Administrator and the Company from all liability with respect to such Plan Benefit.

5.4 Source of Payment and Form of Distribution. Subject to the terms of the Trust, the Administrator shall direct the Trustee to make payment out of the Trust of any Plan Benefit which has become payable under the terms of this Plan. To the extent a Participant's Account is credited with units of Shares at a Distribution Date, the Participant's Account shall be distributed in the form of Shares equal in number to the number of Share units credited to the Account (except that cash shall be paid in lieu of any fractional Share units) pursuant to any direction from the Administrator to the Trustee for a benefit distribution. To the extent a Participant has elected to have Dividends credited to his Account in the form of cash, such portion of the Participant's Account (including an amount equal to the deemed interest credited thereto pursuant to Section 4.4) shall be distributed in cash. To the extent not satisfied by distribution from the Trust, the Company shall remain liable to the Participants and their Beneficiaries for the payment of any Plan Benefits due and payable hereunder.

ARTICLE VI

BENEFICIARY DESIGNATION

6.1 Beneficiary Designation. A Participant shall have the right, at any time, to designate any person or persons as his Beneficiary or Beneficiaries (primary and/or contingent) to whom payment under this Plan shall be paid in the event of death prior to complete distribution to the Participant of the benefits due under the Plan. Each beneficiary designation shall be in a written form prescribed by the Administrator (substantially the same as Exhibit B attached hereto) and will be effective only when filed with the Administrator during the Participant's lifetime.

6.2 Amendments. Any beneficiary designation may be changed by the Participant without the consent of any designated Beneficiary by the filing of a new beneficiary designation with the Administrator. The filing of a new beneficiary designation form will cancel all beneficiary designations previously filed.

6.3 No Beneficiary Designation. If any Participant fails to designate a Beneficiary in the manner provided above, or if each Beneficiary designated by a deceased Participant predeceases the Participant, the Administrator shall distribute such Participant's benefits to the Participant's estate.

6.4 Effect of Payment. Payment to the Beneficiary, or estate as provided above, shall completely discharge the Company's obligations under this Plan with respect to the deceased Participant.

ARTICLE VII

DISTRIBUTIONS

7.1 Benefit Payment Schedule. Subject to the provisions of Sections 7.2, 7.3 and 7.4, Plan Benefits shall be payable or commence being paid on the Distribution Date that relates to the Shares underlying the Plan Benefit. At the time a Participant is initially selected to participate in the Plan, and each time the Participant is granted an additional award of Shares which are deferred hereunder, the Participant shall elect, in writing on a form prescribed by the Administrator, whether the Participant's Account shall be paid in a lump sum payment or in quarterly installments over a period of not more than 20 years. Such election may be changed from time to time, but shall become irrevocable 12 months prior to the Distribution Date for the Account (including, if applicable, any new Distribution Date pursuant to Section 7.3). A Participant may make different elections with respect to different Accounts. Notwithstanding the

foregoing, any election to receive a benefit in installments shall be subject to the approval of the Administrator, in its discretion. If no election has been made at least 12 months prior to the Distribution Date for the Account, any benefit payable hereunder from the Account shall be paid in a single lump sum.

7.2 Premature Distribution. A Participant may elect, in writing on a form prescribed by the Administrator, to receive a distribution, at any time after the first anniversary of the date as of which units of Shares were first credited to his Account (including after distributions have commenced being paid), of the vested portion of his Account balance, subject to the forfeiture provisions of Section 4.3(b). The Administrator shall direct the Trustee to make such distribution in a lump sum, as soon as practicable after the Administrator has received such election, in the form of Shares or cash, as applicable pursuant to Section 5.4 (but treating the date of such distribution as a Distribution Date for purposes hereof). Notwithstanding the preceding, in the event that the Administrator, upon written application of the Participant, determines that the Participant has incurred an Unforeseeable Financial Emergency at any time, the Participant may receive a distribution of up to 100% of the vested portion of his Account balance (without any forfeiture), but such distribution shall in no event exceed the amount necessary to alleviate such Unforeseeable Financial Emergency. The Administrator shall direct the Trustee to make such distribution in a lump sum, as soon as practicable after the Administrator has made such determination, in the form of Shares or cash, as appplicable pursuant to Section 5.4 (but treating the date of such distribution as a Distribution Date for purposes hereof). A Participant's Unforeseeable Financial Emergency, and the amount necessary to alleviate the Unforeseeable Financial Emergency, must be demonstrated in the written application of the Participant and in such other documentation as the Administrator shall reasonably require.

7.3 Continued Deferral. Not less than twelve (12) nor more than fifteen (15) months prior to a Distribution Date, a Participant who is then employed by the Company may elect, in writing on a form prescribed by the Administrator, to defer receipt of all or any part of the Plan Benefit that is otherwise payable on such Distribution Date to the third, fourth or fifth anniversary of the Distribution Date, and in any such case the date to which distribution is so deferred shall be the new Distribution Date for the Account. Any election under this Section 7.3 shall become irrevocable as of the date such election is received by the Administrator. A Participant may make more than one election under this Section 7.3 with respect to the same Account.

7.4 Effect of Termination of Employment. Notwithstanding any provision to the contrary, in the event of a Participant's termination of employment with the Company (other than due to death) prior to age 60, the vested portion of the Participant's Plan Benefit shall be paid in a lump sum as soon as practicable following the later of the date of such termination of employment or January 1, 2007.

ARTICLE VIII

ADMINISTRATION

8.1 Administrative Duties. This Plan shall be administered by the Administrator. The Administrator shall have the following specific powers and duties:

(i) To interpret the provisions of the Plan and make any and all determinations arising thereunder;

(ii) To maintain such records as it shall deem necessary or appropriate for the proper administration of the Plan; and

(iii) To establish such rules and procedures not inconsistent with the terms of the Plan as it shall deem necessary or appropriate to effectuate the purpose of the Plan.

8.2 Agents. The Administrator may appoint an individual to be the Administrator's agent with respect to the day-to-day administration of the Plan. In addition, the Administrator may, from time to time, employ other agents and delegates to aid in such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

8.3 Binding Effect of Decisions. The decision or action of the Administrator with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated by the Administrator hereunder shall be final and binding upon all persons having any interest in the Plan.

ARTICLE IX

AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment. The Board of Directors may at any time amend the Plan (other than this Article IX) in whole or in part, provided, however, that no amendment shall be effective as to a Participant to decrease or restrict a Plan Benefit as to amount or timing or manner of distribution of any Account maintained under the Plan without the consent of such Participant. Notwithstanding the preceding, in the event that there is a change in the federal income tax treatment pertaining to the Plan or Trust or any Plan Benefit from the treatment in effect as of the Effective Date, then the Board of Directors may, without the consent of any Participant or Beneficiary, amend the Plan in any manner as the Board of Directors, in its sole discretion, deems advisable to provide reasonably similar benefits to Participants to the extent practicable in light of such change in tax treatment.

9.2 Termination of Plan. Notwithstanding Section 9.1, the Board of Directors may at any time terminate the Plan in its entirety. If the Plan is terminated, the Board of Directors shall also determine either (i) that previously awarded Plan Benefits will continue to vest and be paid out in accordance with the terms of the Plan and any elections made by the Participants prior to the date of Plan termination, or (ii) that all Plan Benefits shall be 100% vested and each Participant shall receive an immediate distribution of his Plan Benefit (or the remainder of his Plan Benefit if distribution thereof has commenced prior to the date of Plan termination). In the event of a termination of the Plan and an immediate distribution to all Participants of their Plan Benefits, the Company shall pay to each Participant an additional payment (a "Tax Gross-Up Payment"), in an amount such that after payment by the Participant of all applicable federal, state and local income taxes imposed upon the Tax Gross-Up Payment, the Participant retains an amount of the Tax Gross-Up Payment equal to the applicable federal, state and local income taxes imposed upon the amount of the Participant's Plan Benefit being distributed on account of the Plan termination. The amount of any Tax Gross-Up Payment shall be determined by the Company's independent auditors (the "Accounting Firm"), based upon an assumption that the Participant's rate of applicable federal, state and local income taxes is at the highest marginal rate then in effect, and shall be paid in a cash lump sum within ten days following such determination by the Accounting Firm.

ARTICLE X

MISCELLANEOUS

10.1 Company's Obligations Limited. The Company shall have no obligation under this Plan with respect to any individuals other than the Participants and their Beneficiaries.

10.2 Nonassignability. No Participant or any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof. Except to the extent required by law, no part of the amounts payable under the Plan shall, prior to actual payment, be subject to seizure or separation for the payment of any debts, judgments, alimony or separate maintenance owed by the Participant or any other person, nor be transferable by operation of law in the event of the Participant's or other person's bankruptcy or insolvency.

10.3 Not a Contract of Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Company and any Participant, and the Participant (or the Participant's Beneficiaries) shall have

no rights against the Company, except as may otherwise be specifically provided herein. Moreover, nothing in this Plan shall be deemed to give any Participant the right to be retained in the service of the Company or to interfere with the right of the Company to discipline or discharge any Participant at any time. Any such rights shall be governed by independent and unrelated contractual arrangements between the parties, should such arrangements be consummated.

10.4 Withholding. The Company retains the right to make provision for the reporting and withholding of any federal, state or local withholding taxes that may be required to be withheld with respect to the payment of benefits pursuant to the Plan, and each Participant and Beneficiary shall be required, promptly following the request of the Company, to make sufficient funds available to the Company to satisfy all applicable withholding obligations, except that the Company may not withhold any such amount that has been withheld by the Trust.

10.5 Participant Cooperation. Each Participant will cooperate with the Company by furnishing any and all information requested by the Company in order to facilitate the payment of benefits hereunder and such other action as may be requested by the Company.

10.6 Terms. Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

10.7 Captions. The captions of articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

10.8 Governing Law. The provisions of this Plan shall be construed and interpreted according to the laws of the State of New York.

10.9 Validity. In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.10 Notice. Any notice or filing required or permitted to be given to the Administrator under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Chairman of the Board with a copy to General Counsel of the Company. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of three days following the date shown on the postmark or on the receipt for registration or certification.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer as of the Effective Date.

CEDAR SHOPPING CENTERS, INC.
By: /s/ L.S. Ullman

Leo S. Ullman, President

EXHIBIT A

CEDAR SHOPPING CENTERS, INC.
SENIOR EXECUTIVE
DEFERRED COMPENSATION PLAN
Trust Agreement

CEDAR SHOPPING CENTERS, INC. EXECUTIVE
DEFERRED COMPENSATION PLAN
TRUST AGREEMENT

THIS TRUST AGREEMENT, made as of the ____ day of _____, 2003, by and between Cedar Shopping Centers, Inc. ("Company") and _____ ("Trustee").

W I T N E S S E T H :

WHEREAS, the Company has adopted the Cedar Shopping Centers, Inc. Executive Deferred Compensation Plan (the "Plan") attached hereto as Appendix A;

WHEREAS, capitalized terms used in this Trust Agreement, unless otherwise defined, shall have the same meanings as set forth in the Plan;

WHEREAS, the Company has incurred or expects to incur liability under the terms of such Plan with respect to the individuals participating in such Plan;

WHEREAS, the Company wishes to establish a trust (hereinafter called the "Trust") and to contribute to the Trust assets that shall be held therein, subject to the claims of the Company's creditors in the event of the Company's Insolvency, as herein defined, until paid to the Plan Participants and their Beneficiaries in such manner and at such times as specified in the Plan;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan for purposes of Title I of the Employee Retirement Income Security Act of 1974 (if applicable);

WHEREAS, it is the intention of the Company to make contributions to the Trust to provide itself with a source of funds to assist it in meeting its liabilities under the Plan;

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

SECTION 1. ESTABLISHMENT OF TRUST.

(a) The Company shall deposit with the Trustee in trust the amounts determined pursuant to the Plan, which shall become the principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. Neither the Trustee nor any Plan Participant or Beneficiary shall have any right to compel any contributions to the Trust.

(b) The Trust hereby established shall be irrevocable.

(c) The Trust is intended to be a grantor trust, of which the Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The principal of the Trust and any earnings thereon shall be held separate and apart from other funds of the Company and shall be used exclusively for the uses and purposes of the Plan Participants and general creditors as herein set forth. Plan Participants and their Beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of the Plan Participants and their Beneficiaries against the Company. Any assets held by the Trust will be subject to the claims of the Company's general creditors under federal and state law in the event of Insolvency, as defined in Section 3(a) herein.

SECTION 2. PAYMENTS TO PLAN PARTICIPANTS AND THEIR BENEFICIARIES.

(a) The Administrator shall deliver to the Trustee a schedule (the "Payment Schedule") that indicates the amounts payable in respect of each Plan Participant (and his or her Beneficiaries), that provides a formula or other instructions acceptable to the Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plan), and the time of commencement for payment of such amounts. Except as

otherwise provided herein, the Trustee shall make payments to the Plan Participants and their Beneficiaries in accordance with such Payment Schedule. The Trustee shall make provision for the reporting and withholding of any federal, state or local withholding taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Plan and shall pay amounts so withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by the Company.

(b) The entitlement of a Plan Participant or his or her Beneficiaries to benefits under the Plan shall be determined by the Administrator, and any claim for such benefits shall be considered and reviewed in accordance with the Plan.

(c) In the discretion of the Administrator, the Company may make payment of benefits directly to Plan Participants or their Beneficiaries as they become due under the terms of the Plan. The Administrator shall notify the Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to Participants or their Beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make

payments of benefits in accordance with the terms of the Plan, the Company shall make the balance of each such payment as it falls due. The Trustee shall notify the Company where principal and earnings are not sufficient.

SECTION 3. THE TRUSTEES' RESPONSIBILITY REGARDING PAYMENTS TO TRUST BENEFICIARY WHEN THE COMPANY IS INSOLVENT.

(a) The Trustee shall cease payment of benefits to Plan Participants and their Beneficiaries if the Company is Insolvent. The Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) the Company is unable to pay its debts as they become due, or (ii) the Company is subject to

a pending proceeding as a debtor under the United States Bankruptcy Code. The term "Insolvency" shall mean the Company's being or becoming Insolvent.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of the Company under federal and state law as set forth below.

(i) The Administrator shall have the duty to inform the Trustee in writing of the Company's Insolvency. If a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall inquire of the Administrator whether the Company is Insolvent and, pending a response from the Administrator, the Trustee shall discontinue payment of benefits to Plan Participants or their Beneficiaries.

(ii) Unless the Trustee has been notified by the Administrator of the Company's Insolvency, or has received notice from the Administrator or a person claiming to be a creditor alleging that the Company is Insolvent, the Trustee shall have no duty to inquire whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning the Company's solvency as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination concerning the Company's solvency.

(iii) If at any time the Trustee has been notified by the Administrator that the Company is Insolvent, the Trustee shall discontinue payments to Plan Participants or their Beneficiaries and shall hold the assets of the Trust for the

benefit of the Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan Participants or their Beneficiaries to pursue their rights as general creditors of the Company with respect to benefits due under the Plan or otherwise.

(iv) The Trustee shall resume the payment of benefits to Plan Participants or their Beneficiaries in accordance with Section 2 of this Trust Agreement only after the Trustee has been notified by the Administrator that the Company is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if the Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan Participants or their Beneficiaries under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to Plan Participants or their Beneficiaries by the Company in lieu of the payments provided for hereunder during any such period of discontinuance.

SECTION 4. PAYMENTS TO COMPANY.

Except as provided in Section 3 hereof, the Company shall have no right or power to direct the Trustee to return to the Company or to divert to others any of the Trust assets before all payment of benefits have been made to Plan Participants and their Beneficiaries pursuant to the terms of the Plan.

SECTION 5. INVESTMENT AUTHORITY.

(a) The Trustee may invest in securities (including Shares or rights to acquire Shares) or obligations issued by the Company. All rights associated with assets of the Trust shall be exercised by the Trustee or the person or persons

designated by the Trustee, and shall in no event be exercisable by or rest with Plan Participants, except that voting rights with respect to Shares of the Company shall be exercised by the Company.

(b) The initial principal of the Trust shall be deposited by the Company in the form of Shares of the Company. Except as provided below, the assets of the Trust shall remain invested in Shares, and Dividends thereon which are not distributed to Plan Participants shall be reinvested in Shares.

(c) An amount equal to the amount of deferred Dividends, with respect to each Participant who has elected to have the portion of his Account attributable to Dividends be in the form of cash, shall be deposited by the Company with the Trustee in the form of cash, and shall be held by the Trustee in cash or a cash equivalent, as determined by the Administrator.

SECTION 6. DISPOSITION OF INCOME.

During the term of this Trust, all income received by the Trust, net of expenses and withholding taxes, shall be accumulated and reinvested.

SECTION 7. ACCOUNTING BY THE TRUSTEE.

The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Within 60 days following the close of each calendar year and within 60 days after the removal or resignation of the Trustee, the Trustee shall deliver to the Administrator a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest

paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be.

SECTION 8. RESPONSIBILITY OF THE TRUSTEES.

(a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by the Administrator which is contemplated by, and in conformity with, the terms of the Plan or this Trust and is given in writing by the Administrator. In the event of a dispute between the Company and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) If the Trustee undertakes or defends any litigation arising in connection with this Trust, the Company agrees to indemnify the Trustee against the Trustee's costs, expenses and liabilities (including, without limitation, reasonable attorneys' fees and expenses) actually incurred by or on behalf of the Trustee in connection with this Trust (other than with respect to any litigation arising out of the Trustee's gross negligence or willful misconduct). If the Company does not pay such costs, expenses and liabilities in a reasonably timely manner, the Trustee may obtain payment from the Trust.

(c) The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(d) The Trustee may consult with legal counsel (who may also be counsel for the Company generally) with respect to any of its duties or obligations

hereunder. The Trustee shall not be liable for the negligence of any legal counsel with which it consults with respect to its duties or obligations hereunder.

(e) The Trustee shall have, without exclusion, all powers conferred on trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor trustee, or to loan to any person the proceeds of any borrowing against such policy, and provided further, however, that the Trustee may loan to the Company the proceeds of any borrowing against an insurance policy held as an asset of the Trust.

(f) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of Section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

SECTION 9. COMPENSATION AND EXPENSES OF THE TRUSTEE.

The Company shall pay all administrative and Trustee's fees and expenses. If not so paid, the fees and expenses shall be paid from the Trust.

SECTION 10. RESIGNATION AND REMOVAL OF THE TRUSTEE.

(a) The Trustee may resign at any time by written notice to the Administrator, which shall be effective thirty (30) days after receipt of such notice unless the Company and the Trustee agree otherwise.

(b) The Trustee may be removed by the Company on thirty (30) days written notice or upon shorter notice accepted by the Trustee.

(c) Upon resignation or removal of the Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within thirty (30) days after receipt of notice of resignation, removal or transfer, unless the Company extends the time limit.

(d) If the Trustee resigns or is removed, a successor shall be appointed, in accordance with Section 11 hereof, by the effective date of resignation or removal under paragraph(s) (a) or (b) of this section. If no such appointment has been made, the Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of the Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

SECTION 11. APPOINTMENT OF SUCCESSOR.

(a) If the Trustee resigns or is removed, in accordance with Section 10(a) or (b) hereof, the Company may appoint any third party, such as a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace the Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by the Company or the successor Trustee to evidence the transfer.

(b) The successor Trustee need not examine the records and acts of any prior Trustee or of any continuing Trustee prior to the effective date of the successor Trustee's appointment and may retain or dispose of existing Trust assets, subject to Sections 7 and 8 hereof. The successor Trustee shall not be responsible for and the Company shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior

Trustee or from any other past event, or any condition existing at the effective date of such successor Trustee's appointment.

SECTION 12. AMENDMENT OR TERMINATION.

(a) This Trust Agreement may be amended by a written instrument executed by the Trustee and the Company. Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plan or shall make the Trust revocable.

(b) The Company may terminate the Trust as of any date on which Plan Participants and their Beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan. Upon termination of the Trust, any assets remaining in the Trust shall be returned to the Company.

(c) Upon written approval of all Participants or Beneficiaries entitled to payment of benefits pursuant to the terms of the Plan, the Company may terminate this Trust prior to the time all benefit payments under the Plan have been made. All assets in the Trust at termination shall be returned to the Company.

SECTION 13. MISCELLANEOUS.

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to Plan Participants and their Beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 14. EFFECTIVE DATE.

The effective date of this Trust Agreement shall be the date first written above.

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

CEDAR SHOPPING CENTERS, INC.

By: ----------

[TRUSTEE]

By: ----------

EXHIBIT B

SENIOR EXECUTIVE DEFERRED COMPENSATION PLAN

DESIGNATION OF BENEFICIARY

I hereby designate the following to receive from Cedar Shopping Centers, Inc. Senior Executive Deferred Compensation Plan any amount payable by reason of my death:

Beneficiary Designations

<TABLE>
<CAPTION>

Primary Beneficiary (Beneficiaries)	Address	SSN	Date of birth	%
<S>	<C>	<C>	<C>	<C>
- ----------	----------	----------	----------	--------
- ----------	----------	----------	----------	--------
- ----------	----------	----------	----------	--------
- ----------	----------	----------	----------	--------
- ----------	----------	----------	----------	--------
- ----------	----------	----------	----------	--------

</TABLE>

Contingent Beneficiary (Beneficiaries)

<TABLE>
<CAPTION>

Contingent Beneficiary (Beneficiaries)	Address	SSN	Date of birth
%			
<S>	<C>	<C>	<C>
<C>			
-			
-			
-			
-			
-			
-			

</TABLE>

See additional pages for additional beneficiary designations

Unless I have a Designation of Beneficiary in effect at the time an amount becomes payable to my Beneficiary, that amount will be paid to my estate in accordance with Article VI of the Plan.

This designation is intended to replace all prior designations made by me for such amounts. I reserve the right to change any Beneficiary named herein without the consent of such Beneficiary by properly completing and delivering to the Administrator a new Designation of Beneficiary. I will promptly notify the Administrator of any change in the name or address of a Beneficiary.

- _____ _____
[Name] Date

- _____
Witness Signature

SCHEDULE A

CEDAR SHOPPING CENTERS, INC.
SENIOR EXECUTIVE DEFERRED
COMPENSATION PLAN

PARTICIPANTS AS OF EFFECTIVE DATE

Participant Name	Share Number
Brenda J. Walker	51,246
Thomas J. O'Keefe	150,725
Thomas B. Richey	48,986
Stuart H. Widowski	37,681
Ann Maneri	30,435

SCHEDULE B

CEDAR SHOPPING CENTERS, INC.
SENIOR EXECUTIVE DEFERRED
COMPENSATION PLAN

The following Participants are subject to a risk of forfeiture of the portion of their Accounts attributable to Dividends to the extent provided in Section 4.2:

Thomas J. O'Keefe
Stuart H. Widowski
Thomas B. Richey

AMENDMENT NO. 1
TO THE
CEDAR SHOPPING CENTERS, INC.
SENIOR EXECUTIVE DEFERRED
COMPENSATION PLAN

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

WHEREAS, Section 9.1 of the Plan 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 in certain respects;

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

1. Sections 2.5 and 2.14 of the Plan are hereby deleted.

2. Section 4.2 of the Plan is hereby amended by deleting the last two sentences thereof.

3. Section 4.3(a) of the Plan is hereby amended to read in its entirety as follows:

"(a) Except as hereinafter provided in Section 4.3(b), a Participant shall be 100% vested in his Plan Benefit at all times."

4. Section 4.3(b) of the Plan is hereby amended by deleting therefrom the word "vested".

5. Section 5.2 of the Plan is hereby amended by deleting therefrom the word "vested" and the phrase "vested but".

6. Section 7.2 of the Plan is hereby amended by deleting therefrom the phrase "the vested portion of" wherever it appears in said Section 7.2.

7. Section 7.4 of the Plan is hereby amended by deleting therefrom the phrase "vested portion of the".

8. Section 9.2 of the Plan is hereby amended by deleting therefrom the phrases "continue to vest and" and "all Plan Benefits shall be 100% vested and".

9. Schedule B to the Plan is hereby deleted.

10. This Amendment shall be effective as of October 29, 2003.

11. 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 _____ day of _____, 2004.

CEDAR SHOPPING CENTERS, INC.

By: /s/ L.S. Ullman

Name: Leo S. Ullman
Title: President

AMENDMENT NO. 2
TO THE
CEDAR SHOPPING CENTERS, INC.
SENIOR EXECUTIVE DEFERRED
COMPENSATION PLAN

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

WHEREAS, Section 9.1 of the Plan 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 in certain respects;

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

1. Section 2.19 of the Plan is hereby amended to read in its entirety as follows:

> "Shares/Stock. "Shares" or "Stock" means shares of the common stock of the Company, including, as applicable, any restricted shares of common stock of the Company awarded to a Participant pursuant to the Cedar Shopping Centers, Inc. 2004 Stock Incentive Plan (the "Stock Incentive Plan") which the Board of Directors (or compensation committee of the Board of Directors) has designated as being covered under and subject to the terms of the Plan."

2. The first sentence of Section 4.3(a) of the Plan is hereby amended to read in its entirety as follows:

> "Except for the portion of a Participant's Account attributable to any Dividends (including earnings thereon) that are subject to a risk of forfeiture as provided in Section 4.2. and except as hereinafter provided in Section 4.3(b) or Section 4.3(c), a Participant shall be 100% vested in his Plan Benefit at all-times."

3. Section 4.3 of the Plan is hereby amended by adding the following the clause (c):

> "(c) Notwithstanding the foregoing. the portion of a Participant's Account (if any) attributable to restricted Shares awarded to a Participant pursuant to the Stock Incentive Plan, shall, for vesting, risk of forfeiture and transferability purposes, be solely subject to, and determined under, the vesting, risk of forfeiture and transferability provisions and restrictions as set forth in the Stock Incentive Plan and the award agreement evidencing the grant of such restricted Shares. In no event shall a distribution, including a premature distribution elected by a Participant pursuant to Section 7.2, of a Participant's Account hereunder cause an unvested restricted Share to vest, which would otherwise not have become vested as per the terms of the Stock Incentive Plan and the award agreement evidencing the grant of such restricted Share."

4. Section 5.2 of the Plan is hereby amended by adding the following sentence to the end thereof:

> "Notwithstanding the foregoing, the portion of a Participant's Account (if any) attributable to restricted Shares awarded pursuant to the Stock Incentive Plan, shall be subject to the vesting, risk of forfeiture, and transferability provisions and restrictions as set forth in the Stock Incentive Plan and the award agreement evidencing the grant of such restricted Shares."

5. The first sentence of Section 7.3 of the Plan is hereby amended to read in its entirety as follows:

> "Not less than twelve (12) nor more than fifteen (l5) months prior to a Distribution Date. a Participant who is then employed by the Company may elect, in writing on a form prescribed by the Administrator, to defer receipt of all or any part of the Plan Benefit that is otherwise payable on such Distribution Date to the fifth anniversary of the Distribution Date, and in any such case the date to which distribution is so deferred shall be the new Distribution Date for the Account."

6. Section 7.4 of the Plan is hereby amended to read in its entirety as

follows:

> "Notwithstanding any provision to the contrary, in the event of a Participant's termination of employment with the Company (other than due to death) prior to age 60, the vested portion of the Participant's Plan Benefit shall be paid in a lump sum as soon as practicable following the date of such termination of employment (or, with respect to the initial Employer Provided Benefit for the Participants listed on Schedule A hereto, January 1, 2007, if later)."

7. This Amendment shall be effective as of August 9, 2004.

8. 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 5th day of January, 2004.

CEDAR SHOPPING CENTERS, INC.

By: /s/ L.S. Ullman

Name: Leo S. Ullman
Title: President

AGREEMENT TO ENTER INTO NET LEASE

THIS AGREEMENT (this "Agreement") made as of this 23rd day of April, 2003 between SPSP Corporation, a Pennsylvania corporation, having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003 ("SPSP"), Passyunk Supermarket, Inc., a Pennsylvania corporation, having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003 ("Passyunk"), and Twenty Fourth Street Passyunk Partners, L.P., a Pennsylvania limited partnership, having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003 ("24th Street"; SPSP, Passyunk and 24th Street are collectively referred to herein as the "Owners"), and Cedar-South Philadelphia I, LLC, a Delaware limited liability company, having an office at 44 South Bayles Avenue, Port Washington, New York 11050 ("Cedar").

WITNESSETH

WHEREAS, the Owners are the owners of the Property (as herein defined); and

WHEREAS, the Owners desire to enter into a net lease with Cedar, and Cedar desires to enter into a net lease with the Owners, of all of the Owners' right, title and interest in and to the Property, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Owners and Cedar agree as follows:

1. Lease and Assignment.

(a) Owners agree to net lease to Cedar, and Cedar agrees to net lease from Owners, subject to the terms and conditions of this Agreement, all of Owners' right, title and interest in and to all of those certain plots, pieces and parcels of land (the "Land") known by the addresses 2301-11 Oregon Avenue, 2426 South 23rd Street and 2300 W. Passyunk Avenue, Philadelphia, Pennsylvania and are commonly known as South Philadelphia Shopping Plaza, as more particularly described in Schedule A-1, Schedule A-2 and Schedule A-3 attached hereto, together with the buildings and improvements (collectively, the "Building") located on the Land (the Building and Land are hereinafter collectively referred to as the "Premises"), and all of the Owners' right, title and interest, if any, in, to and under (i) all easements, rights of way, privileges, appurtenances, strips, gores and other rights pertaining to the Premises, including, without limitation and without warranty, any existing development rights, (collectively, the "Appurtenances"); (ii) any land in the bed of any street, road, avenue, open or proposed, public or private, in front of or adjoining the Premises or any portion thereof, and any award to be made in lieu thereof and in and to any unpaid award for damage to the Premises by reasons of change of grade of any street occurring after the date of execution and delivery of this Agreement (collectively, the "Adjoining Land"); and (iii) the fixtures, equipment, machinery, furniture, furnishings, appliances, supplies and other items of personal property (and replacements thereof), now owned by the Owners and contained in or on, the Premises (collectively, the "Personalty"). The Land, the Building, the Appurtenances, the Adjoining Land and the Personalty are hereinafter referred to as the "Leased Property".

(b) The Owners agree to assign to Cedar, and Cedar agrees to accept from the Owners, subject to the terms and conditions of this Agreement, all of the Owners' right, title and interest in and to (i) all leases, lettings and licenses with respect to the Premises, and all amendments, modifications, supplements, additions, extensions and renewals thereof (collectively, "Leases"), all subleases under the Leases (the "Subleases") and, except as expressly provided herein, security and other deposits thereunder affecting the Premises (the items set forth in this clause (a) are collectively referred to as the "Lease Documents"); (ii) subject to the provisions of Section 20(c) below, all service agreements, maintenance agreements, supply agreements and any other contracts and agreements affecting the Premises and all income therefrom (collectively, "Contracts"); and (iii) any licenses, permits approvals, and certificates required or used in or relating to the ownership, use, maintenance, occupancy or operation of any part of the Leased Property (the "Licenses").

(c) The Leased Property, the Lease Documents, the Contracts and the Licenses are sometimes hereinafter collectively referred to as the "Property".

2. Basic Rent. Contemporaneously with the lease and assignment described in Section 1 above, Cedar shall pay to the Owners, by wire transfer of immediately available Federal funds, the first installment of Basic Rent (as defined in the Lease (as defined below)) due under the Lease in accordance with the terns thereof, subject to apportionments to be made as provided in this Agreement.

3. Intentionally deleted.

4. Permitted Encumbrances. Subject to the terms and provisions of

this Agreement, title to the Premises shall be leased by Owner to Cedar, and Cedar shall accept the same subject only to the items set forth on Schedule B attached hereto (collectively, the "Permitted Encumbrances").

5. Title Insurance.

(a) The Owners have delivered to Cedar a title insurance report and commitment (the "Commitment") for a leasehold title insurance policy (the "Title Policy") from First American Title Insurance Company ("First American"). Upon receipt of any updates or revisions to the Commitment, the Owners shall furnish copies thereof to Cedar's attorneys (the Commitment and any updates or revisions thereto are hereinafter collectively referred to as the "Report"). At Closing, the Owners shall be required to remove any exceptions to title which are not Permitted Encumbrances (the "Title Objections"), including, without limitation, all mortgages and all unpaid water charges and real estate taxes (other than real estate taxes that are not yet due and payable).

(b) First American shall be the sole insurer under the Title Policy; provided, however, that, in the event that First American shall not be prepared at Closing to issue the Title Policy in accordance with the terms of this Agreement that is subject only to the Permitted Encumbrances, and Cedar is unwilling to waive any items which are not Permitted Encumbrances, and if Fidelity National Title Agency ("Fidelity") shall be prepared to issue such a Title Policy, Fidelity shall be the sole insurer under the Title Policy (the company ultimately issuing the Title Policy, the "Title

Company"). At Closing, Cedar shall pay the costs of the premium and all other costs incurred in connection with obtaining the Title Policy.

(c) Notwithstanding anything to the contrary contained herein, if the Owners are unable to remove any Title Objections by the Closing Date, the Owners, in order to attempt to remove such Title Objections, may adjourn the Closing to a date no later than thirty (30) days following the scheduled date of Closing set forth in Section 7 hereof. Promptly after the Owners have removed all such Title Objections, if any, the Owners shall reschedule the Closing Date, upon at least three (3) business days prior notice to Cedar (the "New Closing Notice"); provided, however, that if Cedar shall have notified the Owners of any Title Objections which have arisen between the date of the New Closing Notice and the rescheduled Closing Date, the Owners may, by sending Cedar a notice, further adjourn the Closing in order to attempt to eliminate any such Title Objections.

(d) If the Report discloses judgments, bankruptcies or other returns against other persons having names the same as, or similar to, that of the Owners, the Owners shall deliver to the Title Company, if required by the Title Company, affidavits showing that such judgments, bankruptcies or other returns are not against the Owners in order to induce the Title Company to omit exceptions with respect to such judgments, bankruptcies or other returns. In addition, the Owners shall deliver to the Title Company, if required by the Title Company, all other affidavits customarily required of sellers of property similar to the Premises.

(e) Notwithstanding anything to the contrary contained herein, the Owners shall cure and remove, at the Owners' cost and expense, (i) any violations assessed against the Premises as of the Closing Date which are not the responsibility of one or more tenants and which may be satisfied by the payment of money, (ii) all fines and penalties that shall have accrued as of the Closing Date with respect to any such violations assessed against the Premises as of the Closing Date, and (iii) any violations assessed against the Premises as of the Closing Date that adversely affect the use of the Premises more than to a de minimis extent for its present use.

6. Third Party Reports.

(a) Cedar shall have until 5:00 P.M. (Eastern time) on May 12, 2003 (the period of time commencing upon the date hereof and continuing through and including such time on such date being herein called the "Third Party Report Period") within which to obtain (i) a Phase I environmental assessment of the Premises certified to Cedar and otherwise satisfactory to Cedar in Cedar's sole and absolute discretion, and (ii) an appraisal of the Premises certified to Cedar, indicating a value of the Premises of at least $38,500,000 and otherwise satisfactory to Cedar in Cedar's sole and absolute discretion (collectively, the "Third Party Reports"). During the Third Party Report Period, the Owners shall provide Cedar and Cedar's consultants with access to the Premises upon reasonable advance notice.

(b) If, on or before the expiration of the Third Party Report Period, Cedar shall not have received each of the Third Party Reports meeting the requirements of Section 6(a) above, then Cedar shall have the right to terminate this Agreement in accordance with this Section 6. In such case, Cedar shall promptly notify the Owners and Ledgewood Law Firm, P.C., as escrow agent ("Escrowee") under that certain escrow agreement among Cedar, CedarSouth Philadelphia

II, LLC, the Owners and Escrowee (the "Escrow Agreement") thereof in writing on or before 5:00 P.M. (Eastern time) on the date that the Third Party Report Period shall expire (such notice being herein called the "Termination Notice") that Cedar desires to terminate this Agreement, whereupon the Escrowee shall present the letter of credit being held by Escrowee under the Escrow Agreement (the "Letter of Credit") for payment and pay the proceeds of the Letter of Credit to the Owners, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligations in connection herewith except under those provisions that expressly survive a termination of this Agreement). In the event that Cedar shall fail to have delivered the Termination Notice to the Owners on or before 5:00 P.M. (Eastern time) on the date that the Third Party Report Period shall expire, Cedar shall be deemed to have agreed that the Third Party Reports are acceptable to Cedar and that Cedar intends to proceed with the transactions contemplated by this Agreement without a reduction in, or an abatement in or credit against, the Basic Rent (and, thereafter, Cedar shall have no further right to terminate this Agreement pursuant to this Section 6).

7. Closing Date.

(a) The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at 10:00 A.M. on Friday, May 16, 2003, at the office of Escrowee. It shall be a condition to the Closing that (i) the Owners and Cedar shall contemporaneously therewith deliver (or cause to be delivered) to Escrowee the documents and other items referred to in Section 16 below, (ii) the conditions to Closing set forth in Section 19(a) below shall have either been satisfied or waived by Cedar, and (iii) the conditions to Closing set forth in Section 19(b) below shall have either been satisfied or waived by Owners. The date on which the Closing shall take place is hereinafter referred to as the "Closing Date".

(b) Once the Closing has occurred, Escrowee shall promptly deliver to Cedar all of the deliveries made by Owners pursuant to Section 16(a) below, and promptly deliver to owners all of the deliveries made by Cedar pursuant to Section 16(b) below.

8. Apportionments.

(a) General. For purposes of this Section 8, the "Proration Date" shall be 11:59 P.M. on the day preceding the Closing so that Cedar shall be deemed to be the net lessee of the Property and therefore entitled to any revenues and responsible for any expenses for the entire day upon which the Closing occurs. The Owners and Cedar shall prepare a schedule of adjustments ("Schedule of Adjustments") prior to the Proration Date. Such adjustments, if and to the extent known and agreed upon as of the Closing, shall be (i) paid by Cedar to the Owners at the Closing (if the prorations result in a net credit to the Owners) or (ii) deducted from the installment of Basic Rent to be paid by Cedar to the Owners at the Closing (if the prorations result in a net credit to the Cedar). Any such adjustments not determined or not agreed upon as of the Closing shall be allocated on a fair and equitable basis as soon as invoices or bills are available, with final adjustments to be made as soon as reasonably possible after the Closing. Any apportionment or proration errors made at the Closing are subject to correction if written notice thereof is given within ninety (90) days after the Closing. Cedar and the Owners shall

each act promptly and reasonably in connection with determining the prorations under this Section 8. This Section 8 shall survive the Closing.

(b) Rentals. "Rental" or "Rentals" as used herein includes fixed monthly rentals, additional rentals, percentage rentals, escalation rentals, retroactive rentals, operating cost pass-throughs, utility charges, common area maintenance or management charges, administrative charges, and all other sums and charges payable by tenants under the Leases ("Tenants"). Subject to the provisions of Section 8(c) below, Rentals shall be prorated at the Closing. The Owners shall be entitled to all Rentals accruing on or prior to the Proration Date and Cedar shall be entitled to all Rentals accruing after the Proration Date.

(c) Delinquent Rentals. Rentals are delinquent when payment thereof is due on or prior to the Proration Date but has not been made by the Proration Date (any such Rentals being "Delinquent Rentals"). Delinquent Rentals shall be prorated between Cedar and the Owners as of the Proration Date. At the Closing, Cedar shall pay to the Owners the Owners' share of any Delinquent Rentals that exist for the month in which the Closing Date occurs. Any Rentals collected by Cedar or the Owners, as the case may be, after the Closing, less any costs of collection (including reasonable attorneys fees) reasonably allocable thereto shall be promptly applied in the following order of priority: (i) first, to Cedar for the month in which the Closing Date occurs, (ii) then, to Cedar for the month or months following the month in which the Closing Date occurs, provided the received Rental is then due and payable, and (iii) then, to the

Owners for any period prior to the month in which the Closing Date occurs. Cedar shall use reasonable efforts to collect Delinquent Rentals but shall have no obligation to commence a legal proceeding to collect such sums. Cedar and the Owners agree that any payments due to the Owners or Cedar, as the case may be, as a result of collected Delinquent Rentals shall be payable promptly upon receipt thereof. The parties confirm that all amounts due and payable in respect of Leases which have expired or otherwise terminated prior to the Closing Date shall be the sole property of the Owners and, notwithstanding anything to the contrary contained herein, the Owners may take such actions as they desire to collect such amounts. Notwithstanding the provisions of this Section 8(c) to the contrary, any amount collected by the Owners in connection with any such action shall be retained by the Owners. The Owners and Cedar shall from time to time after Closing, and upon request of the other party, provide the requesting party with reasonably detailed information regarding the status of such party's collection of Delinquent Rentals.

(d) Taxes and Assessments. All real estate taxes (including business improvement district charges) on the Premises shall be prorated based on the actual current tax bill. If such tax bill has not yet been received by the Proration Date, then Cedar and the Owners shall estimate the real estate taxes based upon Cedar's and the Owners' good faith estimate of the change in the amount of the previous year's tax bill, and Cedar, and the Owners shall after the Closing reprorate the real estate taxes as soon as the actual current tax bill is available. All amounts payable for real estate taxes accruing on or prior to the Proration Date shall be the obligation of the Owners, and all amounts payable for real estate taxes accruing after the Proration Date shall be the obligation of Cedar. Any delinquent taxes on the Premises shall be paid at the Closing by the Owners.

(e) Operating Expenses. The parties acknowledge and confirm that operating expenses are passed-though to Tenants and, accordingly, Owners and Cedar shall not prorate operating expenses at the Closing. Notwithstanding the foregoing, if, as of the Closing Date, Owners have any arrearages with respect to operating expenses, then, to the extent that Cedar, after the Closing, receives from any Tenant a payment (or payments) designated by such Tenant as being on account of operating expenses for the period prior to the Closing Date, Cedar shall promptly pay such amounts to Owners. Cedar shall, at Owners' request, use reasonable efforts to collect any such unpaid pre-Closing operating expense payments, but shall have no obligation to commence any legal proceedings to collect such sums.

(f) Tenant Security Deposits. Cedar shall be credited with and the Owners shall be debited with the sum of all tenant security deposits (and any interest due to Tenants thereon, less an amount equal to the aggregate of administrative fees that shall have accrued as of the Closing Date that the Owners shall be permitted to retain pursuant to the provisions of each of the Leases and otherwise under law, which amount shall be retained by the Owners) being held by the Owners.

(g) License and Permit Fees. Periodically recurring governmental fees for transferable Licenses issued in respect of the Premises for the use of any part thereof, if assignable and to the extent assigned, shall be prorated between Cedar and the Owners as of the Proration Date on an accrual basis. The Owners shall be responsible for all amounts due thereunder which accrue on or prior to the Proration Date and Cedar shall be responsible for all amounts which accrue after the Proration Date.

(h) Ongoing Contracts. Amounts payable under those Contracts, if any, which Cedar shall elect to have remain in effect after the Closing shall be prorated on an accrual basis. The Owners shall be responsible for all amounts due thereunder which accrue on or prior to the Proration Date, and Cedar shall be responsible for all amounts due thereunder which accrue after the Proration Date. The Owners shall pay in full all amounts due under any Unassumed Contracts (as hereinafter defined).

(i) Leasing Commissions. Cedar shall be credited with, and the Owners shall be debited with, the sum of the leasing commissions set forth on Exhibit A attached hereto (the "Leasing Commissions Schedule"). Cedar shall be responsible for paying such commissions to the respective brokers and Cedar shall indemnify and hold Owner harmless from and against any claims that the brokers set forth on Exhibit A may bring against the Owners after the Closing Date for the payment of the balance of the brokerage commission payable to such broker, provided that Cedar's indemnity shall not exceed, as to the claim of any broker, the amount of the credit that is set forth on Exhibit A for such broker.

(j) Tenant Improvements. Cedar shall be credited with, and the Owners shall be debited with, the sum of the tenant improvement allowances set forth on Exhibit B attached hereto (the "TI Schedule"). Cedar shall be responsible for paying such tenant improvement allowances to the respective Tenants. If the amount of the tenant improvement allowances that is paid to a Tenant shall be less than the amount of the tenant improvement allowance for such Tenant that is set forth on Exhibit B. Cedar shall promptly remit such excess to Owners.

9. Assessments. If, on the Closing Date, the Premises or any part thereof shall be or shall have been affected by an assessment or assessments which are or may become payable in installments, the Owners shall be required to pay and discharge at Closing any installments then due and payable and all delinquent installments. Any installments of such assessments that are not yet due and payable as of the Closing Date shall be the obligation of Cedar.

10. Condition of the Property. Except as otherwise provided herein to the contrary, Cedar agrees to accept the Property in its "as is" condition on the date hereof, reasonable wear and tear excepted, and subject to the provisions of Section 11 hereof. Cedar has (i) examined, inspected and investigated to the full satisfaction of Cedar, the physical nature and condition of the Property, (ii) independently investigated, analyzed and appraised the value and profitability of the Property and (iii) reviewed such other documents and materials as Cedar has deemed advisable. Cedar acknowledges that, except as specifically set forth in this Agreement, neither the Owners, nor any real estate broker, agent, employee, servant, consultant or representative of the Owners has made any representations or warranties whatsoever regarding the subject matter of this Agreement or the transaction contemplated hereby, including without limitation, representations as to the physical nature or condition of the Property, zoning laws, building codes, laws and regulations, environmental matters, the violation of any laws, ordinances, rules, regulations or orders of any Governmental Authority, water, sewer or other utilities, rents or other income, expenses applicable to the Property, capital expenditures, leases, existing or future operations of the Property or any other matter or thing affecting or related to the Property or the operation thereof. In executing, delivering and/or performing this Agreement, Cedar has not relied upon and does not rely upon, and the owners shall not be liable or bound in any manner by, express or implied warranties, guaranties, promises, statements, representations or information pertaining to any of the matters set forth above in this Section 10 made or furnished by the Owners or by any real estate broker, agent, employee, servant or any other person representing or purporting to represent the Owners to whomever made or given, directly or indirectly, verbally or in writing, unless such warranties, guaranties, promises, statements, representations or information are expressly and specifically set forth herein.

11. Casualty and Condemnation.

(a) Notwithstanding anything to the contrary implied or provided by law or in equity, if, prior to the Closing, any material portion of the Premises is damaged by fire, the elements or any other casualty or if any material portion of the Premises is taken by eminent domain or otherwise, Cedar shall have the right to terminate this Agreement by written notice to the owners, and Escrowee given by Cedar within fifteen (15) days after Owners shall notify Cedar in writing of such casualty, whereupon the Letter of Credit shall be promptly returned to Cedar, together with a letter from Escrowee to the issuer of the Letter of Credit authorizing the cancellation thereof, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligations in connection herewith except under those provisions that expressly survive the Closing or a termination of this Agreement). If Cedar does not terminate this Agreement, this Agreement shall remain in full force and effect and the parties shall nonetheless proceed to the Closing in accordance with this Agreement, and all proceeds or awards received by the Owners (after deducting the Owners' actual out-of-pocket cost of collecting the same and any reasonable expenses that the Owners shall have incurred in

restoring the Premises), or the Owners' rights to such proceeds or awards, from such taking or casualty shall be assigned (by documentation reasonably satisfactory to Cedar and the Owners) by the Owners to Cedar, and the Owners shall pay over to Cedar at the Closing an amount equal to the amount, if any, by which the amount of the deductible under the applicable insurance policy for the Premises that is in effect at the time of such casualty shall be greater than the deductible as of the date of this Agreement, if any, on the applicable insurance policy for the Premises.

(b) The Owners shall promptly notify Cedar of any such casualty and of any proposed taking. The Owners shall not adjust or settle any claims in connection with any casualty or proposed taking or enter into any construction or other contract for the repair or the restoration of the Premises without Cedar's prior written consent, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, in the event of a fire or other casualty at the Premises, Cedar's prior consent shall not be required for any action which the owners shall elect to take in order to repair or remediate any condition which poses a danger to the health and welfare of Tenants, their invitees, and/or the general public or as otherwise required by the Tenant Leases.

(c) In the event there is damage to or destruction of an immaterial

part of the Premises by fire or other casualty or a taking of an immaterial part of the Premises, Cedar shall not have the right to terminate this Agreement, all proceeds or awards received by the Owners (after deducting the Owners' actual out-of-pocket cost of collecting the same and any reasonable expenses that the Owners shall have incurred in restoring the Premises), or the Owners' rights to proceeds or awards, from such taking or casualty shall, at the Closing, be assigned (by documentation in form and substance reasonably satisfactory to Cedar and the Owners) by the Owners to Cedar, and the Owners shall pay over to Cedar at the Closing an amount equal to the amount, if any, by which the amount of the deductible under the applicable insurance policy for the Premises that is in effect at the time of such casualty shall be greater than the deductible as of the date of this Agreement, if any, on the applicable insurance policy for the Premises.

(d) For purposes of this Section 11, a casualty or condemnation shall be deemed material if such casualty or condemnation affects more than fifty percent (50%) of the square footage of the Premises.

(e) The parties hereby waive the provisions of any statute which provides for a different outcome or treatment in the event of a casualty or a taking.

12. Brokers and Advisors.

(a) The Owners represent and warrant to Cedar that the Owners have not employed, dealt with or negotiated with any broker in connection with this transaction other than Fameco of Conshohocken, PA (the "Broker"). Cedar represents and warrants to the Owners that Cedar has not employed, dealt with or negotiated with any broker in connection with this transaction other than the Broker. Cedar agrees to pay any commission payable to the Broker in connection with this transaction by separate agreement.

(b) The Owners hereby agree to indemnify, defend and hold Cedar harmless from and against any and all claims, losses, liability, costs and expenses (including reasonable attorneys' fees) incurred by Cedar by any broker (other than the Broker), or any other person claiming a commission, fee or other compensation by reason of this transaction, if such broker dealt with or claims to have dealt with the Owners in connection with this transaction.

(c) Cedar hereby agrees to indemnify, defend and hold the Owners harmless from and against any and all claims, losses, liability, costs and expenses (including reasonable attorneys' fees) resulting from any claim that may be made against the Owners by any broker (including the Broker), or any other person, claiming a commission, fee or other compensation by reason of this transaction, if such broker dealt with or claims to have dealt with Cedar in connection with this transaction.

(d) The provisions of this Section 12 shall survive the Closing, or if the Closing does not occur, the termination of this Agreement.

13. Tax Reduction Proceedings. If the Owners have heretofore filed applications for the reduction of the assessed valuation of the Premises and/or instituted certiorari proceedings to review such assessed valuations for any tax years prior to the tax year in which the Closing Date is to occur, Cedar acknowledges and agrees that the Owners shall have sole control of such proceedings, including the right to withdraw, compromise and/or settle the same or cause the same to be brought on for trial and to take, conduct, withdraw and/or settle appeals, and Cedar hereby consents to such actions as the Owners may take therein. Prior to the Closing, the Owners shall not withdraw, compromise or settle any such proceedings for the tax year in which the Closing Date is to occur without the prior written consent of Cedar, which consent shall not be unreasonably withheld or delayed. Any refund or tax savings for any year or years prior to the tax year in which the Closing Date occurs shall belong solely to the Owners. Any tax savings or refund for the tax year in which the Closing Date occurs shall be prorated in accordance with Section 8 hereof between the Owners and Cedar after deduction of reasonable attorneys' fees and other reasonable expenses related to the proceeding. Cedar and the Owners shall each execute all consents, receipts, instruments and documents which may reasonably be requested in order to facilitate settling such proceeding and collecting the amount of any refund or tax savings. Notwithstanding anything contained herein to the contrary, if any tax savings or refund shall create an obligation to reimburse any Tenant under any Lease for Rentals paid, then that portion of such savings or refund equal to the amount of such required reimbursement shall be paid to Cedar, and Cedar shall disburse the same to the applicable Tenant. Cedar shall deliver to the Owners, within six (6) months after receipt of such tax savings or refund, evidence reasonably satisfactory to the Owners that Cedar has made such payments to the Tenants or, if a Tenant is in default in the performance of any of its Lease obligations beyond any applicable notice and cure periods, that Cedar has applied the refund against any amounts that such Tenant owes under its lease, and to the extent that Cedar shall fail to deliver such evidence to the Owners, Cedar shall deliver to the Owners the portion of such refund or tax savings that Cedar would otherwise have paid to such Tenant, and the owners shall disburse the same to the applicable

Tenant. The provisions of this Section 13 shall survive the Closing.

14. SEC Filing and Audit Requirements. Upon Cedar's request, for a period of two (2) years after Closing, the Owners shall provide Cedar, without any out-of-pocket expense to the Owners, with copies of, or access to, such factual information as may be reasonably requested by Cedar, and in the possession or control of the Owners, to enable Cedar Income Fund, Ltd. to file Form 8-K and comply with other filing requirements (as specified in Exhibit C attached hereto), if, as and when such filing may be required by the Securities and Exchange Commission (the "SEC"). Without limitation of the foregoing, (i) Cedar or its designated or independent or other accountants may audit the operating statements of the Owners for the Premises, and the Owners shall supply such documentation in their possession or control as Cedar or its accountants may reasonably request in order to complete such audit, and (ii) the Owners shall furnish Cedar with such financial and other information as may be reasonably required by Cedar or its assigns to make any required filings with the SEC or other governmental authority. This obligation shall survive the Closing for a period of two (2) years.

15. Representations and Warranties.

(a) The Owners, jointly and severally, represent and warrant to Cedar that the following are true and correct as of the date hereof and shall be true and correct as of the Closing Date:

(i) SPSP is a corporation duly organized and validly existing under and by virtue of the laws of the State of Pennsylvania and is in good standing in the State of Pennsylvania. SPSP has all requisite power and authority to execute, deliver and perform the transactions contemplated by this Agreement. SPSP is the owner in fee of certain real property more particularly described in Schedule A-1 attached hereto which constitutes a portion of the Premises.

(ii) Passyunk is a corporation duly organized and validly existing under and by virtue of the laws of the State of Pennsylvania and is in good standing in the State of Pennsylvania. Passyunk has all requisite power and authority to execute, deliver and perform the transactions contemplated by this Agreement Passyunk is the owner in fee of certain real property more particularly described in Schedule A-2 attached hereto which constitutes a portion of the Premises.

(iii) 24th Street is a limited partnership duly organized and validly existing under and by virtue of the laws of the State of Pennsylvania and is in good standing in the State of Pennsylvania. 24th Street has all requisite power and authority to execute, deliver and perform the transactions contemplated by this Agreement. 24th Street is the owner in fee of certain real property more particularly described in Schedule A-3 attached hereto which constitutes a portion of the Premises.

(iv) This Agreement constitutes the legal, valid and binding obligation of the Owners, enforceable against the Owners in accordance with its terms. The Owners have taken all necessary action to authorize and approve the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement.

(v) The execution and delivery of this Agreement and the performance by the Owners of their obligations hereunder do not and will not (a) to the Owners' knowledge, conflict with or violate any judgment, order, writ, injunction or decree of any court or governmental or quasi-governmental entity with jurisdiction over the Owners or the Property, including, without limitation, the United States of America, the State of Pennsylvania or any political subdivision of either of the foregoing, or any decision or ruling of any arbitrator to which any of the Owners is a party or by which any of the Owners or the Property is bound or affected or (b) violate or constitute a default under any material document or instrument to which any of the Owners is a party or is bound or any of the Owners' corporate formation or governing documents.

(vi) There are no actions, suits or proceedings (including landlord/tenant or condemnation proceedings) pending or, to the Owners' knowledge, threatened in writing against the Premises, at law or in equity, before any federal, state, municipal or governmental department, commission, board, bureau, agency or instrumentality which could (x) materially adversely affect title to the Premises, (y) if adversely determined, prohibit the Owners from consummating the transactions contemplated hereby, or (z) materially adversely affect the continued use and enjoyment of the Premises for its current use.

(vii) The Owners have delivered to Cedar copies of the Leases and Subleases, and copies of all related brokerage agreements for which a commission remains due and payable (the "Brokerage Agreements"), which copies

are true, correct and complete in all material respects. Exhibit D annexed hereto (the "Schedule of Leases") sets forth a true and complete list of the Leases, Subleases and Brokerage Agreements, which Leases, Subleases and Brokerage Agreements are in full force and effect and have not been amended, except as set forth in the Schedule of Leases. The Owners represent that all security deposits made by Tenants under the Leases and held by or on behalf of the landlord thereunder are cash security deposits, and the Schedule of Leases sets forth the amount of all such security deposits (plus accrued interest thereon, if any, required to be paid to the respective Tenants thereunder). Except as set forth on the Leasing Commissions Schedule and as set forth in the Leases, no leasing commission is now or will hereafter become due or owing in connection with any of the Leases, including, without limitation, in connection with any renewals or extensions of the tern thereof. The rent roll (the "Rent Roll") annexed hereto as Exhibit E is true, correct and complete based upon the current operation of the Premises, the rents set forth on the Rent Roll are the rents currently being collected, and the rents set forth on the Rent Roll were actually collected for the Previous month. All of the material landlord's obligations under the Leases which the landlord is obligated to perform prior to the Closing have or will have been performed.

(viii) No guarantor of any of the Leases has been released or discharged voluntarily (or, to the best of the Owners' knowledge, either involuntarily or by operation of law) from any obligation related to a Lease. All of the improvements to be constructed by the Owners, if any, contemplated under the Leases or as required therein and in all collateral agreements and plans and specifications respecting same have been completed as so required, and, except as set forth on the TI Schedule, any fees, costs, allowances, advances or other expenses to be paid by the Owners for tenant improvements or tenant finish work have been paid in full. As of the Closing Date, neither the Owners' interest in the Leases nor any of the rentals due or to become due under the Leases will be assigned, encumbered or subject to any liens.

(ix) The Owners have delivered to Cedar true, correct and complete copies of lease estoppel certificates from all Tenants that were delivered to the Owners in connection with the Owners' proposed refinancing of the existing mortgage loan currently encumbering the Property (collectively, the "Tenant Estoppel Certificates").

(x) True, correct and materially complete copies of the Contracts have been delivered to Cedar. Exhibit F annexed hereto (the "Schedule of Contracts") sets forth a true and complete list of the Contracts, which Contracts are in full force and effect and have not been amended, except as set forth in the Schedule of Contracts. To the Owners' best knowledge, no party to the Contracts is in default with respect to any of its obligations or liabilities pertaining to the Contracts. Except as set forth on the Schedule of Contracts, all of the Contracts set forth on the Schedule of Contracts may be terminated without penalty or payment by the Owners on no more than thirty (30) days' notice.

(xi) Except as set forth in the Leases, there are no outstanding options to purchase, rights of first offer, rights of first refusal, warrants, calls, commitments, conversion rights, rights of exchange, plans or other agreements of any character, absolute or contingent, to acquire all, or any portion of, the Property.

(xii) As of the Closing Date, the Personalty will not have been assigned or conveyed to any other party.

(xiii) The Owners have heretofore delivered to Cedar a copy of the operating expense statement for the 12-month period ending December 31, 2002, a copy of which is attached hereto as Exhibit G (the "Operating Statement"). The Owners have no knowledge of any inaccuracies or omissions contained in the Operating Statement. The operating statement is correct and complete in all material respects.

(xiv) There are no employment contracts, union contracts, labor leases, pension plans, profit sharing plans or employee benefit plans which relate to the Owners or the Premises, and there are no employees which relate to the Premises.

(xv) Neither SPSP, Passyunk nor 24th Street is a "foreign person" as defined pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended.

(xvi) The Owners maintain fire and extended coverage insurance upon the Property as set forth on Exhibit H annexed hereto (the "Existing Insurance"). Copies of certificates evidencing this insurance have been delivered to Cedar, and the insurance evidenced by such certificates is in full force and effect.

(b) Cedar represents and warrants to the Owners as of the date hereof and as of the Closing Date that:

(i) Cedar has all the requisite power and authority to execute and deliver this Agreement and to carry out Cedar's obligations hereunder and the transactions contemplated herein. This Agreement constitutes the legal, valid and binding obligation of Cedar, enforceable against Cedar in accordance with its terms. Cedar has taken all necessary action to authorize and

approve the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement.

(ii) The execution and delivery of this Agreement and the performance by Cedar of its obligations hereunder do not and will not (x) to Cedar's knowledge, conflict with or violate any law, rule, judgment, regulation, order, writ, injunction or decree of any court or governmental or quasi-governmental entity with jurisdiction over Cedar, including, without limitation, the United States of America, the State of Pennsylvania or any political subdivision of either of the foregoing, or any decision or ruling of any arbitrator to which Cedar is a party or by which Cedar is bound or affected or any agreement to which Cedar is a party or, to Cedar's knowledge, binding upon Cedar, or (y) violate or constitute a default under any material document or instrument to which Cedar is a party or is bound.

(iii) There is no action or proceeding pending or threatened in writing against Cedar which could, if adversely determined, prohibit Cedar from consummating the transactions contemplated by this Agreement.

(c) The representations and warranties contained in Section 15(a) and Section 15(b) above will survive the Closing for a period of four (4) months, before the expiration of which the party claiming a breach must have notified the other in writing of the alleged breach. Any such claim shall be limited to actual damages (specifically including, without limitation, reasonable attorneys' fees and expenses and court costs) suffered by the claiming party (specifically excluding consequential or punitive damages).

16. Deliveries to be made on the Closing Date.

(a) The Owners' Documents: The Owners, pursuant to the provisions of this Agreement, shall deliver or cause to be delivered to Escrowee on the Closing Date the following instruments, documents and items:

(i) Two (2) counterparts of the net lease, in the form attached hereto as Exhibit I (the "Net Lease"), duly executed by the Owners, as landlord.

(ii) Two (2) counterparts of the Memorandum of Lease, in the form attached hereto as Exhibit J (the "Net Lease Memorandum"), duly executed by the Owners, as landlord.

(iii) Two (2) counterparts of the Guaranty, duly executed by Gary Erlbaum, Steven Erlbaum, and Daniel Neducsin in favor of Cedar, in the form attached hereto as Exhibit K.

(iv) Two (2) counterparts of the Assignment and Assumption of Leases in the form of Exhibit L attached hereto and made a part hereof (the "Lease Assignment"), duly executed by the Owners.

(v) Two (2) counterparts of the Assignment and Assumption of Contracts and Permits in the form of Exhibit M attached hereto and made a part hereof (the "Contracts and Permits Assignment"), duly executed by the Owners.

(vi) Two (2) counterparts of a letter to the Tenants of the Premises in the form attached hereto as Exhibit N, duly executed by the Owners.

(vii) Two (2) counterparts of the Schedule of Adjustments, duly executed by the Owners.

(viii) The Owners' Estoppel Certificate (as hereinafter defined).

(ix) A recordable termination of lease, in form and substance reasonably acceptable to the Owners, Title Company, and Cedar, terminating of record that certain lease originally from Constellation Properties, Inc. to Penn Fruit Co., Inc., dated as of May 15, 1958 and recorded in Deed Book CAB 800 Page 428.

(x) Keys to the Building (if any).

(xi) A duly executed certification as to the Owners' non-foreign status.

(xii) The consent of the boards of directors and members of the owners authorizing the Net Lease and the transactions contemplated by this Agreement, in form reasonably satisfactory to Cedar and the Title Company.

(xiii) Originals of all of the Leases in effect on the Closing Date or, to the extent originals are unavailable, photocopies thereof with a certificate executed by the Owners as to the authenticity of such photocopies, together with all leasing and property files and records in connection with the continued operation, leasing and maintenance of the property that shall be in the Owners' possession.

(xiv) Originals of all of the Contracts that are being assumed by Cedar on the Closing Date or, to the extent originals are unavailable, photocopies thereof with a certificate executed by the Owners as to the authenticity of such photocopies.

(xv) The Licenses affecting the Premises as of the Closing Date that shall be in the Owners' possession (other than those Licenses that must remain at the Premises).

(xvi) Copies of the all of the following items that shall be in Owners' possession (to the extent that the same had not been previously delivered to Cedar): (A) all accounting, financial, and other books and records reasonably required for the continued leasing and operation of the Property which are maintained in connection with the current leasing and operation of the Premises, and (B) all building plans and specifications (including "as-built" drawings) with respect to the improvements at the Premises.

(xvii) Copies of the documents required to be delivered to the Title Company pursuant to Section 5(c) above.

(xviii) Such other documents, instruments and deliveries as are otherwise required by this Agreement or reasonably required by Cedar in order to consummate the transaction contemplated hereby.

(b) Cedar's Documents: Cedar, pursuant to the provisions of this Agreement, shall deliver or cause to be delivered to the Owners on the Closing Date the following instruments, documents and items:

(i) Two (2) counterparts of the Net Lease, duly executed by Cedar, as tenant.

(ii) Two (2) counterparts of the Lease Memorandum, duly executed by Cedar, as tenant.

(iii) Two (2) counterparts of the Lease Assignment, duly executed by Cedar.

(iv) Two (2) counterparts of the Contracts and Permits Assignment, duly executed by Cedar.

(v) Two (2) counterparts of the Schedule of Adjustments, duly executed by Cedar.

(vi) The consent of the members of Cedar authorizing the Net Lease and the transactions contemplated by this Agreement, in form reasonably satisfactory to the Owners and the Title Company.

(vii) Such other documents, instruments and deliveries as are otherwise reasonably required by this Agreement or by the Owners in order to consummate the transaction contemplated hereby.

17. Default by Cedar or the Owners.

(a) (i) If all of the conditions to Cedar's performance under this Agreement shall be satisfied, and Cedar shall default in its obligations under this Agreement, the Owners may terminate this Agreement on written notice to Cedar and Escrowee, whereupon Escrowee shall present the Letter of Credit for payment and pay the proceeds of the Letter of Credit to the Owners, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligations in connection herewith except under those provisions that expressly survive a termination of this Agreement). Cedar acknowledges that, if Cedar shall default under this Agreement as aforesaid, the Owners will suffer substantial adverse financial consequences as a result thereof. Accordingly, subject to the provisions of Section 17(a)(ii) below, the Owners' sole and exclusive remedy against Cedar shall be the right to retain the proceeds of the Letter of Credit, as and for its sole and full and complete liquidated damages, it being agreed that the Owners' damages are difficult, if not impossible, to ascertain.

(ii) Notwithstanding anything to the contrary contained in Section 17(a)(i) above, in the event that Cedar shall contest the existence of a default by Cedar in its obligations under this Agreement, the Owners shall be permitted to prosecute an action for damages or proceed with any other legal course of conduct in connection therewith and Cedar's liability shall not be limited to the amount of the Letter of Credit, but shall in no event be less

than the amount of the Letter of Credit.

(b) If the Owners shall default hereunder by failing to close or by reason of a breach of a representation or warranty by Owners, Cedar may elect to either (x) terminate this Agreement and direct the Escrowee to return the Letter of Credit to Cedar, together with a letter to the issuer of the Letter of Credit authorizing the cancellation thereof, and Cedar and the Owners shall have no further rights or obligations under this Agreement, except those expressly provided herein to survive the termination of this Agreement, or (y) prosecute an action for specific performance of this Agreement; provided, however, that in the event that the aggregate amount of damages reasonably claimed by Cedar in connection with such default shall be less than $175,000 (1) the existence of such default shall not be a basis for Cedar not to close hereunder, (2) if Cedar shall thereafter close, Cedar shall not be deemed to have waived its right to pursue its remedies under this Agreement, including, without limitation, those remedies set forth in Section 15(c) above as a result of the Owners' default, and (3) if Cedar shall thereafter fail to close hereunder, the provisions of Section 17(a) hereof shall apply provided, however, if the amount of damage reasonably claimed by Cedar pursuant to Section 17(b) hereof shall be greater than $25,000 and less than $175,000, in such case Escrowee shall only pay to Owners the proceeds of the Letter of Credit (net of the amount of damage reasonably claimed by Cedar) and Escrowee shall pay to Cedar the amount of damage reasonably claimed by Cedar. In the event that Cedar shall prosecute an action for specific performance pursuant to this Section 17(b), the prevailing party in such action shall be entitled to recover as a part of such action the actual out-of-pocket costs and reasonable attorneys' fees incurred by such prevailing party in connection with such action.

18. Merger. Except as otherwise expressly provided to the contrary in this Agreement, no representations, warranties, covenants or other obligations of the Owners set forth in this Agreement shall survive the Closing, and no action based thereon shall be commenced after the Closing. Except as otherwise expressly provided herein, the delivery of the Net Lease at the Closing, without the simultaneous execution and delivery of a specific agreement which by its terms shall survive the Closing, shall be deemed to constitute full compliance by the parties with all of the terns, conditions and covenants of this Agreement on their part to be performed.

19. Conditions to Closing.

(a) Conditions to Cedar's Obligation to Close. Cedar's obligation to close hereunder shall be subject to the following conditions:

(i) The Owners shall have performed, satisfied and complied with, or tendered performance of, in all material respects, all of the covenants, agreements and conditions required by this Agreement to be performed or complied with by the Owners on or before the Closing Date.

(ii) All representations and warranties of the Owners in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date.

(iii) Title to the Premises shall be in accordance with Section 4 hereof, subject only to such matters permitted by Section 4 hereof.

(iv) The Owners shall have delivered to Cedar a master estoppel certificate (the "Owners' Estoppel Certificate"), in the form attached hereto as Exhibit P.

The foregoing obligations of the Owners under this Section 19(a) are for the benefit of Cedar, and Cedar may, in its sole discretion, waive any or all of such conditions and close title under this Agreement without any decrease in, abatement of, or credit against, the Basic Rent.

(b) Conditions to the Owners' Obligation to Close. The Owners' obligation to close hereunder shall be subject to the following conditions:

(i) Cedar shall have performed, satisfied and complied with, or tendered performance of, in all material respects, all of the covenants, agreements and conditions required by this Agreement to be performed or complied with by Cedar on or before the Closing Date.

(ii) All representations and warranties of Cedar in this Agreement shall be true and correct in all material respects as of the date of this Agreement, and as of the Closing Date.

(iii) Simultaneously with the Closing hereunder, the Owners and Cedar-South Philadelphia II, LLC shall have closed on the transaction contemplated by that certain loan commitment letter attached hereto as Exhibit Q, and such loan shall have been funded.

The foregoing obligations of Cedar under this Section 19(b) are for the benefit of the Owners, and the Owners may, in its sole discretion, waive any or all of such conditions and close title under this Agreement without any increase in the Basic Rent.

20. Prior to Closing.

(a) Insurance. Until Closing, the Owners or the Owners' agents shall keep the Premises insured against fire and other hazards covered by extended coverage endorsement and commercial general liability insurance against claims for bodily injury, death and property damage occurring in, on or about the Premises in accordance with the Existing Insurance.

(b) Operation. Until Closing, the Owners or the Owners' agents shall operate and maintain the Property substantially in accordance with the Owners' current practices with respect to the operation and maintenance of the Property, and deliver the Property to Cedar at Closing in its condition as of the date hereof, normal wear and tear and the provisions of Section 11 excepted. The Owners shall not, other than in the ordinary course of operating and managing the Property, remove from the Property any Personalty unless such item shall be replaced with a similar item of comparable quality, utility and value. The Owners shall give Cedar prompt notice of any action, suit or proceeding against the Premises, at law or in equity, before any federal, state, municipal or governmental department, commission, board, bureau, agency or instrumentality which is filed prior to the date of Closing of which the Owners have knowledge.

(c) Contracts.

(i) Between the date hereof and the Closing, the Owners shall have the right to enter into only those Contracts which the Owners reasonably determine are necessary to carry out its obligations under Section 20(b) above, provided that each of such Contracts shall be cancelable on not more than thirty (30) days' written notice (without penalty, unless the Owners agrees to pay any such termination penalty at Closing). If the Owners enter into any such Contract, the Owners shall, within ten (10) days after the full execution of such Contract, provide Cedar with written notice thereof, together with a copy of such Contract, and, unless Cedar, within seven (7) days thereafter, notifies the Owners in writing of Cedar's intention to assume such Contract, the Owners shall terminate such Contract as of the Closing.

(ii) Prior to the date of this Agreement, Cedar has designated those Contracts which Cedar wishes the Owners to terminate as of the Closing (the "Unassumed Contracts"), as indicated with an asterisk (*) on the Schedule of Contracts. Provided that the Closing occurs hereunder, the Owners shall terminate such Unassumed Contracts effective as of the Closing Date; and provided, further, however, that if an Unassumed Contract cannot be terminated without the payment of a termination fee, the Owners shall pay such termination fee directly to the applicable party under such Unassumed Contract. The provisions of the last sentence of this Section 20(c)(ii) shall survive the Closing.

(d) Leases. Between the date of this Agreement and the Closing Date, the Owners shall be permitted to (i) execute new Leases, provided that the terns of any such new Leases shall be consistent with the Owners' past practices of leasing space at the Premises and the rents thereunder shall not be less than the projected rents for such spaces that are set forth on the Rent Roll, and (ii) renew the terms of existing Leases, provided that said renewals shall be pursuant to the exercise of options contained in and in accordance with such existing Leases. In all events, the Owners shall keep Cedar apprised of the actions being taken with respect to new Leases and existing Leases and shall notify Cedar prior to executing any new Leases or renewals of existing Leases. Between the date of this Agreement and the Closing Date, the Owners shall not amend existing Leases other than to renew the terms thereof in accordance with this Section 20(d).

(e) Alterations. Between the date of this Agreement and the Closing Date, the Owners will not effect or approve any alterations to or in the Premises, other than those alterations performed in the normal course of maintenance and repair of the Premises, or those alterations required by the terms of a Lease.

(f) Employees. Between the date of this Agreement and the Closing Date, the Owners will not hire any employees in connection with the management, operation or maintenance of the Premises.

21. Post-Closing Leasing. The parties hereto acknowledge that Store Number 15B and Store Number 15C (containing approximately 7,600 square feet in the aggregate) at the Premises, as more particularly set forth on the plan attached hereto as Exhibit R (the "Vacant Space") are currently vacant. In the event that the Owners shall not have leased the entire Vacant Space pursuant to Section 20(d) above during the period between the date of this Agreement and the Closing Date, Cedar shall be permitted, during the period commencing on the

Closing Date and ending on the date that shall be the earliest to occur of (i) the date on which Owner delivers to Cedar a Qualifying Lease or Leases (as defined below) for the entirety of the Vacant Space, (ii) the date that Cedar shall have entered into leases for the entirety of the Vacant Space, whether or not such leases meet the requirements of this Section 21, and (iii) the third (3rd) anniversary of the Closing Date (such period, the "Leasing Period"), to deduct from each monthly installment of basic rent payable under the Net Lease an amount equal to 1/12 of the difference between (1) the product of (x) $18.00, and (y) the number of square feet in the Vacant Space with respect to which Cedar shall not either (A) have entered into a Lease during the Leasing Period, or (B) have been presented a Qualified Lease and (2) the product of (x) the amount, if any, by which the average basic rent per square foot with respect to all leases described in (A) or (B) exceeds $18.00 per square foot, and (y) the number of square feet subject to all leases described in (A) or (B) above (such amount, the "Offset Amount"). During the Leasing Period, the Owners shall be permitted to obtain prospective Tenants for the Subject Spaces and negotiate new leases for the Subject Spaces, provided that the rent under said leases is not less than $18.00 per square foot per annum, and the terms of any such leases are consistent with the Owners' past practices of leasing space at the Premises (a "Qualifying Lease"). In the event that the Owners shall deliver to Cedar a lease meeting the requirements of the immediately preceding sentence which has been signed by the prospective tenant thereunder within three (3) business days after the date that the prospective Tenant shall have executed such lease and delivered same to the Owners, Cedar shall no longer be permitted to deduct the offset Amount with respect to the portion of the Vacant Space that is the subject of such Lease from and after the date that shall be the date that the prospective Tenant shall have executed such lease and delivered same to the Owners. In the event Cedar enters into a lease that does not meet the requirements of this Section 21, Cedar shall no longer be permitted to deduct the offset Amount with respect to the portion of the Vacant Space that is the subject of such lease from and after the date that Cedar has executed such lease. In no event shall the Owners be permitted to execute any leases on Cedar's behalf. In all events, the Owners shall keep Cedar apprised of the actions being taken with respect to new Leases for the Vacant Space and Cedar shall be responsible for the payment of all leasing commissions and tenant improvement allowances with respect to the leasing of the Vacant Spaces. The provisions of this Section 21 shall survive the Closing.

22. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be (a) in writing, (b) sent either by hand delivery service or by same day or overnight recognized commercial courier service, addressed to the address of the parties stated below or to such changed address as such party may have fixed by notice, and (c) deemed to have been delivered on the date of receipt thereof (or the date that such receipt is refused, if applicable).

To the Owners:	c/o Greentree Properties Corporation 44 West Lancaster Avenue, Suite 110 Ardmore, Pennsylvania 19003 Attention: Mr. Gary E. Erlbaum

with a copy to:	Greentree Properties Corporation 44 West Lancaster Avenue, Suite 110 Ardmore, Pennsylvania 19003 Attention: William Frutkin, Esq.
with a copy to:	Ledgewood Law Firm, P.C. 1521 Locust Street Philadelphia, Pennsylvania 19102 Attention: Richard Abt, Esq.
To Cedar.	Cedar-South Philadelphia 1, LLC 44 South Bayles Avenue Port Washington, New York 11050 Attention: Mr. Leo Ullman
with a copy to:	Stroock & Stroock & Lavan LLP 180 Maiden Lane New York, New York 10038-4982 Attention: Mark A. Levy, Esq.
To Escrowee:	Ledgewood Law Firm, P.C. 1521 Locust Street Philadelphia, Pennsylvania 19102 Attention: Richard Abt, Esq.

provided, that any notice of change of address of a party listed above shall be effective only upon receipt by the other parties listed above.

23. Amendments. This Agreement may not be modified or terminated orally or in any manner other than by an agreement in writing signed by all the

parties hereto or their respective successors in interest, as the case may be.

24. Governing Law, Consent to Service. This. Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of law. With respect to any claim or action arising hereunder, each party (a) irrevocably submits to the exclusive jurisdiction of the courts of the Commonwealth of Pennsylvania and the United States District Court located in Philadelphia County, and appellate courts from any thereof, and (b) irrevocably waives any objection which it may have at any time to the laying on venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

25. No Offer. This document is not an offer by the Owners, and under no circumstances shall this Agreement have any binding effect upon Cedar or the Owners unless and until Cedar and the Owners shall each have executed this Agreement and delivered to each other executed counterparts of this Agreement.

26. Partial Invalidity. If any provision of this Agreement is held to be invalid or unenforceable as against any person or under certain circumstances, the remainder of this Agreement and the applicability of such provision to other persons or circumstances shall not be affected thereby. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

27. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute but one and the same instrument.

28. No Third Party Beneficiaries. The warranties, representations, agreements and undertakings contained herein shall not be deemed to have been made for the benefit of any person or entity other than the parties hereto.

29. Waiver. No failure or delay of either party in the exercise of any right given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right, or satisfaction of such condition, has expired) shall constitute a waiver of any other or further right nor shall any single or partial exercise of any right preclude other or further exercise thereof or any other right. The waiver of any breach hereunder shall not be deemed to be a waiver of any other or any subsequent breach hereof.

30. Assignment. Cedar shall have the right to assign Cedar's rights and obligations under this Agreement to an entity in which Cedar Income Fund Partnership, L.P. ("Fund") holds an equity interest and for which Fund is responsible for the day-to-day management and control. Any such assignee shall assume all obligations of Cedar under this Agreement by a written instrument substantially in the form of Exhibit S attached hereto. Except as set forth in this Section 30, Cedar shall not have the right to assign its rights and obligations under this Agreement without the prior written consent of the Owners.

31. Tax Treatment Non-Confidentiality. Notwithstanding any terms or conditions in this Agreement to the contrary, but subject to restrictions reasonably necessary to comply with federal or state securities laws, any person may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided relating to such tax treatment and tax structure. The provisions of this Section 31 shall survive the Closing.

32. Headings. The headings which have been used throughout this Agreement have been inserted for convenience of reference only and should not be construed in interpreting this Agreement. Words of any gender used in this Agreement shall include any other gender and words in the singular shall include the plural, and vice versa, unless the context requires otherwise. The words "herein," "hereof," "hereunder" and other similar compounds of the words "here" when used in this Agreement shall refer to the entire Agreement and not to any particular provision or section. The terms "include" and "including" when used in this Agreement shall each be construed as if followed by the phrase "without being limited to" or "without limitation". As used in this Agreement, the term "business day" shall be deemed to mean any day, other than a Saturday or Sunday, on which commercial banks in Pennsylvania are not required or authorized to be closed for business.

33. Construction. This Agreement shall be given a fair and reasonable construction in accordance with the intentions of the parties hereto. Each party hereto acknowledges that it has participated in the drafting of this Agreement, and any applicable rule of construction to the effect that ambiguities are to be resolved against the drifting party shall not be applied

in connection with the construction or interpretation hereof. Each party has been represented by independent counsel in connection with this Agreement. For purposes of construction of this Agreement, provisions which are deleted or crossed out shall be treated as if never included herein.

34. Binding Effect. This Agreement is binding upon, and shall inure to the benefit of, the parties and each of their respective successors and assigns, if any.

35. Waiver of Jury Trial. Each of Cedar and the Owners hereby irrevocably waive all right to trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement.

36. Litigation. In connection with any litigation arising out of this Agreement, the prevailing party shall be entitled to recover all costs, including reasonable attorneys' fees for services rendered in connection with such litigation, including appellate proceeding and post judgment proceedings.

37. Section Headings. The headings of the various sections of this Agreement have been inserted only for the purpose of convenience and are not part of this Agreement and shall not be deemed in any manner to modify, expand, explain or restrict any of the provisions of this Agreement.

38. Incorporation by Reference. The Schedules and Exhibits to this Agreement are incorporated herein by reference and made a part hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year first above written.

OWNERS:

SPSP Corporation

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Passyunk Supermarket, Inc.

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Twenty Fourth Street Passyunk Partners, L.P.

By: Twenty Fourth Street Passyunk Corporation, its general partner

By: /s/ Marc Erlbaum

Name: Marc Erlbaum
Title: President

CEDAR:

By: Cedar-South Philadelphia I, LLC

By: /s/ Leo S. Ullman

Name: Leo S. Ullman
Title: President

AGREED AS TO SECTIONS 6(b), 7(b), 11 (a) and 17:

Ledgewood Law Firm, P.C.,
as Escrowee

By: /s/ Richard J. Abt

Name: Richard J. Abt
Title: Member

CEDAR-SOUTH PHILADELPHIA I, LLC
44 South Bayles Avenue
Port Washington, New York 11050

May 15, 2003

SPSP Corporation
Passyunk Supermarket, Inc.
Twenty Fourth Street Passyunk Partners, L.P.
44 West Lancaster Avenue, Suite 110
Ardmore, Pennsylvania 19003

Re: 2301-11 Oregon Avenue, Philadelphia, Pennsylvania, 2426 South 23rd Street, Philadelphia, Pennsylvania and 2300 W. Passyunk Avenue, Philadelphia, Pennsylvania (collectively, the "Property")

Gentlemen:

This letter ("Amendment Letter") amends that certain Agreement to Enter Into Net Lease dated as of April 23, 2003 (the "Agreement") among Cedar South Philadelphia I, LLC ("Cedar") and SPSP Corporation ("SPSP"), Passyunk Supermarket, Inc. ("Passynuk") and Twenty Fourth Street Passyunk Partners, L.P. ("24th Street"; SPSP, Passyunk and 24th Street are collectively referred to herein as the "Owners"). Any undefined capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

The parties hereto agree as follows:

1. Section 7 of the Agreement is deleted in its entirety, and the following is inserted in lieu thereof:

Closing Date. The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at 10:00 A.M. on Wednesday, June 11, 2003, TIME BEING OF THE ESSENCE, at the office of Ledgewood Law Firm, P.C., 1521 Locust Street, 8th Floor, Philadelphia, Pennsylvania 19102. Notwithstanding the foregoing, Cedar shall use good faith efforts to cause the Closing to occur as soon as is reasonably practicable. It shall be a condition to the Closing that (i) the Owners and Cedar shall contemporaneously therewith deliver (or cause to be delivered) to the other party the documents and other items referred to in Section 16 below, (ii) the conditions to Closing set forth in Section 19(a) below shall have either been satisfied or waived by Cedar, and (iii) the conditions to Closing set forth in Section 19(b) below shall have either been satisfied or waived by Owners. The date on which the Closing shall take place is hereinafter referred to as the "Closing Date".

2. Section 11(a) of the Agreement is modified by deleting the first sentence thereof and replacing it with the following:

Notwithstanding anything to the contrary implied or provided by law or in equity, if, prior to the Closing, any material portion of the Premises is damaged by fire, the elements or any other casualty or if any material portion of the Premises is taken by eminent domain or otherwise, Cedar shall have the right to terminate this Agreement by written notice to the Owners, which notice shall be given by Cedar within fifteen (15) days after the Owners shall notify Cedar in writing of such casualty, whereupon the Advance Amount (as hereinafter defined) shall be promptly returned to Cedar, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligations in connection herewith except under those provisions that expressly survive the Closing or a termination of this Agreement).

3. Section 17 of the Agreement is deleted in its entirety and the following is inserted in lieu thereof:

(a) (i) If all of the conditions to Cedar's performance under this Agreement shall be satisfied, and Cedar shall default in its obligations under this Agreement, the Owners may terminate this Agreement on written notice to Cedar, whereupon the Owners shall retain the Advance Amount, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligations in connection herewith except under those provisions that expressly survive a termination of this Agreement). Cedar acknowledges that, if Cedar shall default under this Agreement as aforesaid, the Owners will suffer substantial adverse financial consequences as a result thereof. Accordingly, subject to the provisions of Section 17(a)(ii) below, the Owners' sole and exclusive remedy against Cedar shall be the right to retain the Advance Amount, as and for its sole and full and complete liquidated damages, it being agreed that the Owners' damages are difficult, if not impossible, to ascertain.

(ii) Notwithstanding anything to the contrary contained in Section 17(a)(i) above, in the event that Cedar shall contest the existence of a default by Cedar in its obligations under this Agreement, the Owners shall be permitted to prosecute an action for damages or proceed with any other legal course of conduct in connection therewith and Cedar's liability shall not be limited to the Advance Amount, but shall in no event be less than the Advance Amount.

(b) If the Owners shall default hereunder by failing to close or by reason of a breach of a representation or warranty by Owners, Cedar may elect to either (x) terminate this Agreement, in which case the Owners shall deliver the Advance Amount to Cedar, and Cedar and the Owners shall have no further rights or obligations under this Agreement, except those expressly provided herein to survive the termination of this Agreement, or (y) prosecute an action for specific performance of this Agreement; provided, however, that in the event that the aggregate amount of damages reasonably claimed by Cedar in connection with such default shall be less than $175,000 (1) the existence of such default shall not be a basis for Cedar not to close hereunder, (2) if Cedar shall thereafter close, Cedar shall not be deemed to have waived its right to pursue its remedies under this Agreement, including, without limitation, those remedies set forth

in Section 15(c) above as a result of the Owners' default, and (3) if Cedar shall thereafter fail to close hereunder, the provisions of Section 17(a) hereof shall apply provided, however, if the amount of damage reasonably claimed by Cedar pursuant to Section 17(b) hereof shall be greater than $25,000 and less than $175,000, in such case the Owners shall be required to return to Cedar that portion of the Advance Amount equal to the amount of damage reasonably claimed by Cedar. In the event that Cedar shall prosecute an action for specific performance pursuant to this Section 17(b), the prevailing party in such action shall be entitled to recover as a part of such action the actual out-of-pocket costs and reasonable attorneys' fees incurred by such prevailing party in connection with such action.

4. Exhibit I of the Agreement is modified as follows: Clause (e) of Paragraph 1 is deleted in its entirety, and the following is inserted in lieu thereof:

(e) "Agreement to Enter Into Net Lease" shall mean that certain Agreement to Enter Into Net Lease dated as of April __, 2003 between Landlord and Tenant, as the same has been amended.

5. Exhibit S of the Agreement is modified to delete any references therein to the Letter of Credit.

5A. Prior to Closing, the Owners shall cause any currently existing loans made by the shareholders and partners of the Owners to the Owners to either be paid off in full or converted to equity. From and after the Closing, the Owners shall comply with all requirements typically required of "special purpose bankruptcy remote entities"; provided, however, that the Owners shall be permitted to lend to the shareholders and partners of the Owners (or affiliates of the shareholders and partners of the Owners) the proceeds of the loan being made at Closing by Cedar-South Philadelphia II, LLC to the Owners (and the proceeds of the liquidation of other assets currently owned by the Owners), provided that the loan documents evidencing such loans state that (i) if the borrowers under such loans have any claims against the Owners, the borrowers' sole remedy shall be an offset against the outstanding loan amount, and (ii) the borrowers under such loans will not commence any action to enforce such claims other than an action to offset against the outstanding loan amount.

6. Upon the terms and as set forth in that certain letter agreement of even date herewith between Stroock, as legal counsel to and on behalf of Cedar, and Ledgewood Law Firm, P.C., as escrow agent ("Escrowee"), (i) contemporaneously with the execution of this letter agreement, Cedar shall deliver to Escrowee, by wire transfer of immediately available federal funds in accordance with the wiring instructions attached hereto as Schedule 1, the amount of $1,000,000 (the "Initial Advance Amount"), to be held in escrow in accordance with the terms of that certain Escrow Agreement dated as of April 23, 2003 among Cedar, Lender, the Owners and Escrowee (the "Escrow Agreement") and (ii) Escrowee shall deliver to Cedar the Letter of Credit, together with a letter to the issuer of the Letter of Credit authorizing the cancellation thereof (collectively, the "LC Documents"). Upon full execution of this Amendment Letter, Escrowee shall be authorized to deliver the Initial Advance Amount to the Owners, and the Escrow Agreement shall be deemed to be terminated. Within two (2) business days after Cedar's

receipt of the LC Documents, Cedar shall deliver to the Owners, by wire transfer

of immediately available federal funds in accordance with the wiring instructions attached hereto as Schedule 2, an additional $1,000,000 (the "Remaining Advance Amount"; the Initial Advance Amount and the Remaining Advance Amount are collectively referred to herein as the "Advance Amount"), TIME BEING OF THE ESSENCE. If the Remaining Advance Amount is not timely received as set forth in the preceding sentence, Cedar shall be in default in its obligations under the Agreement, the Owners may terminate the Agreement on written notice to Cedar, whereupon the Owners shall retain the Initial Advance Amount, and the Agreement and the obligations of the parties thereunder shall terminate (and no party thereto shall have any further obligations in connection therewith except under those provisions that expressly survive a termination of the Agreement). If the Closing shall occur, the Advance Amount shall be credited against the loan amount funded pursuant to the commitment letter attached as Exhibit Q to the Agreement. The provisions of the last sentence of this Paragraph 6 shall survive the Closing.

7. At Closing, Cedar agrees to pay all reasonable legal fees and costs incurred by the Owners from and after April 23, 2003 in connection with the transactions contemplated by the Agreement and the Commitment Letter, accompanied by Cedar's attorneys' normal itemization of any such fees and costs.

8. Except as amended by this letter agreement, the terms and provisions of the Agreement remain unmodified and in full force and effect. Any future reference to the Agreement shall be deemed to be a reference to the Agreement, as amended by this letter agreement and as it may, from time to time, hereafter be further amended.

Kindly acknowledge your agreement with the foregoing by signing this letter agreement in the space provided below.

Cedar-South Philadelphia I, LLC

By: /s/ Leo S. Ullman

Name: Leo S. Ullman
Title: President

AGREED AND ACKNOWLEDGED:

SPSP Corporation

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Passyunk Supermarket, Inc.

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Twenty Fourth Street Passyunk Partners, L.P.

By: Twenty Fourth Street Passyunk Corporation, its general partner

By: /s/ Marc Erlbaum

Name: Marc Erlbaum
Title: President

AGREED AS TO PARAGRAPH 6:
Ledgewood Law Firm, P.C.,
as Escrowee

By: /s/ Richard J. Abt

Name: Richard J. Abt
Title: Member

Cedar-South Philadelphia I, LLC
Cedar-South Philadelphia II, LLC
Cedar Income Fund Partnership, L.P.
44 South Bayles Avenue
Port Washington, New York 11050

June 18, 2003

SPSP Corporation
Passyunk Supermarket, Inc.
Twenty Fourth Street Passyunk Partners, L.P.
44 West Lancaster Avenue, Suite 110
Ardmore, Pennsylvania 19003

Re: 2301-11 Oregon Avenue, Philadelphia, Pennsylvania, 2426 South 23rd Street, Philadelphia, Pennsylvania and 2300 W. Passyunk Avenue, Philadelphia, Pennsylvania (collectively, the "Property")

Gentlemen:

This letter ("Second Amendment Letter") amends (i) that certain Agreement to Enter Into Net Lease dated as of April 23, 2003 (the "Agreement") among Cedar-South Philadelphia I, LLC ("Cedar") and SPSP Corporation ("SPSP"), Passyunk Supermarket, Inc. ("Passyunk") and Twenty Fourth Street Passyunk Partners, L.P. ("24th Street"; SPSP, Passyunk and 24th Street are collectively referred to herein as the "Owners"), as amended by letter agreement dated May 15, 2003 (the "First Amendment Letter") and (ii) that certain Commitment Letter among Cedar-South Philadelphia II, LLC ("Cedar Lender") and Owners dated as of April 23, 2003 (the "Commitment Letter"). Any undefined capitalized terms used herein shall have the meanings ascribed to them in the Agreement, as amended by the First Amendment Letter.

The parties hereto hereby covenant and agree as follows:

1. The Commitment Letter is hereby amended as follows:

(a) The original principal amount of the Loan (as defined therein) is increased to $39,000,000.

(b) All references in the Commitment Letter to the Agreement to Enter Into Net Lease are hereby deemed to include the Agreement and all amendments thereto, including without limitation, the First Amendment Letter and this Second Amendment Letter.

(c) Paragraph 3 of the Commitment Letter is deleted in its entirety and the following is inserted in lieu thereof:

> 3. It is a condition of the closing under this Commitment and the Agreement to Enter Into Net Lease that the closing under the other agreement occur contemporaneously therewith. Accordingly, for purposes of applying the provisions of Paragraph 17 of the Agreement to Enter Into Net Lease, a default by Owners under this Commitment shall be deemed a default by Owners under the Agreement to Enter Into Net Lease and a default by Lender under this Commitment shall be deemed a default by Tenant under the Agreement to Enter Into Net Lease.

(d) Exhibit A to the Commitment Letter is hereby deleted in its entirety and replaced with the exhibit attached to this Second Amendment Letter entitled Exhibit 1.

(e) Exhibit B to the Commitment Letter is hereby deleted in its entirety and replaced with the exhibit attached to this Second Amendment Letter entitled Exhibit 2.

(f) Exhibit C to the Commitment Letter is hereby deleted in its entirety and replaced with the exhibit attached to this Second Amendment Letter entitled Exhibit 3.

2. Section 5(e) of the Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof:

> Notwithstanding anything to the contrary contained herein, prior to the Closing Date, Owners will use commercially reasonable efforts to cure any existing violations of applicable municipal codes, including fire and building codes, relating to the Property. At Closing, Owners will establish an escrow with the Title Company (the "L&I Escrow") in an amount sufficient to cure (i) any violations assessed against the Premises as of the Closing Date which are not the responsibility of one or more tenants and which may be satisfied by the payment of money, (ii)

all fines and penalties that shall have accrued as of the Closing Date with respect to any such violations assessed against the Premises as of the Closing Date, and (iii) any violations assessed against the Premises as of the Closing Date that adversely affect the use of the Premises more than to a de minimis extent for its present use. The amount sufficient to cure such violations shall be based upon written estimates obtained by Owners for the work required to cure such violations. Cedar shall have one hundred twenty (120) days to use the L&I Escrow for the sole purpose of clearing such outstanding violations. On the 121st day, the remaining balance of the L&I Escrow, if any, shall be returned promptly to Owners.

3. The first two sentences of Section 7 of the Agreement (as amended by the First Amendment Letter) are deleted in their entirety, and the following is inserted in lieu thereof:

Closing Date. The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place on the Scheduled Closing Date. As used herein, the Scheduled Closing Date shall be the earlier of (i) five business days after the receipt by Cedar Income Fund Partnership, L.P. ("Cedar LP") or any related entity of the proceeds of a new public offering of common stock or shares of beneficial interest, and (ii) October 31, 2003, TIME BEING OF THE ESSENCE, at 10:00 am. at the office of Ledgewood Law Finn, P.C., 1521 Locust

Street, 8th Floor, Philadelphia, Pennsylvania 19102 subject only to a possible extension by Owners under Section 5(c) of the Agreement.

4. Section 8(i) of the Agreement is hereby amended by insertion of the following sentence at the end of Section 8(i):

Notwithstanding any provision in this Section 8(i) to the contrary, the amount which shall be credited to Cedar at Closing under this Section 8(i) shall be reduced by the total amount of all commissions listed on Exhibit A actually paid by Owners on or prior to the Closing Date.

5. Section 8(j) of the Agreement is hereby amended by insertion of the following sentence at the end of Section 8(j):

Notwithstanding any provision in this Section 8(j) to the contrary, the amount which shall be credited to Cedar at Closing under this Section 8(j) shall be reduced by the total amount of all tenant improvements listed on Exhibit A actually paid by Owners on or prior to the Closing Date.

6. Section 11 (a) of the Agreement (as amended by the First Amendment Letter) is modified by deleting the first sentence thereof and replacing it with the following:

Notwithstanding anything to the contrary implied or provided by law or in equity, if, prior to the Closing, any material portion of the Premises is damaged by fire, the elements or any other casualty or if any material portion of the Premises is taken by eminent domain or otherwise, Cedar shall have the right to terminate this Agreement by written notice to the Owners, which notice shall be given by Cedar within fifteen (15) days after the Owners shall notify Cedar in writing of such casualty, whereupon the Advance Amount and the Additional Advance Amount (as defined in paragraph 15 of the Second Amendment Letter to this Agreement among the parties hereto dated June 18, 2003) shall be promptly returned to Cedar, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligations in connection herewith except under those provisions that expressly survive the Closing or a termination of this Agreement).

7. Section 17 of the Agreement as amended by the First Amendment Letter is deleted in its entirety and the following is inserted in lieu thereof:

(a) (i) If all of the conditions to Cedar's performance under this Agreement shall be satisfied, and Cedar shall default in its obligations under this Agreement, the Owners may terminate this Agreement on written notice to Cedar, whereupon the Owners shall retain the Advance Amount and the Additional Advance Amount, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligations in connection herewith except under those provisions that expressly survive a termination of this Agreement). Cedar acknowledges that, if Cedar shall default under this Agreement as aforesaid, the Owners

will suffer substantial adverse financial consequences as a result thereof. Accordingly, subject to the provisions of Section 17(a)(ii) below, the Owners' sole and exclusive remedy against Cedar shall be the right to retain the Advance Amount and the Additional Advance Amount, as and for its sole and full and complete liquidated damages, it being agreed that the Owners' damages are difficult, if not impossible, to ascertain.

(ii) Notwithstanding anything to the contrary contained in Section 17(a)(i) above, in the event that Cedar shall contest the existence of a default by Cedar in its obligations under this Agreement, the Owners shall be permitted to prosecute an action for damages or proceed with any other legal course of conduct in connection therewith and Cedar's liability shall not be limited to the sum of the Advance Amount plus the Additional Advance Amount, but shall in no event be less than the sum of the Advance Amount plus the Additional Advance Amount.

(b) If (i) on or before the business day prior to the Scheduled Closing Date Cedar-South Philadelphia II, LLC ("Cedar Lender") shall have deposited with the Title Company the amount of $36,300,000 on account of that certain loan in the original principal amount of $39,000,000 to be made by Cedar Lender to the Owners contemporaneously with the Closing (the "Cedar Loan") and Cedar Lender's and Cedar's anticipated closing costs associated therewith, (ii) on or before the Scheduled Closing Date, the Owners shall have deposited with the Title Company (x) the items set forth in Section 16(a) of this Agreement, and (y) the Owner's Estoppel Certificate, and (z) the items set forth in Section 2(a) of the Commitment Letter, (iii) the Title Company shall be in a position to issue a final title insurance policy to Cedar in accordance with Section 5 of the Agreement (subject to Owners' rights under 5(c) of the Agreement), then, in such case, (A) the existence of any default under this Agreement shall not be a basis for Cedar or the Owners not to consummate the Closing or for Cedar Lender or the Owners not to consummate the closing under the Commitment Letter, and (B) if the Closing shall occur, (x) Cedar and Owners shall not be deemed to have waived any of their rights pursuant to the Agreement or any rights of Cedar under Paragraph 12 of the Second Amendment Letter, and (y) Cedar shall be permitted to bring an action with respect to a breach by the Owners of any of the covenants set forth in Section 20 of this Agreement, provided, however, that the party exercising its remedies under clause (x) must have notified the other in writing of the alleged breach within the time period set forth in Section 15(c) and Cedar must notify Owners of any action under clause (y) on or before the Closing Date or no such action may be brought.

(c) If (i) on or before the business day prior to the Scheduled Closing Date Cedar Lender shall have deposited with the Title Company the amount of $36,300,000 on account of the Cedar Loan and Cedar Lender's and Cedar's anticipated closing costs associated therewith, and (ii) the Closing does not occur because (1) the Owners shall have failed to deposit with the Title Company on or before the Scheduled Closing Date any of (x) the items set forth in Section 16(a) of this Agreement, or (y) the Owner's Estoppel Certificate, or (z) the items set forth in Section 2(a) of the Commitment Letter, or (2) the Title Company shall not be in a position to issue a final title insurance policy to Cedar in accordance with Section 5 of the Agreement (subject to Owners' rights under 5(c) of the Agreement), then, in such case, Cedar shall, by notice in writing (which for

this purpose may be given by facsimile to Owners at (610) 896-5814 with a copy to Owners' counsel at (215) 735-2513) received by Owners no later than three business days after the Closing Date, either (A) terminate this Agreement, in which case, as Cedar's sole right and remedy, Owners shall return to Cedar $2,000,000 (unless the failure is a failure of title which resulted from an action by Owners, in which case the Owners shall return to Cedar $3,000,000) and Cedar and the Owners shall have no further rights or obligations under this Agreement, or (B) prosecute an action for specific performance of this Agreement; provided, however, that if Cedar does not notify Owners in writing (which for this purpose may be given by facsimile as described above) of its election within the aforesaid three business days, Cedar shall be deemed to have irrevocably elected remedy (A).

(d) If, on or before the business day prior to the Scheduled Closing Date, Cedar shall not have deposited with the Title Company the amount of $36,300,000 on account of the Cedar Loan and Cedar Lender's and Cedar's anticipated closing costs associated therewith, Closing does not occur and one or more of the conditions to Cedar's performance under this Agreement shall not have been satisfied by the Scheduled Closing

Date (subject to Owners' right to extend Closing pursuant to Section 5(c)), the Owners may terminate this Agreement on written notice to Cedar, whereupon the Owners shall retain the Advance Amount and the Additional Advance Amount, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligations in connection herewith) provided, however, that if Cedar demonstrates that it was ready, willing and able to close on the Closing Date, it may, as its sole and exclusivity remedy, pursue an action for damages in a total amount not to exceed $2,000,000 on account of Owners' failure to fulfill the conditions necessary for Cedar's performance under this Agreement, unless the failed condition relates to a failure of title resulting from an action by Owners, in which case the maximum amount of damages may be $3,000,000. If Cedar commences an action for damages and is unable to prove that it was ready, willing and able to close on the Closing Date, Owners, in addition to retaining the Advance Amount and the Additional Advance Amount, may prosecute an action for damages, whether by way of counterclaim or in a separate action, or proceed with any other legal course of conduct in connection therewith and Cedar's liability shall not be limited to the sum of the Advance Amount plus the Additional Advance Amount, but shall in no event be less than the sum of the Advance Amount plus the Additional Advance Amount.

8. The following sentence is inserted at the end of Section 19(a)(iv) of the Agreement:

> Owners shall be under no obligation to include information on the Owner's Estoppel Certificate relating to any tenant leases for which Cedar has obtained Estoppel Certificates (as defined in paragraph 16 of the Second Amendment Letter to this Agreement among the parties hereto dated June 18, 2003).

9. Exhibit I of the Agreement is hereby deleted in its entirety and replaced with the exhibit attached to this Second Amendment Letter entitled Exhibit 6.

10. Exhibit K of the Agreement is hereby deleted in its entirety and replaced with the exhibit attached to this Second Amendment Letter entitled Exhibit 7.

11. Exhibit Q of the Agreement is hereby deleted in its entirety and replaced with the exhibit attached to this Second Amendment Letter entitled Exhibit 8.

12. With regard to contamination from dry cleaning chemicals at or migrating from the Premises (the "Contamination"), Owners shall, at their sole cost and expense (a) promptly undertake the activities outlined by Penn E&R Environmental & Remediation, Inc. in its report dated June 5, 2003, No. 4692-200000, as more particularly described on Schedule 1 attached hereto, (b) to the extent not covered by clause (a) above, promptly undertake such investigation, prepare and submit such notices, reports and documents and conduct such remediation and postremediation measures as may be required to meet statewide health or site specific standards for non-residential use established pursuant to the Pennsylvania Land Recycling and Environmental Remediation Standards Act ("Act 2") for the Contamination provided that Owners may include as institutional or engineering controls in its demonstration of attainment of such standards (1) a deed restriction on the use of groundwater, (2) maintenance of an impervious surface, now provided by the buildings and parking areas, as a cap on soil underlying those areas, (3) if required by the Department to prevent vapor inhalation, the installation and maintenance of a vapor mitigation system, and (4) any related deed acknowledgement required, and (c) after demonstrating attainment of such standards including through the use of the institutional and/or engineering controls set forth in subparagraph (b), use its best efforts to obtain from the Pennsylvania Department of Environmental Protection (the "PADEP") cleanup liability protection under Chapter 5 of Act 2 with respect to the Contamination. Copies of all notices, reports, and documents submitted to PADEP shall be provided to Cedar, it being understood that Owners need not obtain Cedar's approval prior to such submission and Cedar shall not interfere or participate in the approval process unless Owners request that Cedar does so. Owners shall use their best efforts not to unreasonably interfere with the operations of Cedar or the tenants of the Premises. Promptly upon completion of its obligations hereunder, Owners shall restore the Premises and any other affected property to substantially the same condition as they were before conduction such activities, including, without limitation, the proper abandonment of any monitoring wells. The provisions of this Paragraph 12 are for the benefit of Owners and Cedar and shall not inure to the benefit of any third party, including without limitation, any holder of a mortgage secured by any interest in the Property. Neither Owners nor their shareholders, partners or affiliates shall be obligated by the Agreement, as amended by this Second Amendment Letter, to execute and deliver any guaranty, indemnity or escrow to any third party, including without limitation, any holder of a mortgage secured by any interest in the Property, in connection herewith. The provisions of this Paragraph 12 shall survive Closing.

13. Cedar, Cedar Lender, Cedar LP and all of their officers, directors, shareholders, members or partners or such party's heirs, representatives, successors or assigns (each a "Cedar Party" and collectively, the "Cedar Parties") hereby (i) waive and release any and all claims such party has or may be entitled to assert against Owners (or their officers, directors, shareholders, members or partners or such party's heirs, representatives, successors or assigns) or against the Property (or any interest in the Property) currently existing or hereafter arising (whether known or unknown, suspected or unsuspected, foreseen or unforeseen, actual or potential) from or relating directly or indirectly to any transaction involving the Property, its title, or possession or

beneficial interest therein or entitlement to any form of ownership interest in the Property or an acquisition of any beneficial or any other type of ownership therein and (ii) waive all rights and covenants and agrees not to seek specific performance, file any claim, lien or lis pendens against the Property from the date hereof to the end of time. If any of the Cedar Parties shall take any action, including, but not limited to, the filing of any pleading or any document for recording or communication with any third party, that directly or indirectly claims any entitlement to possession, ownership or title and/or delays or adversely affects the marketability, refinancing or sale of the Property (any such action a "Prohibited Action"), Cedar hereby consents and agrees that (i) Owners shall have the right to obtain, with or without notice to any Cedar Party, an immediate injunction striking such Prohibited Action; (ii) all Cedar Parties shall compensate Owners for all losses incurred and all costs and expenses paid by Owners, including attorneys' fees, relating to such Prohibited Action; and (iii) Cedar Parties shall pay to Owners all monetary damages relating to such Prohibited Action to be determined by the courts of the Commonwealth of Pennsylvania or the United States District Court located in Philadelphia County, the exclusive jurisdiction of which has already been provided for in the Agreement, as the case may be. The provisions of this paragraph shall survive Closing and/or termination by Owners of the Agreement, as amended. Notwithstanding any provision to the contrary contained in this paragraph, Cedar Parties shall retain all rights specifically granted to such parties in (i) documents executed and delivered on the Closing Date in connection with the Cedar Loan or the Net Lease or (ii) Section 15(c), 17(b), 17(c), or 17(d) of the Agreement.

14. The Cedar Parties represent to the Owners that they have had an opportunity to examine, inspect and investigate, to the full satisfaction of the Cedar Parties, the environmental condition of the Property, and, provided that the Owners comply with the provisions of Paragraph 12 of this Second Amendment Letter, the environmental condition of the Property as of the date hereof is acceptable to Cedar and shall not be a basis for Cedar not to close under the Agreement or for Cedar Lender not to close under the Commitment Letter.

15. Cedar shall deliver by wire transfer of immediately available federal funds to SPSP Corporation, in accordance with the wire instructions attached hereto as Schedule 2, the amount of $1,000,000 (the "Additional Advance Amount") to be received by SPSP Corporation on or before 5:00 p.m., Wednesday, June 18, 2003, TIME BEING OF THE ESSENCE (the "Additional Advance Outside Date"). If the Additional Advance Amount is not timely received by SPSP Corporation as set forth in the preceding sentence, Cedar shall be in default in its obligations under the Agreement, the Owners may terminate the Agreement on written notice to Cedar, whereupon the Owners shall retain the $2,000,000 Advance Amount, and the Agreement and the obligations of the parties thereunder shall terminate (and no party thereto shall have any further obligations in connection therewith except under those provisions that expressly survive a termination of the Agreement). If the Closing shall occur, the $2,000,000 Advance Amount and the $1,000,000 Additional Advance Amount shall be credited against the loan amount funded pursuant to the Commitment Letter, as amended hereby. If, on or before the Additional Advance Outside Date, Cedar shall have delivered the Additional Advance Amount to Ledgewood Law Finn, P.C., as escrow agent, pursuant to that certain escrow agreement dated as of June 17, 2003 among Cedar, Cedar Lender and Ledgewood Law Firm, P.C., as escrow agent, Cedar shall be deemed to have satisfied its obligations under this Paragraph 15.

16. If, from and after the date hereof, any bonafide third party proposed leasehold mortgagee of the Property (each, a "Proposed Leasehold Mortgagee") shall so require, then, provided that Cedar provides written notice to Owners on or before October 1, 2003, Cedar may contact tenants of the Property in a commercially reasonable manner, to request that such tenants deliver to Cedar estoppel certificates or their equivalent ("Estoppel Certificates") and subordination, non-disturbance and attornment agreements ("SNDAs") in accordance with their respective leases; provided, however, that the right to contact tenants granted to Cedar hereunder shall be limited to obtaining one (1) Estoppel Certificate and one (1) SNDA for each tenant, regardless of whether any Proposed Leasehold Mortgagee should require updated Estoppel Certificates or SNDAs or any other reason. Failure by Cedar to obtain such Estoppel Certificates and/or SNDAs on or before the Closing Date shall not

relieve Cedar of its obligations to close under the Agreement on the Closing Date or of any other obligations to Owners, and Owners shall have no liability for Cedar's failure to obtain such Estoppel Certificates or SNDAs.

17. On or before the Additional Advance Outside Date, TIME BEING OF THE ESSENCE, Cedar LP will deliver to Ledgewood Law Firm, P.C. by wire transfer of immediately available federal funds, in accordance with the wire instructions attached hereto as Schedule 3, the sum of $58,526.51 (the "Legal Fees Amount") representing its fees and costs incurred in connection with the transactions contemplated by the Agreement and the Commitment Letter from April 23, 2003 through June 13, 2003. At Closing, Cedar will pay all reasonable legal fees and costs incurred by the Owners from and after June 14, 2003 in connection with the transactions contemplated by the Agreement and the Commitment Letter, accompanied by Owner's attorneys' normal itemization of any such fees and costs. If, on or before the Additional Advance Outside Date, Cedar LP shall have delivered the Legal Fees Amount to Ledgewood Law Finn, P.C., as escrow agent, pursuant to that certain escrow agreement dated as of June 17, 2003 among Cedar, Cedar Lender and Ledgewood Law Firm, P.C., as escrow agent, Cedar LP shall be deemed to have satisfied its obligations under the first sentence of this Paragraph 17. Paragraph 7 of the First Amendment Letter is deleted in its entirety.

18. Section 20(d) of the Agreement is hereby deleted in its entirety and the following is inserted in lieu thereof

> Leases. Between the date of this Agreement and the Closing Date, the Owners shall be permitted to enter into new leases and amend and terminate existing Leases (other than the Shop Rite lease which shall not be terminated without Cedar's consent), provided that all such actions shall be consistent with the Owners' past practices at the Premises. The Owners shall keep Cedar appraised of the foregoing actions taken by Owners.

19. Owners and Cedar hereby agree that that certain letter agreement dated May 15, 2003 between Owners and Cedar regarding the purchase of Class A Preferred Operating Partnership Units in Cedar LP is hereby null and void and of no further force or effect.

20. In any action for damages under this Agreement no claim for consequential or punitive damages shall be permitted.

21. Except as amended by this Second Amendment Letter, the terms and provisions of the Agreement, the First Amendment Letter and the Commitment Letter remain unmodified and in full force and effect. Any future reference to the Agreement, or the Commitment Letter, as the case may be, shall be deemed to be a reference to the Agreement, or the Commitment Letter, as the case may be, as amended by the First Amendment Letter, this Second Amendment Letter and as it may, from time to time, hereafter be further amended.

22. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute but one and the same instrument.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

Kindly acknowledge your agreement with the foregoing by signing this letter agreement in the space provided below.

Cedar-South Philadelphia I, LLC

By: /s/ L.S. Ullman

Name: L.S. Ullman
Title: Pres.

Cedar-South Philadelphia II, LLC

By: /s/ L.S. Ullman

Name: L.S. Ullman
Title: Pres.

Cedar Income Fund Partnership, L.P.

By: Cedar Income Fund, Ltd.

By: /s/ L.S. Ullman

Name: L.S. Ullman
Title: Pres.

AGREED AND ACKNOWLEDGED:

SPSP Corporation

By: /s/ William J. Frutkin

Name: William J. Frutkin
Title: Vice President

Passyunk Supermarket, Inc.

By: /s/ William J. Frutkin

Name: William J. Frutkin
Title: Vice President

Twenty Fourth Street Passyunk Partners, L.P.

By: Twenty Fourth Street Passyunk Corporation, its general partner

By: /s/ William J. Frutkin

Name: William J. Frutkin
Title: Vice President

JOINDER

The undersigned hereby joins in this Second Amendment Letter for the purposes of acknowledging and consenting to the waivers set forth in Paragraph 13 hereof.

/s/ LS Ullman

Leo S. Ullman

CEDAR-SOUTH PHILADELPHIA I, LLC
CEDAR-SOUTH PHILADELPHIA II, LLC
44 SOUTH BAYLES AVENUE
PORT WASHINGTON, NEW YORK 11050

June 18, 2003

SPSP Corporation
Passyunk Supermarket, Inc.
Twenty Fourth Street Passyunk Partners, L.P.
44 West Lancaster Avenue, Suite 110
Ardmore, Pennsylvania 19003

Re: 2301-11 Oregon Avenue, Philadelphia, Pennsylvania 2426 South 23rd Street, Philadelphia, Pennsylvania 2300 W. Passyunk Avenue, Philadelphia, Pennsylvania

Gentlemen:

Reference is hereby made to (i) that certain Agreement to Enter Into Net Lease dated April 23, 2003, as amended (the "Agreement to Enter Into Net Lease"), among SPSP Corporation, Passyunk Supermarket, Inc., Twenty Fourth Street Passyunk Partners, L.P. (collectively, "Owner") and Cedar-South Philadelphia I, LLC ("Tenant"), (ii) that certain Lease (the "Lease"), contemplated to be entered into on the Closing Date (as that tern is defined in the Agreement to Enter Into Net Lease), between Owner, as landlord, and Tenant, as tenant, and (iii) that certain loan in the original principal amount of $39,000,000 (the "Loan") contemplated, pursuant to the terms of that certain letter agreement dated April 23, 2003, as amended (the "Commitment Letter"), among Cedar-South Philadelphia II, LLC ("Lender"), and Owner, to be made by Lender to Owner.

This letter supercedes that certain letter agreement among the parties hereto dated April 23, 2003.

The undersigned hereby agree, simultaneously with the execution of the Lease and the making of the Loan, to enter into a certain letter agreement in the form annexed hereto as Exhibit A.

This letter agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the same counterpart.

The parties hereto execute this letter agreement intending to be legally bound hereby, and this letter agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

This letter agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of law. With respect to any claim or action arising hereunder, each party (a) irrevocably submits to the exclusive jurisdiction of the courts of the Commonwealth of Pennsylvania and the United States District Court located in Philadelphia County, and appellate courts from any thereof, and (b) irrevocably waives any objection which it may have at any time to the laying on venue of any suit, action or proceeding arising out of or relating to this letter agreement brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Kindly acknowledge your agreement with the foregoing by signing this letter in the space provided below.

Cedar-South Philadelphia I, LLC

By: /s/ L.S. Ullman

Name: L.S. Ullman
Title: Pres.

Cedar-South Philadelphia II, LLC

By: /s/ L.S. Ullman

Name: L.S. Ullman
Title: Pres.

AGREED AND ACKNOWLEDGED:

SPSP Corporation

By: /s/ William J. Frutkin

Name: William J. Frutkin

Title: Vice President

Passyunk Supermarket, Inc.

By: /s/ William J. Frutkin

Name: William J. Frutkin
Title: Vice President

By: Twenty Fourth Street Passyunk Partners, L.P.

Twenty Fourth Street Passyunk Corporation, its general partner

By: /s/ William J. Frutkin

Name: William J. Frutkin
Title: Vice President

SPSP CORPORATION
PASSYUNK SUPERMARKET, INC.
TWENTY FOURTH STREET PASSYUNK PARTNERS, L.P.
44 West Lancaster Avenue, Suite 110
Ardmore, Pennsylvania 19003

July 29, 2003

Cedar-South Philadelphia I, LLC
Cedar-South Philadelphia II, LLC
Cedar Income Fund Partnership, L.P.
44 South Bayles Avenue
Port Washington, New York 11050

Re: 2301-11 Oregon Avenue, Philadelphia, Pennsylvania 2426 South 23rd Street, Philadelphia, Pennsylvania 2300 W. Passyunk Avenue, Philadelphia, Pennsylvania

Gentlemen:

Reference is hereby made to (i) that certain Agreement to Enter Into Net Lease (the "Agreement to Enter Into Net Lease"), dated April 23, 2003, as amended, among SPSP Corporation, Passyunk Supermarket, Inc., Twenty Fourth Street Passyunk Partners, L.P. (collectively, "Owner") and Cedar-South Philadelphia 1, LLC ("Tenant") and (ii) that certain Lease (the "Lease"), contemplated to be entered into on the Closing Date (as that term is defined in the Agreement to Enter Into Net Lease), between Owner, as landlord, and Tenant, as tenant.

The undersigned hereby agree that:

1. This letter shall amend the Agreement to Enter Into Net Lease and the Lease as set forth in this paragraph. The fast sentence of Section 14(b) of the Lease shall be deleted and the following is inserted in lieu thereof: "The insurance policies shall (except for worker's compensation insurance) name Landlord as an insured party and Lender as an additional insured party."

2. This letter shall amend the Agreement to Enter Into Net Lease as set forth in this paragraph. Paragraph 14 of the Agreement to Enter Into Net Lease shall be deleted and the following is inserted in lieu thereof:

> 14. SEC Filing and Audit Requirements. Upon Cedar's request, during the period commencing on the date of this Agreement and continuing for a period of two (2) years after Closing, the Owners shall provide Cedar, without any out-of-pocket expense to the Owners, with copies of, or access to, such factual information as may be reasonably requested by Cedar, and in the possession or control of the Owners, to enable Cedar Income Fund, Ltd. to file Form 8-K and comply with other filing requirements (as specified in Exhibit C attached hereto), if, as and when such filing may be required by the Securities and Exchange Commission (the "SEC"). Without limitation of the foregoing,
>
> (i) Cedar or its designated or independent or other accountants may audit the operating statements of the Owners for the Premises, and the Owners shall supply such documentation in their possession or control as Cedar or its accountants may reasonably request in order to complete such audit, and (ii) the Owners shall furnish Cedar with such financial and other information as may be reasonably required by Cedar or its assigns to make any required filings with the SEC or other governmental authority. This obligation shall survive the Closing for a period of two (2) years.

3. Tenant, Cedar-South Philadelphia II, LLC and Cedar Income Fund Partnership, L.P. (collectively, "Cedar") and Owner hereby agree that Cedar shall not issue any press release or make any other public announcement with respect to the transactions contemplated by the Agreement to Enter Into Net Lease (any such press release or public announcement, a "Public Announcement"), except in accordance with the provisions of this paragraph. If a Public Announcement shall be required by law or rule or in conjunction with a public offering by an affiliate of Cedar (a "Permitted Announcement"), Cedar shall submit to Owner a draft of such Permitted Announcement not less than five (5) business days prior to the anticipated date of issuing or making such Permitted Announcement. Cedar need not obtain Owner's approval prior to issuing or making any Permitted Announcement provided the Permitted Announcement complies with the penultimate sentence of this paragraph. If a Public Announcement shall be other than a Permitted Announcement (a "Public Announcement Requiring Approval"), Cedar shall submit to Owner for Owner's approval (which approval shall not be unreasonably withheld, conditioned or delayed), a draft of such Public Announcement Requiring Approval not less than five (5) business days prior to the anticipated of issuing or making such Public Announcement Requiring Approval. The parties hereto agree that no Public Announcement shall refer to the transactions contemplated by the Agreement to Enter Into Net Lease, the Lease or any other agreement between the parties hereto relating to the Property

as a purchase or acquisition (or similar characterization) of the Property by Cedar or otherwise state or imply ownership of the Property by Cedar. For purposes of this paragraph 3, the filing with the SEC of an S-11 Registration Statement (which may include the Agreement to Enter Into Net Lease as an exhibit) in connection with a public offering by an affiliate of Cedar shall be deemed to be a Permitted Announcement and, provided the five (5) business day period since submission of a draft thereof to Owner has expired and the language relating to the Agreement to Enter Into Net Lease contained in the revised draft of such S-11 that is submitted for filing with the SEC has not changed in any material respect from the draft submitted to the Owner (and remains in compliance with the preceding sentence), Cedar may file said revised draft of the S-11 while simultaneously submitting it to Owner.

4. This letter agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the same counterpart.

5. The parties hereto execute this letter agreement intending to be legally bound hereby, and this letter agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

6. This letter agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of

law. With respect to any claim or action arising hereunder, each party (a) irrevocably submits to the exclusive jurisdiction of the courts of the Commonwealth of Pennsylvania and the United States District Court located in Philadelphia County, and appellate courts from any thereof, and (b) irrevocably waives any objection which it may have at any time to the laying on venue of any suit, action or proceeding arising out of or relating to this letter agreement brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

7. Except as amended by this letter agreement, the terms and provisions of the Agreement to Enter Into Net Lease remain unmodified and in full force and effect. Any future reference to the Agreement to Enter Into Net Lease shall be deemed to be a reference to the Agreement to Enter Into Net Lease, as amended by this letter agreement and as it may, from time to time, hereafter be further amended.

[signatures appear on following page]

Kindly acknowledge your agreement with the foregoing by signing this letter in the space provided below.

SPSP Corporation

By: /s/ William J. Frutkin

Name: William J. Frutkin
Title: Vice President

Passyunk Supermarket, Inc.

By: /s/ William J. Frutkin

Name: William J. Frutkin
Title: Vice President

Twenty Fourth Street Passyunk Partners, L.P.

By: Twenty-Fourth Street Passyunk Corporation, its general partner

By: /s/ William J. Frutkin

Name: William J. Frutkin
Title: Vice President

AGREED AND ACKNOWLEDGED:

Cedar-South Philadelphia I, LLC

By: /s/ Leo S. Ullman

Name: Leo S. Ullman
Title: President

Cedar-South Philadelphia II, LLC

By: /s/ Leo S. Ullman

Name: Leo S. Ullman
Title: President

Cedar Income Fund Partnership, L.P.

By: Cedar Income Fund, Ltd.

By: /s/ Leo S. Ullman

Name:Leo S. Ullman
Title: President

Cedar-South Philadelphia I, LLC
Cedar-South Philadelphia II, LLC
Cedar Shopping Centers Partnership, L.P.
44 South Bayles Avenue
Port Washington, New York 11050

October 31, 2003

SPSP Corporation
Passyunk Supermarket, Inc.
Twenty Fourth Street Passyunk Partners, L.P.
44 West Lancaster Avenue, Suite 110
Ardmore, Pennsylvania 19003

Re: 2301-11 Oregon Avenue, Philadelphia, Pennsylvania, 2426 South 23rd Street, Philadelphia, Pennsylvania and 2300 W. Passyunk Avenue, Philadelphia, Pennsylvania (collectively, the "Property")

Gentlemen:

This letter ("Third Amendment Letter") amends (i) that certain Agreement to Enter Into Net Lease dated as of April 23, 2003 (the "Agreement") among Cedar-South Philadelphia I, LLC ("Cedar") and SPSP Corporation ("SPSP"), Passyunk Supermarket, Inc. ("Passyunk") and Twenty Fourth Street Passyunk Partners, L.P. ("24th Street"; SPSP, Passyunk and 24th Street are collectively referred to herein as the "Owners"), as amended by letter agreement dated May 15, 2003 (the "First Amendment Letter") and by letter agreement dated June 18, 2003 (the "Second Amendment Letter"). Any undefined capitalized terms used herein shall have the meanings ascribed to them in the Agreement, as amended by the First Amendment Letter and the Second Amendment Letter.

The parties hereto hereby covenant and agree as follows:

1. Section 21 of the Agreement is amended by adding the following:

If Owners deliver to Cedar a lease (the "Teddy's Lease") for a Teddy's Department Store (or similar trade name) for approximately 9,400 square feet of the space formerly occupied by Eckerd's upon the terms set forth below, then, effective upon delivery of the Teddy's Lease, Cedar shall apply any amounts received under the Teddy's Lease (the "Teddy's Credit") against the Offset Amount thereafter permitted to be deducted by Cedar from each monthly installment of basic rent payable under the Net Lease pursuant to this Section 21. Cedar shall continue to thereafter apply the Teddy's Credit against the Offset Amount during the Leasing Period. The lease terms referred to above are:

Rent:	$15 per square foot per annum plus a 10% increase after 5 years
Term:	10 years plus options
Tenant:	New corporation to be formed by company operating Teddy's Department Store or similar trade name Rent
Commencement:	60 days after delivery or opening for business
Landlord's Work:	Vanilla box plus obtaining Certificate of Occupancy or equivalent

Any reduction in the Offset Amount by reason of the application of the Teddy's Credit pursuant to this paragraph shall be in addition to any reduction set forth in the formula to calculate the Offset Amount contained in the second sentence of this Section 21.

2. Except as amended by this Third Amendment Letter, the terms and provisions of the Agreement, the First Amendment Letter and the Second Amendment Letter remain unmodified and in full force and effect. Any future reference to the Agreement, shall be deemed to be a reference to the Agreement, as amended by the First Amendment Letter, the Second Amendment Letter and this Third Amendment Letter as it may, from time to time, hereafter be further amended.

3. This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute but one and the same instrument.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

Kindly acknowledge your agreement with the foregoing by signing this letter agreement in the space provided below.

Cedar-South Philadelphia I, LLC

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

Cedar-South Philadelphia II, LLC

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

Cedar Shopping Centers Partnership, L.P.

By: Cedar Shopping Centers, Inc.

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

AGREED AND ACKNOWLEDGED:

SPSP Corporation

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Passyunk Supermarket, Inc.

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Twenty Fourth Street Passyunk Partners, L.P.

By: Twenty Fourth Street Passyunk Corporation, its general partner

By: /s/ Neil A. Klinger

Name: Neil A. Klinger
Title: Vice President

Exhibit 10.07g

LEASE

between

CEDAR-SOUTH PHILADELPHIA I, LLC
as Tenant

and

SPSP CORPORATION,
PASSYUNK SUPERMARKET, INC.
AND
TWENTY FOURTH STREET PASSYUNK PARTNERS, L.P.
as Landlord

Dated As of October 31, 2003

TABLE OF CONTENTS

THIS LEASE AGREEMENT is made as of this 31st day of October, 2003 by and between SPSP Corporation, a Pennsylvania corporation ("SPSP"), having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003, Passyunk Supermarket, Inc., a Pennsylvania corporation ("Passyunk"), having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003, Twenty Fourth Street Passyunk Partners, L.P., a Pennsylvania limited partnership ("24th Street") having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003 (SPSP, Passyunk and 24th Street are collectively referred to herein as "Landlord"), and Cedar-South Philadelphia I, LLC, a Delaware limited liability company ("Tenant"), having its principal office at 44 South Bayles Avenue, Port Washington, New York 11050.

In consideration of the rents and provisions herein stipulated to be paid and performed, Landlord and Tenant hereby covenant and agree as follows:

1. Certain Definitions.

(a) "24th Street" shall have the meaning set forth in the preamble.

(b) "AAA" shall have the meaning set forth in Paragraph 5(c)(ii) hereof.

(c) "Additional Rent" shall mean all sums required to be paid by Tenant to Landlord hereunder other than Basic Rent, which sums shall constitute rental hereunder.

(d) "Adjoining Land" shall have the meaning set forth in Paragraph 2 hereof.

(e) "Agreement to Enter Into Net Lease" shall mean that certain Agreement to Enter Into Net Lease dated as of April 23, 2003 between Landlord and Tenant, as the same has been amended.

(f) "Alteration" or "Alterations" shall mean any and all changes, additions, improvements, reconstructions and replacements of any of the Improvements, both interior and exterior, and both ordinary and extraordinary.

(g) "Available Cash" shall mean, with respect to any calendar month, the excess of (i) Gross Revenues for the immediately preceding calendar month, over (ii) Expenses payable during the calendar month at issue.

(h) "Basic Rent" shall have the meaning set forth in Paragraph 4 hereof.

(i) "Basic Rent Payment Dates" shall have the meaning set forth in Paragraph 4 hereof.

(j) "Business Day" shall mean a day upon which commercial banks are not authorized or required by law to close in Philadelphia, Pennsylvania.

(k) "Claim Deadline" shall have the meaning set forth in Paragraph 31 hereof.

(l) "Commencement Date" shall have the meaning set forth in Paragraph 3 hereof.

(m) "Condemnation" shall mean a Taking and/or a Requisition.

(n) "CPI" shall mean the Consumer Price Index for all Urban Consumers, New York-Northeastern New Jersey, All items (1982-1984 = 100), issued and published by the Bureau of Labor, Department of Labor or any

successor index thereto, appropriately adjusted. If the CPI ceases to be published and there shall be no successor index thereto, such index as shall be mutually agreed to by Landlord and Tenant shall be substituted for the CPI.

(o) "Curable Monetary Default' shall have the meaning set forth in Paragraph 16(b)(iii) hereof.

(p) "Cure Expiration Notice" shall have the meaning set forth in Paragraph 16(b)(iii) hereof.

(q) "Defaults Requiring Possession" shall have the meaning set forth in Paragraph 16(b)(v) hereof.

(r) "Environmental Agency" shall mean any federal, state or local agency or authority with jurisdiction over Hazardous Substances or Environmental Laws.

(s) "Environmental Laws" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9061, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, et seq.; and the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251, et seq., as any of the foregoing may be amended from time to time, and any other federal, state and local laws and regulations, codes, statutes, orders, decrees, guidance documents, judgments or injunctions, now or hereafter issued, promulgated, approved or entered thereunder, relating to pollution, contamination or protection of the environment, including, without limitation, laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes into the environment or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances.

(t) "Environmental Matters" shall mean events, proceedings, actions, filings, reports, investigations, remediations, conditions, violations, compliance obligations, operations, claims, lawsuits, losses, liabilities, fines, penalties, judgments, damages and expenses with respect to the Leased Premises that (i) involve an issue under an Environmental Law or (ii) fall within the jurisdiction of an Environmental Agency.

(u) "Escrow Agent" shall have the meaning set forth in Paragraph 20(b) hereof.

(v) "Exercise Date" shall have the meaning set forth in Paragraph 20(a) hereof.

(w) "Expenses" shall mean, with respect to any calendar month, the amount set forth in Tenant's operating budget as being necessary for the payment of expenses to be incurred during such calendar month in connection with the operation of the Leased Premises, including, without limitation, debt payments (including interest and principal) on loans (including any amounts due and owing to a Recognized Leasehold Mortgagee), operating expenses, capital expenditures, and real estate taxes.

(x) "Expiration Date" shall have the meaning set forth in Paragraph 3 hereof.

(y) "Fee Mortgage" means any mortgage, deed of trust, indenture of mortgage, pledge, assignment of rents or leases, collateral assignment or similar Lien or security interest and any extension, modification, amendment, spreader, consolidation or renewal thereof granted by Landlord on its fee title to the Leased Premises.

(z) "Gross Revenue" shall mean the gross revenue actually received by Tenant during any calendar month from the operation of the Leased Premises, including all subtenant fixed rents and percentage rents; all reimbursements from subtenants for common area maintenance charges, insurance, utilities and real estate taxes; and such other amounts as are collected from subtenants.

(aa) "Hazardous Substances" shall mean (1) any toxic substance, hazardous waste, hazardous substance or related hazardous material; (2) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of presently existing federal, state or local safety guidelines, whichever are more stringent; and (3) any substance, material or chemical which is defined as or included in the definition of "hazardous substances", "toxic substances", "hazardous materials", "hazardous wastes" or words of similar import under any federal, state or local statute, law, code, or ordinance or under the regulations adopted or guidelines promulgated pursuant thereto, including, but not limited to, the Environmental Laws.

(bb) "Improvements" shall have the meaning set forth in Paragraph 2 hereof.

(cc) "Insurance Requirement" or "Insurance Requirements" shall mean, as the case may be, any one or more of the terms of each insurance policy required to be carried by Tenant under this Lease and the requirements of the issuer of such policy, and whenever Tenant shall be engaged in making any Alteration or Alterations, repairs or construction work of any kind (collectively, "Work"), the term "Insurance Requirement" or "Insurance Requirements" shall be deemed to include a requirement that Tenant obtain or cause its contractor to obtain completed value builder's risk insurance when the estimated cost of the Work in any one instance exceeds the sum of One Hundred Thousand ($100,000.00) Dollars (which amount shall be automatically increased on the first day of each calendar year by the percentage increase in the CPI for such calendar year over the CPI for the immediately preceding calendar year), and that Tenant or its contractor shall obtain worker's compensation insurance or other adequate insurance coverage covering all persons employed in connection with the Work, whether by Tenant, its contractors or subcontractors and with respect to whom death or bodily injury claims could be asserted against Landlord.

(dd) "Land" shall have the meaning set forth in Paragraph 2 hereof.

(ee) "Landlord" shall have the meaning set forth in the preamble.

(ff) "Landlord Covenant" shall have the meaning set forth in Paragraph 5(c)(i) hereof.

(gg) "Landlord Lien" means any Lien affecting the Leased Premises that (i) first arises from and after the Commencement Date and (ii) (x) is the result of an affirmative action of Landlord or Landlord Parties (other than Liens placed on the Leased Premises with the written consent of, or at the written request of, Tenant), or (y) is a judgment or tax lien against Landlord.

(hh) "Landlord Parties" means Landlord's agents, consultants and representatives.

(ii) "Leased Premises" shall have the meaning set forth in Paragraph 2 hereof.

(jj) "Leasehold Mortgage" means any mortgage, deed of trust, indenture of mortgage, pledge, assignment of rents or leases, collateral assignment or similar Lien or security interest, and any extension, modification, amendment, spreader, consolidation or renewal thereof, granted by Tenant on its leasehold estate created hereunder and not creating a Lien on Landlord's fee estate in the Leased Premises.

(kk) "Leasehold Mortgagee" means the holder of a Leasehold Mortgage.

(ll) "Legal Requirement" or "Legal Requirements" shall mean, as the case may be, any one or more of all present and future laws, codes, ordinances, orders, judgments, decrees, injunctions, rules, regulations and requirements, even if unforeseen or extraordinary, of every duly constituted governmental authority or agency (but excluding those which by their terms are not applicable to and do not impose any obligation on Tenant, Landlord or the Leased Premises) and all covenants, restrictions and conditions now or hereafter of record which may be applicable to Tenant, to Landlord or to any of the Leased Premises, or to the use, manner of use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of any of the Leased Premises, even if compliance therewith (i) necessitates structural changes or improvements (including changes required to comply with the "Americans with Disabilities Act") or results in interference with the use or enjoyment of any of the Leased Premises or (ii) requires Tenant to carry insurance other than as required by the provisions of this Lease.

(mm) "Lender" shall mean Cedar-South Philadelphia II, LLC, a Delaware limited liability company.

(nn) "Lien" shall mean any lien, mortgage, charge on, pledge of, or conditional sale or other title retention agreement with respect to, or any other encumbrance of any kind, nature or description with respect to, the Leased Premises.

(oo) "Loan" shall mean that-certain loan in the original principal amount of $39,000,000 made by Lender to Landlord, secured by a mortgage covering Landlord's fee interest in the Leased Premises and evidenced by a promissory note.

(pp) "Losses" shall have the meaning set forth in Paragraph 31 hereof.

(qq) "Net Casualty Proceeds" shall mean the entire proceeds of any property casualty insurance less any actual and reasonable expenses incurred in collecting such proceeds.

(rr) "Net Condemnation Award" shall mean the entire award of any Condemnation less any actual and reasonable expenses incurred in collecting such proceeds.

(ss) "Offer" shall have the meaning set forth in Paragraph 6(i) hereof.

(tt) "Option Trigger Date" shall have the meaning set forth in Paragraph 20(a) hereof.

(uu) "Passyunk" shall have the meaning set forth in the preamble.

(vv) "Permits" shall mean licenses, permits, approvals and certificates required or used in or relating to the ownership, use, maintenance, occupancy or operation of any part of the Leased Premises.

(ww) "Permitted Encumbrances" shall mean those covenants, restrictions, reservations, liens, conditions, encroachments, easements and other matters of title that affect the Leased Premises specifically set forth on Exhibit B attached hereto.

(xx) "Person" shall mean any individual, partnership, corporation, limited liability company, trust or other entity.

(yy) "Post-Closing Adjustments" shall have the meaning set forth in Paragraph 5(c)(i) hereof.

(zz) "Purchase Closing" shall have the meaning set forth in Paragraph 20(d) hereof.

(aaa) "Purchase Closing Date" shall have the meaning set forth in Paragraph 20(d) hereof.

(bbb) "Purchase Option" shall have the meaning set forth in Paragraph 20(a) hereof.

(ccc) Purchase Option Notice" shall have the meaning set forth in Paragraph 20(a) hereof.

(ddd) "Purchase Price" shall have the meaning set forth in Paragraph 20(a) hereof.

(eee) "Recognition Agreement" shall have the meaning set forth in Paragraph 17(b) hereof.

(fff) "Recognized Leasehold Mortgage" shall mean the Leasehold Mortgage held by a Recognized Leasehold Mortgagee.

(ggg) "Recognized Leasehold Mortgagee" shall have the meaning set forth in Paragraph 16(a)(ii) hereof.

(hhh) "Recognized Leasehold Mortgage Documents" shall mean the Recognized Leasehold Mortgage and any other documents entered into between Tenant and a Recognized Leasehold Mortgagee in connection therewith.

(iii) "Rent" shall mean Basic Rent, Additional Rent, and all other sums payable under this Lease by Tenant to Landlord.

(jjj) "Replacement Lease" shall have the meaning set forth in Paragraph 16(b)(vi) hereof.

(kkk) "Required Notice" shall have the meaning set forth in Paragraph 16(b)(ii) hereof.

(lll) "Requisition" shall mean any temporary condemnation or confiscation of the use or occupancy of any of the Leased Premises by any governmental authority, civil or military, whether pursuant to an agreement with such governmental authority in settlement of or under threat of any such requisition or confiscation, or otherwise.

(mmm) "SPSP" shall have the meaning set forth in the preamble.

(nnn) "State" shall mean the Commonwealth of Pennsylvania.

(ooo) "Sublease" means any sublease, license or other occupancy agreement granted by Tenant to use all or any portion of the Leased Premises and any amendments, extensions, renewals or modifications thereof.

(ppp) "Surviving Representation" shall have the meaning set forth in Paragraph 5(c)(i) hereof.

(qqq) "Taking" shall mean any taking of any of the Leased Premises in or by condemnation or other eminent domain proceedings pursuant to any law, general or special, or by reason of any agreement with any condemnor in settlement of or under threat of any such condemnation or other eminent domain proceedings or by any other means, or any de facto condemnation.

(rrr) "Taxes" shall mean taxes of every kind and nature (including real, ad valorem and personal property, income, franchise, withholding, profits and gross receipts taxes), all charges and/or taxes for any easement or agreement maintained for the benefit of any of the Leased Premises, all general and special assessments, levies, permits, inspection and license fees,

and all other public charges and/or taxes whether of a like or different nature, even if unforeseen or extraordinary, imposed upon or assessed against Landlord, Tenant or any of the Leased Premises as a result of or arising in respect of the ownership, occupancy, leasing, use, maintenance, operation, management, repair or possession thereof, or any activity conducted on the Leased Premises during the term, including without limitation, any gross income tax, sales tax, use and occupancy tax or excise tax levied by any governmental body on or with respect to the Leased Premises, the Basic Rent or the Additional Rent; provided, however, that nothing herein shall obligate Tenant to pay, and the term "Taxes" shall exclude, federal, state or local (i) franchise, capital stock or similar taxes if any, of Landlord, (ii) income, excess profits or other taxes, if any, of Landlord, determined on the basis of or measured by its net income, or (iii) any estate, inheritance, succession, gift, capital levy or similar taxes.

(sss) "Tenant" shall have the meaning set forth in the preamble.

(ttt) "Term" shall mean the period of years (and/or portions thereof) that this Lease shall be in effect, commencing on the Commencement Date and ending on the Expiration Date.

(uuu) "Trade Fixtures" shall mean all property, equipment and fixtures, which are owned by Tenant and used in the operation of the business conducted on the Leased Premises.

2. Demise of Premises. Landlord hereby demises and lets to Tenant and Tenant hereby takes and leases from Landlord for the Term and upon the provisions hereinafter specified the following described property: (a) all of Landlord's right, title and interest in and to all of those certain plots, pieces and parcels of land (the "Land") known by the addresses 2301-11 Oregon Avenue, 2426 South 23rd Street and 2300 W. Passyunk Avenue, Philadelphia, Pennsylvania and are commonly known as South Philadelphia Shopping Plaza, as more particularly described in Exhibit A attached hereto, together with the buildings and improvements (collectively, the "Improvements") located on the Land (the Improvements and the Land, and all additions and accessions thereto, substitutions therefor and replacements thereof permitted by this Lease are hereinafter collectively referred to as the "Leased Premises"), subject to the Permitted Encumbrances and the rights of space tenants under space leases with respect to the Leased Premises, and (b) all of Landlord's right, title and interest, if any, in, to and under (i) all easements, rights of way, privileges, appurtenances, strips, gores and other rights pertaining to the Leased Premises, including, without limitation and without warranty, any existing development rights; (ii) any land in the bed of any street, road, avenue, open or proposed, public or private, in front of or adjoining the Leased Premises or any portion thereof, and any award to be made in lieu thereof and in and to any unpaid award for damage to the Leased Premises by reasons of change of grade of any street occurring after the date of execution and delivery of this Lease (collectively, the "Adjoining Land"); and (iii) the fixtures, equipment, machinery, furniture, furnishings, appliances, supplies and other items of personal property (and replacements thereof), now owned or hereafter acquired by Landlord and contained in or on, or used in connection with, the maintenance, use, occupancy and operation of the Leased Premises.

3. Term. Tenant shall have and hold the Leased Premises for a term commencing on the date hereof (the "Commencement Date"), and ending on September 30, 2033, or such earlier date as this Lease shall be terminated pursuant to the terms of this Lease (the "Expiration Date").

4. Rent.

(a) Subject to the terms of Paragraph 4(b) below, Tenant shall pay to Landlord, as fixed monthly rent for the Leased Premises during the Term ("Basic Rent"), an amount equal to the lesser of (i) ONE HUNDRED SEVENTY-EIGHT THOUSAND SEVEN HUNDRED FIFTY AND 00/100 ($178,750.00) DOLLARS, and (ii) the Available Cash for such month. Basic Rent shall be paid in advance commencing on the first day of the first month next following the Commencement Date and continuing on the first day of each month thereafter during the Term (the said days being called the "Basic Rent Payment Dates"), and shall pay the same at Landlord's address set forth below or at such other address as Landlord shall direct in writing. Pro rata Basic Rent for the period from the Commencement Date to the last day of the month following the month in which the Commencement Date occurs shall be computed and shall be paid in advance on the Commencement Date, except that if the Commencement Date shall occur on the first day of a calendar month, the full monthly installment of Basic Rent for the month in which the Commencement Date occurs shall be paid in advance on the Commencement Date. If the Expiration Date shall be other than a Basic Rent Payment Date, Basic Rent shall be prorated based on a 30-day month.

(b) Notwithstanding anything to the contrary contained in Paragraph 4(a) above, from and after the date that a Recognized Leasehold Mortgagee shall accelerate the repayment of a loan secured by a Recognized Leasehold Mortgage, the Basic Rent shall be reduced to One Dollar and 00/100 ($1.00).

5. Net Lease.

(a) Subject to the terms of Paragraph 5(c) and Paragraph 5(d) below, it is the intention of the parties hereto that the obligations of Tenant hereunder shall be separate and independent covenants and agreements, and that Rent shall continue to be payable in all events, and that the obligations of Tenant hereunder shall continue unaffected, unless the requirement to pay or perform the same shall have been terminated pursuant to an express provision of this Lease. This is a net lease and Rent shall be paid without notice, demand or setoff, except as otherwise specifically set forth herein. This Lease shall not terminate and Tenant shall not have any right to terminate this Lease, during the Term (except as otherwise expressly provided herein).

(b) Tenant shall pay directly to the proper authorities charged with the collection thereof all charges for water, sewer, gas, oil, electricity, telephone and other utilities or services used or consumed on the Leased Premises during the Term, whether designated as a charge, tax, assessment, fee or otherwise, including, without limitation, water and sewer use charges and taxes, if any, all such charges to be paid as the same from time to time become due. It is understood and agreed that Tenant shall make its own arrangements for the installation or provision of all such utilities and that Landlord shall be under no obligation to furnish any

utilities to the Leased Premises and shall not be liable for any interruption or failure in the supply of any such utilities to the Leased Premises.

(c) (i) Pursuant to the Agreement to Enter Into Net Lease, (x) Landlord made certain representations to Tenant that survive the closing thereunder (the "Surviving Representations"), for the period specified by the Agreement to Enter into Net Lease, and (y) final adjustments of certain items of revenue and expense not determined or not agreed upon as of the date of this Lease ("Post-Closing Adjustments") will be made during the Term. If, at the time an installment of Basic Rent, Additional Rent or any other sum is due to Landlord by Tenant, (A) Landlord shall have breached a Surviving Representation and Tenant shall have commenced a claim with respect thereto within the period specified by the Agreement to Enter into Net Lease, or (B) Landlord shall have failed to comply with a covenant set forth in Paragraph 6 below (a "Landlord Covenant"), or (C) Landlord shall owe money to Tenant on account of a Post-Closing Adjustment, as indicated in a written notice delivered by Tenant to Landlord, which notice shall indicate the amount of loss, cost, expense or damage suffered by Tenant as a result thereof (in the case of clause (A) or (B) of this Paragraph 5(c)(i)), or the amount of money owed by Landlord to Tenant on account of the Post-Closing Adjustment (in the case of clause (C) of this Paragraph 5(c)(i)), as applicable, then, in such case, notwithstanding anything to the contrary contained in this Lease, Tenant shall have the right to deduct from such installment(s) of Basic Rent, Additional Rent or any other sum due to Landlord the amount of such loss, cost, expense, damage or amount of money owed. If, at the time an installment of Basic Rent, Additional Rent or any other sum is due to Landlord by Tenant, Tenant shall owe money to Landlord on account of a Post-Closing Adjustment, as indicated in a written notice delivered by Tenant to Landlord, which notice shall indicate the amount of money owed by Tenant to Landlord, then, in such case, Tenant shall pay such amount as Additional Rent, within thirty (30) days after receipt of such written notice.

(ii) In the event that, within ten (10) Business Days after receipt of a notice pursuant to Paragraph 5(c)(i) above, (x) Landlord shall dispute whether Landlord shall have breached a Surviving Representation or failed to comply with a Landlord Covenant (or the amount of loss, cost, expense or damage suffered by Tenant as a result thereof), or whether Landlord owes

money to Tenant on account of a Post-Closing Adjustment (or the amount of money owed on account thereof), or (y) Tenant shall dispute whether Tenant owes money to Landlord on account of a Post-Closing Adjustment (or the amount of money owed on account thereof), then either Landlord or Tenant shall have the right to submit such dispute to binding arbitration under the Expedited Procedures provisions (Rules E-1 through E-10 in the current edition) of the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). In cases where the parties utilize such arbitration: (A) the parties will have no right to object if the arbitrator so appointed was on the list submitted by the AAA and was not objected to in accordance with Rule E-5, (B) the arbitrator shall be selected within three (3) Business Days following submission of such dispute to arbitration, (C) the arbitrator shall render his final decision not later than three (3) Business Days after the last hearing, (D) the first hearing shall be held within five (5) Business Days after the completion of discovery, and the last hearing shall be held within fifteen (15) Business Days after the appointment of the arbitrator, (E) any finding or determination of the arbitrator shall be deemed final and binding (except that the arbitrator shall not have the power to add to, modify or change any of the provisions of this Agreement),

and (F) the losing party in such arbitration shall pay the arbitration costs charged by AAA and/or the arbitrator.

(iii) If Landlord shall timely dispute whether Landlord shall have breached a Surviving Representation during the period that such Surviving Representation shall survive the closing under the Agreement to Enter into Net Lease or failed to comply with a Landlord Covenant (or the amount of the damage suffered by Tenant as a result thereof), or whether Landlord owes money to Tenant on account of a Post-Closing Adjustment (or the amount of money owed on account thereof), Tenant shall not be permitted to offset such amounts in dispute during the pendency of the arbitration. If the arbitrator shall determine that Landlord shall have breached a Surviving Representation during the period that such Surviving Representation shall survive the closing under the Agreement to Enter into Net Lease or that Landlord shall have failed to comply with a Landlord Covenant, or that Landlord does owe money to Tenant on account of a Post-Closing Adjustment, Tenant shall have the right to deduct such amount determined by the arbitrator from the next installment(s) of Basic Rent, Additional Rent or any other sum due to Landlord.

(iv) If Tenant shall timely dispute whether Tenant owes money to Landlord on account of a Post-Closing Adjustment (or the amount of money owed on account thereof), Tenant shall not be required to pay such amounts in dispute during the pendency of the arbitration. If the arbitrator shall determine that Tenant does owe money to Landlord on account of a Post-Closing Adjustment, Tenant shall pay such amount determined by the arbitrator as Additional Rent within ten (10) days after such finding or determination.

(d) Tenant shall be permitted to offset certain amounts against Basic Rent in accordance with Section 21 of the Agreement to Enter Into Net Lease, which Section 21 is hereby incorporated into this Lease by reference.

6. Landlord's Covenants.

(a) Landlord shall not cancel, amend or modify any Permits with respect to the Leased Premises.

(b) Landlord shall not initiate, withdraw, settle or otherwise compromise any protest or reduction proceeding affecting real estate taxes assessed against the Leased Premises for any fiscal period in which the Commencement Date is to occur or any subsequent fiscal period.

(c) Landlord shall not create or incur any Lien (other than the Permitted Encumbrances).

(d) Other than the mortgage or mortgages securing the Loan, Landlord shall not grant any Fee Mortgage.

(e) Neither Landlord nor any Landlord Parties shall bring any Hazardous Substances in, upon, under, over or from the Leased Premises, and neither Landlord nor any Landlord Parties shall grant written permission or consent to any third party to bring any Hazardous Substances in, upon, under, over or from the Leased Premises.

(f) Landlord shall not remove or dispose of (or permit to be removed or disposed of) any Hazardous Substances in, upon, under, over or from the Leased Premises.

(g) Neither Landlord nor any party claiming by, through or under it, shall do any act to disturb Tenant's peaceful and quiet occupation and enjoyment of the Leased Premises.

(h) In the event that Landlord shall receive an offer from a third party to acquire the Leased Premises (an "Offer"), and Landlord shall desire to pursue the good faith negotiation of such Offer, Landlord shall deliver written notice to Tenant and any Recognized Leasehold Mortgagee of such Offer within five (5) days after Landlord's receipt thereof and shall not be permitted to pursue such Offer unless (i) within thirty (30) days after receipt of such notice: (x) Tenant shall deliver written notice to Landlord that Tenant shall not exercise the Purchase Option, and (y) either such Recognized Leasehold Mortgagee shall deliver to Landlord written consent to Tenant not exercising the Purchase Option, or such 30-day period shall expire without such Recognized Leasehold Mortgagee delivering a written objection to Landlord of Tenant's decision not to exercise the Purchase Option, or (ii) the 30-day period referred to in the foregoing clause (i) shall expire without Tenant having exercised the Purchase Option and without the Recognized Leasehold Mortgagee delivering a written objection to Landlord of Tenant's failure to exercise the Purchase Option.

(i) In the event that Landlord shall desire to sell the Leased Premises, Landlord shall deliver written notice thereof to Tenant and any Recognized Leasehold Mortgagee, and Landlord shall not be permitted to take any action in furtherance of a sale of the Leased Premises unless: (i) within thirty (30) days after receipt of such notice : (x) Tenant shall deliver written notice to Landlord that Tenant shall not exercise the Purchase Option, and (y) either such Recognized Leasehold Mortgagee shall deliver to Landlord written consent to Tenant not exercising the Purchase Option, or such 30-day period shall expire without such Recognized Leasehold Mortgagee delivering a written objection to Landlord of Tenant's decision not to exercise the Purchase Option, or (ii) the 30-day period referred to in the foregoing clause (i) shall expire without Tenant having exercised the Purchase Option and without the Recognized Leasehold Mortgagee delivering a written objection to Landlord of Tenant's failure to exercise the Purchase Option.

7. Title and Condition.

(a) The Leased Premises are demised and let subject to the Permitted Encumbrances and all Legal Requirements; it being understood and agreed, however, that the recital of the Permitted Encumbrances herein shall not be construed as a revival of any thereof which for any reason may have expired.

(b) Except as specifically stated in this Lease and the Agreement to Enter Into Net Lease, the Landlord specifically disclaims any representation or warranty, oral or written, including, but not limited to, those concerning (i) the nature and condition of the Leased Premises, (ii) the manner, construction, condition and state of repair or lack of repair of any improvements located on the Leased Premises, (iii) the compliance of the Leased Premises or its operation with any laws, rules, ordinances, or regulations of any government or other body, it being specifically understood that Tenant has had the full opportunity to determine for itself the

condition of the Leased Premises, and (iv) the income and expenses of the Leased Premises. Tenant expressly acknowledges that in consideration of the agreements of the Landlord herein, except as otherwise specified herein, LANDLORD MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY DECLARATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF QUANTITY, QUALITY, CONDITION, HABITABILITY, MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE LEASED PREMISES, ANY IMPROVEMENTS, THE PERSONALTY OR SOIL CONDITIONS. Landlord is not liable or bound in any manner by expressed or implied warranties, guarantees, promises, statements, representations or information pertaining to the Leased Premises made or furnished by any real estate broker, agent, employee, servant or other Person representing or purporting to represent Landlord unless such representations are expressly and specifically set forth herein.

(c) Landlord hereby unconditionally assigns, without recourse or warranty whatsoever, to Tenant, all warranties, guaranties and indemnities, express or implied, and similar rights which Landlord may have against any manufacturer, seller, engineer, contractor or builder in respect of any of the Leased Premises, including, but not limited to, any rights and remedies existing under contract or pursuant to the Uniform Commercial Code. Landlord hereby agrees to execute and deliver such further documents, including powers of attorney, as Tenant may reasonably request (and which in the good faith judgment of Landlord, do not adversely affect a substantial general interest of Landlord), in order that Tenant may have the full benefit of the assignment effected or intended to be effected by this Paragraph 7.

8. Taxes and Legal Requirements.

(a) Landlord shall promptly deliver to Tenant any bill or invoice it receives with respect to any Tax and Tenant shall pay the same directly to the appropriate authority before the same becomes delinquent, subject to Paragraph 18 below.

(b) Subject to the provisions of Paragraph 18 below, Tenant shall comply with all Legal Requirements.

(c) Tenant is hereby authorized to continue, settle, withdraw or otherwise compromise any proceeding or proceedings now pending for the current tax year for the reduction of the assessed valuation of the Leased Premises, and to initiate, continue, settle, withdraw or otherwise compromise any proceeding or proceedings for the reduction of the assessed valuation of the Leased Premises for any fiscal period during the Term.

9. Use. Tenant may use the Leased Premises for any lawful purpose.

10. Maintenance and Repair. Tenant shall, at all times, put, keep and maintain the Leased Premises, including, without limitation, the roof, landscaping, walls (interior and exterior), footings, foundations and structural components of the Leased Premises and the Adjoining Land, in good repair and appearance, and shall make all repairs and replacements of every kind and nature (whether foreseen or unforeseen, which may be required to be made upon or in connection with any of the Leased Premises in order to keep and maintain the Leased Premises in as good repair and appearance as they were as of the Commencement Date, except

for ordinary wear and tear. Landlord hereby expressly waives the right to make repairs at the expense of Tenant, which right may otherwise be provided for in any law now or hereafter in effect.

11. Liens.

(a) Except as otherwise provided herein, Tenant shall not create or permit to exist any Lien on Landlord's estate in the Leased Premises, and if any such Lien shall at any time be filed, then Tenant, prior to the foreclosure of such Lien, and at Tenant's own cost and expense, shall cause the same to be discharged of record; provided, however, that (i) the foregoing shall not prohibit Tenant from granting any Leasehold Mortgage or subleasing its interest in the Leased Premises, and (ii) nothing contained in this Paragraph 11 shall require Tenant to cause the discharge of any Landlord Liens, and Tenant shall have no liability in connection therewith.

(b) Notwithstanding the provisions of Paragraph 11(a) above, Tenant shall be permitted to grant any rights-of-way, utility, access or similar easements or any other interest or encumbrance affecting in any manner the Leased Premises, provided that such easement, interest or encumbrance (x) is necessary, in Tenant's sole and absolute discretion, for the operation of the Leased Premises and (y) would not be prejudicial to Landlord's interest in the Leased Premises. Landlord shall (at Tenant's sole cost and expense) join in any instrument (or otherwise indicate its approval of any such instrument) necessary to grant any such easement, interest or encumbrance (even if the term thereof shall extend beyond the Expiration Date), provided that (i) such instrument shall not impose any obligation on Landlord (other than the obligation to (A) grant or join in the granting of such easement, interest or encumbrance and (B) perform any term covenant or agreement that is usual and customary to similar easements, interests or encumbrances of such kind), (ii) Landlord shall not be liable for any breach of the terms of such instrument caused by Tenant and (iii) Landlord's liability in respect of any breach or violation by Landlord of the terms of such instrument shall be limited solely to Landlord's interest in the Leased Premises.

12. Alterations. Tenant shall be permitted to perform any Alterations without obtaining Landlord's prior consent.

13. Condemnation.

(a) Landlord immediately upon obtaining knowledge of the institution of any proceeding for Condemnation, shall notify Tenant thereof and Tenant shall have the right to control such proceedings, including the right to settle, adjust, compromise or collect any condemnation award, without the consent of Landlord, but subject to the rights of any Recognized Leasehold Mortgagee pursuant to any Recognized Leasehold Mortgage Documents. No agreement with any condemnor in settlement of or under threat of any Condemnation shall be made by Landlord without the written consent of Tenant and, if required by the Recognized Leasehold Mortgage Documents, the Recognized Leasehold Mortgagee.

(b) If there is no Recognized Leasehold Mortgage at the time of the Condemnation, the following provisions shall apply:

(i) In the event of a Taking of all or substantially all of the Leased Premises, a portion of the Net Condemnation Award in an amount equal to the then outstanding balance of the Loan (or if the amount of the Net Condemnation Award shall be less than the amount of the then outstanding balance of the Loan, the entire Net Condemnation Award), shall be

delivered to Lender and applied towards the repayment of the Loan. Any Net Condemnation Award in excess of the amount of the then outstanding balance of the Loan shall be retained by Tenant.

(ii) In the event of a Taking of less than all or substantially all of the Property, the Net Condemnation Award shall be applied as follows:

1. First, Tenant shall use the Net Condemnation Award to restore such portion of the Leased Premises that Tenant shall elect to restore (it being acknowledged that Tenant has no obligation to restore all or any portion of the Leased Premises);

2. Second, a portion of the remaining Net Condemnation Award in an amount equal to the lesser of (A) the product of (x) a fraction, the numerator of which is the number of square feet of the Leased Premises taken, and the denominator of which is the number of square feet of the entire Leased Premises immediately before the Taking, and (y) the then outstanding principal balance of the Loan, and (B) the remaining Net Condemnation Award, shall be delivered to Lender and applied towards the reduction in the principal balance of the Loan; and

3. Third, the balance of the Net Condemnation Award, if any, shall be retained by Tenant.

(iii) In the event of a Requisition, the entire Net Condemnation Award shall be retained by Tenant.

(iv) In the event of a Taking where the provisions of Paragraph 13(b)(ii)(2) shall apply, from and after the date of reduction of the principal balance of the Loan in accordance with the terms of said Paragraph 13(b)(ii)(2), the amount set forth in clause (i) of Section 4(a) above shall be reduced in the same proportion that the monthly installments of interest under the Loan were reduced.

(c) If there is a Recognized Leasehold Mortgage at the time of the Condemnation, the Net Condemnation Award shall be delivered to Tenant or the Recognized Leasehold Mortgagee, as required by the Recognized Leasehold Mortgage Documents, and applied and disbursed in accordance with the Recognized Leasehold Mortgage Documents.

14. Insurance.

(a) Tenant shall maintain, at its sole cost and expense, (i) insurance against loss or damage to the Improvements under an All Risk Policy; (ii) contractual and commercial general liability insurance against claims for bodily injury, death or property damage occurring on, in or about any of the Leased Premises or the Adjoining Land with limits of at least $50,000,000 (which amount shall be automatically increased on the first day of each calendar year by the percentage increase in the CPI for such calendar year over the CPI for the

immediately preceding calendar year); and (iii) worker's compensation insurance covering all persons employed by Tenant on the Leased Premises in connection with any work done on or about any of the Leased Premises.

(b) The insurance policies shall (except for worker's compensation insurance) name Landlord and Lender, as additional insured parties. Said insurance shall contain a provision whereby the insurer agrees not to cancel, diminish or materially modify said insurance policy(ies) without having given Landlord at least thirty (30) days prior written notice thereof. If said insurance or any part thereof shall expire, be withdrawn, become void by breach of any condition thereof by Tenant or become void or unsafe by reason of the failure or impairment of the capital of any insurer, Tenant shall immediately obtain new or additional insurance reasonably satisfactory to Landlord.

(c) Tenant shall pay as they become due all premiums for the insurance required by this Paragraph 14 and shall renew or replace each policy.

(d) Anything in this Paragraph 14 to the contrary notwithstanding, any insurance which Tenant is required to obtain pursuant to Paragraph 14(a) may be carried under a "blanket" policy or policies covering other properties or liabilities of Tenant, provided that such "blanket" policy or policies otherwise comply with the provisions of this Paragraph 14.

15. Damage, Destruction.

(a) Tenant shall settle, adjust, collect and compromise any and all claims in connection with a casualty, without the consent of Landlord, but subject to the rights of any Recognized Leasehold Mortgagee pursuant to any Recognized Leasehold Mortgage Documents.

(b) In the event of any casualty (whether or not insured against) resulting in damage to the Leased Premises or any part thereof, the Term shall nevertheless continue and, except as provided in Paragraph 15(d) below, there shall be no abatement or reduction of Rent.

(c) If there is no Recognized Leasehold Mortgage at the time of the casualty, the following provisions shall apply:

(i) The Net Casualty Proceeds of such insurance payment shall be applied as follows:

1. First, Tenant shall use the Net Casualty Proceeds to restore such portion of the Leased Premises that Tenant shall elect to restore (it being acknowledged that Tenant has no obligation to restore all or any portion of the Leased Premises);

2. Second, if Tenant shall elect not to restore the damage resulting from such casualty, or if Tenant shall not have restored the entire Leased Premises, a portion of any remaining Net Casualty Proceeds in an amount equal to the lesser of (A) the product of (x) a fraction, the numerator of which is the number of square feet of the Leased Premises lost by reason of the casualty, and the denominator of which is the number of square feet of the entire Leased Premises immediately before the casualty, and (y) the then outstanding principal balance

of the Loan, and (B) the entire remaining Net Casualty Proceeds, shall be delivered to Lender and applied towards the reduction in the principal balance of the Loan; and

3. Third, the balance of the Net Casualty Proceeds, if any, shall be retained by Tenant.

(ii) In the event of a casualty where the provisions of Paragraph 15(c)(i)(2) shall apply, from and after the date of reduction of the principal balance of the Loan in accordance with the terms of said Paragraph 15(c)(i)(2), the amount set forth in clause (i) of Section 4(a) above shall be reduced in the same proportion that the monthly installments of interest under the Loan were reduced.

(d) If there is a Recognized Leasehold Mortgage at the time of the casualty, the Net Casualty Proceeds shall be delivered to Tenant or the Recognized Leasehold Mortgagee, as required by the Recognized Leasehold Mortgage Documents, and applied and disbursed in accordance with the Recognized Leasehold Mortgage Documents.

16. Leasehold Financing.

(a) (i) Tenant shall have the right, at any time, and from time to time, without the consent of Landlord in each instance, (x) to mortgage or pledge the leasehold estate and interest of Tenant under this Lease without limit as to amount and on any terms Tenant may deem desirable and (y) to assign Tenant's interest under this Lease and the rentals hereunder to any Leasehold Mortgagee as additional collateral for the payment of such mortgage indebtedness. Landlord shall make, at Tenant's cost and expense, such modifications to this Lease as a Leasehold Mortgagee shall request, provided that such modifications do not decrease any rights or benefits, or increase any obligations, of Landlord. So long as the Leasehold Mortgagee is not given actual physical possession of the Leased Premises contemporaneously with the creation of a Leasehold Mortgage, the making and delivery of any Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Lease nor of the leasehold estate and interest of Tenant under this Lease, nor shall any Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Lease or the leasehold estate so as to require such Leasehold Mortgagee, as such, to assume the performance of, or be bound to perform, any of the terms, covenants or conditions on the part of Tenant under this Lease to be performed. Subject to the provisions of this Paragraph 16, any Leasehold Mortgagee or its successor or assignee or designee may become the legal owner and holder of Tenant's leasehold estate by foreclosure of its Leasehold Mortgage or as a result of the assignment of this Lease in lieu of foreclosure or otherwise, subsequent to such a foreclosure or assignment in lieu of foreclosure, and upon so becoming the legal owner and holder, the Leasehold Mortgagee or its successor or assignee or designee shall assume in writing the performance of, and be bound to perform, all of the terms, covenants or conditions on the part of Tenant under this Lease thereafter to be performed.

(ii) Whenever Tenant shall give a Leasehold Mortgage in accordance with the terms of this Lease, then so long as such Leasehold Mortgage shall remain unsatisfied of record, and such Leasehold Mortgagee shall have notified Landlord in writing of the name and post office address in the United States of America of at least one Person to whom any notices under Paragraph 16(b) below shall be given and provided Landlord with a copy of all documents

comprising such Leasehold Mortgage that are submitted for recording in the recorder's office (or in the case of any unrecorded Leasehold Mortgage, all mortgages, assignments of rents and similar instruments relating to such unrecorded Leasehold Mortgage) (any such Leasehold Mortgagee, a "Recognized Leasehold Mortgagee"), the provisions of Paragraph 16(b) below shall apply with respect to, and inure to the benefit of, such Recognized Leasehold Mortgagee.

(iii) If more than one Recognized Leasehold Mortgagee has exercised any of the rights afforded by Paragraph 16(b) hereof, only that Recognized Leasehold Mortgagee, to the exclusion of all other Recognized Leasehold Mortgagees, whose Leasehold Mortgage is most senior in Lien priority shall be recognized by Landlord as having ,exercised such right, for so long as such Recognized Leasehold Mortgagee shall be diligently exercising its rights under this Lease with respect thereto, and thereafter only the Recognized Leasehold Mortgagee whose Leasehold Mortgage is next most senior in Lien priority shall be recognized by Landlord, unless any such Recognized Leasehold Mortgagee shall have designated in writing a Recognized Leasehold Mortgagee whose Leasehold Mortgage is junior in Lien priority to exercise such right.

(b) (i) No cancellation, surrender and acceptance of surrender, modification or amendment of this Lease shall be binding upon any Recognized Leasehold Mortgagee, or affect the Lien of its Leasehold Mortgage, without the prior written consent of the Recognized Leasehold Mortgagee, and any such action taken without such Recognized Leasehold Mortgagee's consent shall not be binding on such Recognized Leasehold Mortgagee.

(ii) Landlord, upon serving Tenant any (A) notice of default under this Lease, (B) notice required to be delivered pursuant to Section 6(h), (C) notice required to be delivered pursuant to Section 6(i), or (D) notice in connection with the Purchase Option (any such notice, a "Required Notice"), shall at the same time serve a copy of any such Required Notice upon each Recognized Leasehold Mortgagee in the manner contemplated in Paragraph 22 of this Lease, and no such Required Notice shall be deemed to have been duly given to Tenant unless and until a copy thereof shall have been given to each Recognized Leasehold Mortgagee.

(iii) Upon the expiration of the period of time given to Tenant under the provisions of this Lease to remedy the default or cause it to be remedied or to cause action to remedy a default to be commenced, Landlord shall give each Recognized Leasehold Mortgagee notice (the "Cure Expiration Notice") of the expiration of such period specifying whether or not the default has been cured. Each Recognized Leasehold Mortgagee shall have the right, (x) during a period of forty-five (45) days after its receipt of the Cure Expiration Notice, in the case of a non-monetary default by Tenant under this Lease which is susceptible of a cure by the Recognized Leasehold Mortgagee (a "Curable Non-Monetary Default"), to remedy such default, cause it to be remedied or cause action to remedy such a default to be commenced and (y) during a period of thirty (30) days after its receipt of the Cure Expiration Notice, in the case of a default in the payment of Rent, to pay all amounts then in default hereunder. All costs and expenses incurred by Landlord in connection with Landlord's compliance with this Paragraph 16(b)(iii) shall be paid by Tenant to Landlord within thirty (30) days after Landlord's written demand therefor, which demand shall be accompanied by reasonable evidence of such costs and expenses.

(iv) With respect to each Recognized Leasehold Mortgagee, Landlord agrees that no default shall have occurred or be deemed to have occurred if (1) before the expiration of the thirty (30) day grace or cure period within which a default in the payment of Rent may be remedied by the Recognized Leasehold Mortgagee provided in Paragraph 16(b)(iii) above, the Recognized Leasehold Mortgagee, shall have paid to Landlord all Rent then in default and (2) in the case of any other default, provided that all Rent then in default hereunder shall have been paid within the period provided in Paragraph 16(b)(iii) hereof and all other Rent under this Lease that shall thereafter accrue shall have been paid within the period provided in Paragraph 16(b)(iii), within the forty-five (45) day grace or cure period set forth in Paragraph 16(b)(iii) hereof, a Recognized Leasehold Mortgagee, shall have cured or shall be engaged in curing all defaults hereunder and shall diligently complete such cure or comply with the provisions of this Paragraph 16(b)(iv) within the time periods set forth in this Paragraph 16(b)(iv). If such Recognized Leasehold Mortgagee shall (x) fail to cure (in the case of monetary defaults) or commence to cure (in the case of non-monetary defaults), to the extent such commencement is reasonably feasible under the circumstances, such default within the applicable cure period provided in the immediately preceding sentence or (y) notify Landlord, in writing, that it has relinquished its claims in respect of the Leased Premises or that it will not institute foreclosure proceedings, or, if such proceedings shall have been commenced, that it has discontinued such proceedings, Landlord shall have the right to take any action permitted under this Lease by reason of any default by Tenant unless Tenant shall have cured the default prior to Landlord's delivery to Tenant of notice of the termination of this Lease. Landlord shall accept performance by or on behalf of the Recognized Leasehold Mortgagee who has complied with the provisions of this Paragraph 16(b)

as if the same had been performed by Tenant.

(v) The parties acknowledge that there are certain types of defaults by Tenant under this Lease which a Recognized Leasehold Mortgagee may not be capable of curing (or commencing to cure) within the time periods specified above (including, without limitation, failure by Tenant to perform work required to be performed or acts required to be done or to correct conditions which violate Legal Requirements) and which may only be cured (or commence to be cured) if the Recognized Leasehold Mortgagee shall obtain possession of the Leased Premises ("Defaults Requiring Possession"). Anything herein contained to the contrary notwithstanding, upon the occurrence of any Default Requiring Possession, Landlord shall take no action to effect termination of this Lease (which right has been waived pursuant to Paragraph 40 below) without first giving each Recognized Leasehold Mortgagee, from and after the date that each Recognized Leasehold Mortgagee shall have received notice from Landlord that such a Default Requiring Possession has occurred, a reasonable time within which to institute, and thereafter diligently prosecute, steps to obtain possession of the Leased Premises and thereafter promptly commence and act diligently to cure such Default Requiring Possession (which period of time shall not be less than the period reasonably required by the Recognized Leasehold Mortgagee, with the exercise of reasonable diligence). Notwithstanding the foregoing, no Recognized Leasehold Mortgagee shall be obligated to continue such possession (once obtained) or to continue such foreclosure proceedings (once commenced) after any Default Requiring Possession shall have been cured.

(vi) In case of the termination of this Lease for any reason (including, without limitation, the rejection of this Lease in a bankruptcy proceeding), other than the expiration of this Lease by its terms, Landlord shall give prompt notice thereof to each

Recognized Leasehold Mortgagee. Such notice shall include a statement of all Rent which would then be due under this Lease but for such termination and all other defaults then known to Landlord. Landlord shall, on written request of the Recognized Leasehold Mortgagee, made at any time within thirty (30) days after the giving of such notice by Landlord, enter into a new lease of the Leased Premises (the "Replacement Lease") with such Recognized Leasehold Mortgagee, or its nominee or designee, within ninety (90) days after receipt of such request which Replacement Lease shall have the same Lien priority as this Lease and shall be effective as of the date of such termination of this Lease for the remainder of the Term, at the same rate of Rent, and upon the same terms, covenants, conditions and agreements as are herein contained; provided, however, that the Recognized Leasehold Mortgagee or its nominee or designee, as the case may be, shall (x) contemporaneously with the execution of a Replacement Lease, pay to Landlord the Rent which Landlord has specified as due in the notice given pursuant to this Paragraph 16(b)(vi) including any past due amounts, (y) at the time of the execution and delivery of the Replacement Lease, pay to Landlord any and all Rent which would have been due hereunder from the date of termination of this Lease (had this Lease not been terminated) to and including the date of the execution and delivery of the Replacement Lease, together with all actual and reasonable expenses, including, without limitation, reasonable attorneys' fees and disbursements incurred by Landlord in connection with the termination of this Lease and with the execution and delivery of the Replacement Lease, less the net amount of all sums received by Landlord from any occupants of any part or parts of the Leased Premises up to the date of the execution of the Replacement Lease (as such expenses are specified in writing by Landlord to the Recognized Leasehold Mortgagee), and (z) on or prior to the execution and delivery of the Replacement Lease, agree in writing that promptly following the execution and delivery of the Replacement Lease, such Recognized Leasehold Mortgagee, or its nominee or designee, as the case may be, will perform or cause to be performed all of the other covenants and agreements herein contained on Tenant's part to be performed which are susceptible of being cured by the Recognized Leasehold Mortgagee to the extent that Tenant shall have failed to perform the same to the date of execution and delivery of the Replacement Lease. Concurrently with the execution and delivery of the Replacement Lease, Landlord shall assign any insurance proceeds or condemnation awards then held by or payable to Landlord which Tenant would have been entitled to receive but for the termination of this Lease. Nothing herein contained shall be deemed to impose any obligation on the part of Landlord to deliver physical possession of the Leased Premises to the Recognized Leasehold Mortgagee, or its nominee or designee, unless Landlord at the time of the execution and delivery of the Replacement Lease shall have obtained physical possession thereof. Except as specifically set forth herein, until the Replacement Lease is executed and delivered by the Recognized Leasehold Mortgagee, or its nominee or designee, such Recognized Leasehold Mortgagee or, its nominee or designee, shall have no liability hereunder or under the Replacement Lease.

(vii) The name of any Recognized Leasehold Mortgagee shall be added as an additional named insured to any insurance carried by Tenant and shall be added to the loss payable endorsement and named as "mortgagee" on any and all fire and other casualty insurance polices carried by Tenant in respect of the Leased Premises to be paid to Tenant and/or the Recognized Leasehold Mortgagee pursuant to Section 15(d) above. The Recognized

Leasehold Mortgagee shall not be liable for the performance of Tenant's obligations under this Lease unless such Recognized Leasehold Mortgagee has succeeded to and has possession of the interest of Tenant under this Lease.

(c) Provided that (i) a Replacement Lease shall have been granted to a Recognized Leasehold Mortgagee, or any of its respective nominees or designees, pursuant to Paragraph 16(b) hereof or (ii) the Recognized Leasehold Mortgagee, or its nominee or designee, shall have become the legal owner and holder of Tenant's leasehold estate, by foreclosure or other legal proceedings, by assignment in lieu of foreclosure or otherwise, then the Recognized Leasehold Mortgagee, or any of its respective nominees or designees, shall be liable for the performance of all of Tenant's covenants under such Replacement Lease or this Lease, as the case may be, from and after the effective date of such Replacement Lease or such acquisition of such estate by foreclosure or other legal proceedings, assignment in lieu of foreclosure or otherwise; provided, however, that from and after the time that (A) (x) the Recognized Leasehold Mortgagee, or any of its nominees or designees, shall have assigned the leasehold estate of Tenant (in the event that the Recognized Leasehold Mortgagee, or any of its respective nominees or designees, shall have become the legal owner and holder of such estate) or the Replacement Lease (in the event that the Recognized Leasehold Mortgagee, or any of its respective nominees or designees, shall have been granted a Replacement Lease) and (y) such assignee shall have delivered to Landlord an agreement, in form reasonably acceptable to Landlord, pursuant to which the assignee assumes and agrees to perform all of the terms, covenants and conditions of this Lease or such Replacement Lease, as the case may be (including, without limitation, obligations thereunder that accrued prior to the date of such agreement), or (B) the Recognized Leasehold Mortgagee, or any of its nominees or designees, shall have abandoned the Leased Premises, the Recognized Leasehold Mortgagee, or any of its nominees or designees, shall be automatically and entirely released and discharged from the performance of all terms, covenants and conditions of Tenant under this Lease, or of the lessee under the Replacement Lease, as the case may be, thereafter accruing.

17. Assignment, Subleasing.

(a) Tenant may sublet the Leased Premises in whole or in part without the consent of Landlord, provided that, in such case, Tenant shall continue to be liable under this Lease. Tenant may assign its interest in this Lease without the consent of Landlord, provided that Lender's rights under the Loan and the documents evidencing and securing the Loan are assigned to said assignee or an affiliate of said assignee. In the case of such an assignment of Tenant's interest in this Lease, Tenant shall be released from all liability under this Lease that arises from and after the date of such assignment.

(b) Each sublease of the Leased Premises or any part thereof shall be subject and subordinate to the provisions of this Lease shall expire at least one (1) day prior to the term of this Lease. Upon Tenant's request, Landlord shall enter into a subordination, recognition and attornment agreement with a subtenant (which agreement shall be substantially in the form annexed hereto as Exhibit D (the "Recognition Agreement") and made a part hereof) with respect to each sublease. Landlord shall make such modifications to Exhibit D as a prospective subtenant may reasonably request, provided that such modifications do not decrease any rights or benefits, or increase any obligations, of Landlord, other than to a de minimis extent. All costs and expenses incurred by Landlord in connection with Landlord entering into a Recognition Agreement shall be paid by Tenant to Landlord within thirty (30) days after Landlord's written demand therefor, which demand shall be accompanied by reasonable evidence of such costs and expenses.

(c) Tenant agrees that in the case of an assignment, Tenant shall, within five (5) Business Days after the execution and delivery of any such assignment, deliver to Landlord (i) a duplicate original of such assignment in recordable form and (ii) an agreement executed and acknowledged by the assignee in recordable form wherein the assignee shall agree to assume and agree to observe and perform all of the terms and provisions of this Lease on the part of Tenant to be observed and performed from and after the date of such assignment, pursuant to an assumption agreement in form and substance reasonably satisfactory to Landlord.

18. Permitted Contests. Notwithstanding any provision of this Lease to the contrary, after prior written notice to Landlord, Tenant shall not be required to (i) pay any Tax, (ii) comply with any Legal Requirement, or (iii) discharge or remove any Lien, so long as Tenant shall contest, in good faith and at its expense, the existence, the amount or the validity thereof, the amount of the damages caused thereby, or the extent of Tenant's or Landlord's liability therefor, by appropriate proceedings which shall operate during the pendency thereof to prevent (v) the collection of, or other realization upon, the Tax or Lien so contested, (w) the sale, forfeiture or loss of any of the Leased Premises, any Basic Rent or any Additional Rent to satisfy the same or to pay any damages caused by the violation of the same, (x) any interference with the

use or occupancy of any of the Leased Premises, (y) any interference with the payment of any Basic Rent or any Additional Rent, and (z) the cancellation of any fire or other insurance policy. Tenant further agrees that each such contest shall be promptly and diligently prosecuted to a final conclusion, except that Tenant shall, so long as all of the conditions of the first sentence of this Paragraph 18 are at all times complied with, have the right to attempt to settle or compromise such contest through negotiations. Tenant shall pay any and all judgments, decrees and costs (including all attorneys' fees and expenses) in connection with any such contest, including those costs and expenses incurred by Landlord in connection therewith, and shall, promptly after the final determination of such contest, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, together with all penalties, fines, interest, costs and expenses thereof or in connection therewith, and perform all acts the performance of which shall be ordered or decreed as a result thereof.

19. Environmental Matters.

(a) Tenant shall, promptly after obtaining knowledge of any Environmental Matter, notify Landlord thereof. Landlord shall, promptly after obtaining knowledge of any Environmental Matter, notify Tenant thereof.

(b) In the event that (i) an Environmental Matter shall arise from and after the Commencement Date, (ii) such Environmental Matter relates to Hazardous Substances disposed of or released in, on or under the Leased Premises from and after the Commencement Date, (iii) Tenant shall thereafter fail to comply with an Environmental Law or the direction of an Environmental Agency with respect to such Environmental Matter, and (iv) such failure to comply shall result in a determination or judgment that (x) all or a portion of Landlord's interest in the Leased Premises shall be sold, forfeited, or lost, or (y) civil or criminal liability or penalty shall be imposed on Landlord, then, in such case, Landlord may, as Landlord's sole remedy in connection with such failure to comply, perform at the expense of Tenant such work as is necessary to comply with such Environmental Law or direction of an Environmental Agency. All costs and expenses incurred by Landlord in connection with such performance by Landlord

pursuant to this Paragraph 19(b) shall be paid by Tenant to Landlord within thirty (30) days after Landlord's written demand therefor, which demand shall be accompanied by reasonable evidence of such costs and expenses. In the event that Tenant shall fail to pay such costs and expenses within said 30-day period, Landlord's sole remedy in connection therewith shall be to deduct the unpaid amount, together with interest thereon at a rate of 12% per annum, from the next monthly installment of interest payable by Landlord to Lender under the Loan.

(c) Notwithstanding anything to the contrary contained in Paragraph 19(b) above, in no event shall Tenant have any responsibility or obligations to Landlord with respect to Environmental Matters that occurred or arose prior to the Commencement Date or Hazardous Substances disposed of or released in, on or under the Leased Premises prior to the Commencement Date.

20. Purchase Option.

(a) Subject to the terms of Paragraph 20(e) below, at any time from and after the tenth (10th) anniversary of the Commencement Date (the "Option Trigger Date"), Tenant shall have the right and option (the "Purchase Option") to purchase (at the time set forth in Paragraph 20(e) below), the entire Leased Premises at a purchase price (the "Purchase Price") that shall be an amount equal to the fair market value of the Leased Premises as of the date that Tenant shall have exercised the Purchase Option (such date, the "Exercise Date"). The fair market value of the Leased Premises pursuant to this Paragraph 20 shall be determined as of the Exercise Date by an appraiser selected by Tenant, who shall, in determining said fair market value, (i) take into account the existence of the Lease, (ii) deduct the transfer taxes payable by Tenant pursuant to Paragraph 20(b) below, (iii) deduct the amount of any brokerage commissions that would have been payable had the Leased Premises been sold to a third party, and (iv) use a discount rate equal to the sum of (A) 600 basis points, and (B) the higher of (x) the ten year Treasury note rate than in effect on the Exercise Date, and (y) the average ten year Treasury note rate in effect during the period beginning on the Commencement Date and ending on the Exercise Date. Subject to the terms of Paragraph 20(e) and Paragraph 20(f) below, the Purchase Option may be exercised only by Tenant giving Landlord written notice (the "Purchase Option Notice") at any time during the Term of Tenant's intention to exercise the Purchase Option pursuant to this Paragraph 20.

(b) Contemporaneously with the execution of this Lease, Landlord has delivered to Ledgewood Law Firm, P.C., as escrow agent ("Escrow Agent"), a deed in the form attached hereto as Exhibit C, executed and acknowledged on behalf of Landlord (the "Deed"), to be held in escrow by Escrow Agent until the occurrence of the events set forth in this Paragraph 20(b). If Tenant (or a Recognized Leasehold Mortgagee on behalf of Tenant) shall exercise the Purchase Option pursuant to Paragraph 20(a) above, then (i) upon the completion of the appraisal referred to in said Paragraph 20(a), Tenant shall

deliver a copy of said appraisal to Landlord and Escrow Agent, and (ii) on the Purchase Closing Date, (A) provided that the provisions of clause (i) and the other provisions of this clause (ii) are satisfied, Escrow Agent will be irrevocably authorized and required to release and record the Deed, notwithstanding Escrow Agent's receipt of any inconsistent, contrary or conflicting notice or instructions from Landlord (and Escrow Agent will not be authorized to deposit the Deed with any court or other governmental authority, or commence any interpleader or similar action, by reason of having received inconsistent,

contrary or conflicting notices or instructions from Landlord), (B) Landlord shall remove any Landlord Liens, (C) Landlord shall deliver to Tenant such title affidavits and other documents as are reasonably and customarily required by a nationally-recognized title insurance company selected by Tenant to insure fee title to the Leased Premises by an ALTA extended coverage owner's policy of title insurance without any exception for any Landlord Liens, (D) Tenant shall deliver to Landlord an amount equal to the Purchase Price, in cash, by good unendorsed certified or official bank check payable to the order of Landlord or its designee and drawn on a bank or trust company which is a member of the New York Clearinghouse Association, or, at Landlord's election, by wire transfer of immediately available federal funds to an account designated by Landlord, and (E) Landlord and Tenant shall execute such transfer tax forms as are required in order to transfer the Leased Premises in accordance with this Paragraph 20. Tenant shall pay all transfer, stamp or other similar taxes and all other closing costs attributable to the purchase and sale of the Leased Premises pursuant to this Paragraph 20; provided, however, that each of Landlord and Tenant shall pay their respective attorneys' fees and disbursements. This Lease shall be deemed terminated as of the Purchase Closing Date, and Landlord and Tenant shall have no further liability to one another under this Lease, except for those duties and obligations hereunder that (i) accrue prior to the date of such termination, or (ii) expressly survive the expiration or early termination of this Lease. Landlord shall refund to Tenant any prepaid Rent allocable to any period after the date of such termination.

(c) In the event that Tenant shall not exercise the Purchase Option, Escrow Agent shall destroy the Deed on the Expiration Date. Upon the release of the Deed pursuant to Paragraph 20(b) or the destruction of the Deed pursuant to this Paragraph 20(c), Escrow Agent shall be relieved and discharged of all responsibilities and liabilities with respect thereto, and shall not be subject to any claims made by or on behalf of Tenant or Landlord. Landlord and Tenant agree to indemnify and hold the Escrow Agent harmless from any and all liability, costs, expenses (including reasonable attorney fees and disbursements), damages, actions or other charges which may be imposed upon, or incurred by, the Escrow Agent in connection with the performance of its duties hereunder, except with respect to any liability, cost and expense incurred as a result of the Escrow Agent's willful misconduct or gross negligence. The foregoing provisions shall survive the expiration or any sooner termination of this Lease.

(d) The closing of the transaction contemplated by this Paragraph 20 (the "Purchase Closing") shall occur on the date that shall be the later to occur of (i) the Option Trigger Date, and (ii) thirty (30) days after the completion of the appraisal pursuant to Paragraph 20(a) above; provided, however, that if Landlord is unable to remove any Landlord Liens, Landlord, in order to attempt to remove such Landlord Liens, may adjourn the Purchase Closing to a date no later than thirty (30) days following the scheduled date of the Purchase Closing. Promptly after Landlord shall have removed all such Landlord Liens, if any, Landlord shall reschedule the date of the Purchase Closing, upon at least three (3) business days prior notice to Tenant. The actual date of the Purchase Closing is the "Purchase Closing Date".

(e) Notwithstanding anything to the contrary contained in Paragraph 20(a) above, the Purchase Option shall be immediately exercisable from and after the date that, and the Option Trigger Date shall be deemed to be the date that:

(i) any of SPSP, Passyunk or 24th Street shall (w) voluntarily be adjudicated a bankrupt or insolvent, (x) consent to the appointment of a receiver or trustee for itself or for Landlord's interest in any of the Leased Premises, (y) file a petition seeking relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, or (z) make a general assignment for the benefit of creditors;

(ii) a court shall enter an order, judgment or decree appointing a receiver or trustee for any of SPSP, Passyunk or 24th Street, or for Landlord's interest in any of the Leased Premises or approving a petition filed against any of SPSP, Passyunk or 24th Street which seeks relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, and such order, judgment or decree shall remain in force, undischarged or unstayed, sixty days after it is entered;

(iii) any of SPSP, Passyunk or 24th Street shall in any insolvency proceedings be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution;

(iv) the estate or interest of any of SPSP, Passyunk or 24th Street in any of the Leased Premises shall be levied upon or attached in any proceeding and such estate or interest is about to be sold or transferred or such process shall not be vacated or discharged within sixty (60) days after such levy or attachment;

(v) The last of Gary Erlbaum, Steven Erlbaum and Daniel Neducsin shall die;

(vi) Landlord shall receive an Offer, and Landlord shall desire to pursue the good faith negotiation of such Offer; provided, however, that Tenant shall be required to exercise the Purchase Option in accordance with the provisions of Paragraph 6(h) above; or

(vii) Landlord shall desire to sell the Leased Premises; provided, however, that Tenant shall be required to exercise the Purchase Option in accordance with the provisions of Paragraph 6(i) above.

(f) Notwithstanding the provisions of the last sentence of Paragraph 20(a) above, Landlord acknowledges that a Recognized Leasehold Mortgagee shall be permitted to exercise the Purchase Option on behalf of Tenant, if and to the extent that such right is given to such Recognized Leasehold Mortgagee under the Recognized Leasehold Mortgage Documents, and Landlord agrees to recognize the exercise of the Purchase Option on behalf of Tenant by such Recognized Leasehold Mortgagee.

21. Notices. All notices, requests, demands and other communications provided for by this Agreement shall be (a) in writing, (b) sent either by hand delivery service or by same day or overnight recognized commercial courier service, addressed to the address of the parties stated below or to such changed address as such party may have fixed by notice, and (c) deemed to have been delivered on the date of receipt thereof (or the date that such receipt is refused, if applicable), to the addresses stated below:

To Landlord:	c/o Greentree Properties Corporation 44 West Lancaster Avenue, Suite 110 Ardmore, Pennsylvania 19003 Attention: Mr. Gary E. Erlbaum
with a copy to:	Greentree Properties Corporation 44 West Lancaster Avenue, Suite 110 Ardmore, Pennsylvania 19003 Attention: William Frutkin, Esq.
with a copy to:	Ledgewood Law Firm, P.C. 1521 Locust Street Philadelphia, Pennsylvania 19102 Attention: Richard Abt, Esq.
To Tenant:	Cedar-South Philadelphia I, LLC 44 South Bayles Avenue Port Washington, New York 11050 Attention: Leo S. Ullman
with a copy to:	Stroock & Stroock & Lavan LLP 180 Maiden Lane New York, New York 10038-4982 Attention: Mark A. Levy, Esq.
with a copy to:	each Recognized Leasehold Mortgagee in accordance with the directions provided by such Recognized Leasehold Mortgagee pursuant to Paragraph 16(a)(ii) above

For the purposes of this Paragraph 21, any party may substitute its address by giving fifteen days' notice to the other party in the manner provided above.

22. Memorandum of Lease; Estoppel Certificates. Tenant shall have the right to require Landlord to execute, deliver and record, file or register from time to time all such instruments as may be required by any present or future law in order to evidence the respective interests of Landlord and Tenant in any of the Leased Premises, and shall have the right to cause a memorandum of this Lease, and any supplement hereto or to such other instrument, if any, as may be appropriate, to be recorded, filed or registered and re-recorded, refiled or re-registered in such manner and in such places as may be required by any present or future law in order to give public notice and protect the validity of this Lease. In the event of any discrepancy between the provisions of said recorded memorandum of this Lease or any other recorded instrument referring to this Lease and the provisions of this Lease, the provisions of this Lease shall

prevail. Landlord shall, at any time and from time to time, upon not less than twenty days' prior written request by Tenant or any Recognized Leasehold Mortgagee, execute, acknowledge and deliver to Tenant and/or such Recognized Leasehold Mortgagee a statement in writing, executed by

Landlord, and Tenant shall, at any time and from time to time, upon not less than twenty days' prior written request by Landlord, execute, acknowledge and deliver to Landlord a statement in writing, executed by Tenant certifying (i) that this Lease is unmodified and in full effect (or, if there have been modifications, that this Lease is in full effect as modified, setting forth such modifications), (ii) the dates to which Basic Rent payable hereunder has been paid, (iii) that to the knowledge of the party executing such certificate no default by either Landlord or Tenant exists hereunder or specifying each such of which such party may have knowledge; (iv) the remaining Term hereof; (v) with respect to a certificate signed by Tenant, that to the knowledge of the party executing such certificate, there are no proceedings pending or threatened against Tenant before or by any court or administrative agency which if adversely decided would materially and adversely affect the financial condition and operations of Tenant or if any such proceedings are pending or threatened to said party's knowledge, specifying and describing the same; and (vi) with respect to a certificate signed by Landlord, any other provisions reasonably requested by Tenant or any Recognized Leasehold Mortgagee. It is intended that any such statements may be relied upon by the recipient of such statements or their assignees or by any actual or prospective mortgagee, purchaser, assignee or subtenant of the Leased Premises.

23. Surrender and Holding Over.

(a) Upon the expiration or earlier termination of this Lease, Tenant shall peaceably leave and surrender the Leased Premises (except as to any portion thereof with respect to which this Lease has previously terminated) to Landlord in the same condition in which the Leased Premises were originally received from Landlord at the commencement of this Lease, except as to any repair or Alteration as permitted or required by any provision of this Lease, and except for ordinary wear and tear and damage by fire, casualty or condemnation but only to the extent Tenant is not required to repair the same hereunder. Tenant may remove at Tenant's sole cost and expense from the Leased Premises on or prior to such expiration or earlier termination Tenant's Trade Fixtures and personal property which are owned by Tenant or third parties other than Landlord, and Tenant at its expense shall, on or prior to such expiration or earlier termination, repair any damage caused by such removal. Tenant's Trade Fixtures and personal property not so removed at the end of the Term or within thirty days after the earlier termination of the Term for any reason whatsoever shall become the property of Landlord, and Landlord may thereafter cause such property to be removed from the Leased Premises. Landlord shall not in any manner or to any extent be obligated to reimburse Tenant for any property which becomes the property of Landlord as a result of such expiration or earlier termination. Upon such expiration or earlier termination, no party shall have any further rights or obligations hereunder except as specifically provided herein.

(b) Any holding over by Tenant of the Leased Premises after the expiration or earlier termination of the term of this Lease or any extensions thereof, with or without the consent of Landlord, shall operate and be construed as tenancy from month to month only, at one hundred percent (100%) of the Basic Rent and Additional Rent reserved herein and upon the same terms and conditions as contained in this Lease.

24. No Merger of Title. There shall be no merger of this Lease nor of the leasehold estate created by this Lease with the fee estate in or ownership of any of the Leased Premises by reason of the fact that the same person, corporation, firm or other entity may acquire or hold or

own, directly or indirectly, (i) this Lease or the leasehold estate created by this Lease or any interest in this Lease or in such leasehold estate and (ii) the fee estate or ownership of any of the Leased Premises or any interest in such fee estate or ownership. No such merger shall occur unless and until (x) all persons, corporations, firms and other entities having any interest in this Lease or the leasehold estate created by this Lease, including, without limitation, any Recognized Leasehold Mortgagees, and (y) all persons, corporations, firms and other entities having any interest in the fee estate in or ownership of the Leased Premises or any part thereof sought to be merged, including, without limitation, any Fee Mortgagees, shall join in a written instrument effecting such merger and shall duly record the same.

25. Exculpation.

(a) Anything contained herein to the contrary notwithstanding, neither Landlord nor Landlord's partners, shareholders, officers or directors shall have any personal liability hereunder, and any claim based on or in respect of any liability of Landlord under this Lease shall be

enforced only against Landlord's interest in the Leased Premises and shall not be enforced against Landlord or Landlord's partners, shareholders, officers or directors individually or personally.

(b) Anything contained herein to the contrary notwithstanding, neither Tenant nor Tenant's partners, shareholders, officers or directors shall have any personal liability hereunder, and any claim based on or in respect of any liability of Tenant under this Lease shall be enforced only against Tenant's interest in the Leased Premises and shall not be enforced against Tenant or Tenant's partners, shareholders, officers or directors individually or personally.

26. No Usury. The intention of the parties being to conform strictly to the usury laws now in force in the State, whenever any provision herein provides for payment by Tenant to Landlord of interest at a rate in excess of the legal rate permitted to be charged, such rate herein provided to be paid shall be deemed reduced to such legal rate.

27. Broker. Landlord and Tenant represent and warrant to each other that neither party negotiated with any broker in connection with this Lease other than Fameco of Conshohocken, PA (the "Broker"). Tenant agrees to pay any commission payable to the Broker in connection with this Lease by separate agreement. Each party hereby agrees to indemnify the other against all claims, damages, costs and expenses incurred by the indemnified party as a result of the breach of the foregoing representation or warranty by the indemnifying party.

28. Waiver of Landlord's Lien. Landlord hereby waives any right to distrain Trade Fixtures or any property of Tenant and any Landlord's lien or similar lien upon Trade Fixtures and any other property of Tenant regardless of whether such lien is created or otherwise. Landlord agrees, at the request of Tenant, to execute a waiver of any Landlord's or similar lien for the benefit of any present or future holder of a security interest in or lessor of any of Trade Fixtures or any other personal property of Tenant. Landlord acknowledges and agrees in the future to acknowledge (in a written form reasonably satisfactory to Tenant) to such persons and entities at such times and for such purposes as Tenant may reasonably request that Trade Fixtures are Tenant's property and not part of Improvements (regardless of whether or to what

extent such Trade Fixtures are affixed to the Improvements) or otherwise subject to the terms of this Lease.

29. No Waiver. No delay or failure by either party to enforce its rights hereunder shall be construed as a waiver, modification or relinquishment thereof.

30. Separability. If any term or provision of this Lease or the application thereof to any provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid and unenforceable, the remainder of this Lease, or the application of such term or provision to person or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and shall be enforced to the extent permitted by law.

31. Indemnification. Except with respect to Environmental Matters, which shall be governed by Paragraph 19 above, Tenant agrees to defend, pay, protect, indemnify, save and hold harmless Landlord from and against any and all liabilities, losses, damages, penalties, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, suits, claims, demands or judgments of any nature whatsoever, howsoever caused, arising during the Term from any of the Leased Premises or Adjoining Land or the use, non-use, occupancy, condition, design, construction, maintenance, repair or rebuilding during the Term of any of or otherwise relating to the Leased Premises or Adjoining Land, and any injury to or death of any person or persons or any loss of or damage to any property, real or personal, in any manner arising therefrom connected therewith or occurring thereon (collectively, "Losses"). In case any action or proceeding is brought against Landlord by reason of any such Loss, Tenant covenants to defend Landlord in such action, with the expenses of such defense paid by Tenant, and Landlord will cooperate and assist in the defense of such action or proceeding if reasonably requested so to do by Tenant. The obligations of Tenant under this Paragraph 31 shall survive any termination of this Lease with respect to Losses identified in reasonable detail, by the Claim Deadline, as defined below, of the intent to make a claim upon Tenant under such indemnity. The "Claim Deadline" shall be the date that is thirty (30) days after the later of (i) the expiration of the period during which such third party claim may be brought under the applicable statute of limitations or (ii) the date which is two (2) years after the expiration or earlier termination of this Lease.

32. Joint and Several. The liability of Landlord under this Lease shall be shared jointly and severally among SPSP, Passyunk and 24th Street.

33. Headings. The paragraph headings in this Lease are used only for convenience in finding the subject matters and are not part of this Lease or

to be used in determining the intent of the parties or otherwise interpreting this Lease.

34. Modifications. This Lease may be modified, amended, discharged or waived only by an agreement in writing signed by the party against whom enforcement of any such modification, amendment, discharge or waiver is sought.

35. Successors, Assigns. The covenants of this Lease shall run with the Land and bind Tenant, the heirs, distributees, personal representatives, successors and permitted assigns of Tenant and all present and subsequent encumbrancers and subtenant, of any of the Leased

Premises, and shall inure to the benefit of and bind Landlord, its successors and assigns. In the event there is more than one Tenant, the obligation of each shall be joint and several. The term "Tenant" as used in this lease shall include Tenant and its successors or assigns.

36. Counterparts. This Lease may be executed in several counterparts, which together shall be deemed one and the same instrument.

37. Governing Law. This Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to principles of conflicts of law. With respect to any claim or action arising hereunder, each party (a) irrevocably submits to the exclusive jurisdiction of the courts of the Commonwealth of Pennsylvania and the United States District Court located in Philadelphia County, and appellate courts from any thereof, and (b) irrevocably waives any objection which it may have at any time to the laying on venue of any suit, action or proceeding arising out of or relating to this Lease brought in any such court, irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

38. Attorneys' Fees. In the event either party to this Lease shall be required to commence or defend any action or proceeding against any other party to this Lease by reason of any breach or claimed breach of any provision of this Lease, to commence or defend any action or proceeding in any way connected with this Lease, or to seek a judicial declaration of rights under this Lease, the party prevailing in such action or proceeding shall be entitled to recover from or be reimbursed by the other party for the prevailing party's reasonable and actual attorneys' fees and costs through all levels of proceedings. The identity of the "prevailing party" for purposes of this provision shall be deemed at issue in any such action or proceeding and shall be established by the trier of fact therein.

39. Priority. Any Fee Mortgage shall be subject and subordinate to this Lease and any Replacement Lease.

40. Waiver of Termination Right. Landlord hereby waives any rights it may have under this Lease, at law or in equity to terminate this Lease for any reason, including by reason of a default by Tenant hereunder. Nothing contained in this Paragraph 40 shall be deemed to prevent a termination of the Lease in connection with the purchase of the Leased Premises pursuant to Paragraph 20 above or the natural expiration of this Lease by its terms.

IN WITNESS WHEREOF, Landlord and Tenant have caused this instrument to be executed under seal as of the day and year first above written.

LANDLORD:

SPSP Corporation

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Passyunk Supermarket, Inc.

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Twenty Fourth Street Passyunk Partners, L.P.

By: Twenty Fourth Street Passyunk Corporation, its general partner

By: /s/ Marc Erlbaum

    Name: Marc N. Erlbaum
    Title: President

TENANT:

Cedar-South Philadelphia I, LLC

By: /s/ Brenda J. Walker

    Name: Brenda J. Walker
    Title: Vice President

PROMISSORY NOTE

$39,000,000.00 As of October 31, 2003

FOR VALUE RECEIVED SPSP Corporation, a Pennsylvania corporation, having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003 ("SPSP"), Passyunk Supermarket, Inc., a Pennsylvania corporation, having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003 ("Passyunk"), and Twenty Fourth Street Passyunk Partners, L.P., a Pennsylvania limited partnership, having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003 ("24th Street"; SPSP, Passyunk and 24th Street are collectively referred to herein as "Borrower), as maker, hereby unconditionally promises to pay to the order of Cedar-South Philadelphia II, LLC, a Delaware limited liability company, having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Lender"), or at such other place as the holder hereof may from time to time designate in writing, the principal sum of THIRTY-NINE MILLION AND 00/100 DOLLARS ($39,000,000), in lawful money of the United States of America with interest thereon to be computed from the date of this Note at the Applicable Interest Rate (defined below), and to be paid in installments as provided herein.

1. CERTAIN DEFINED TERMS

As used herein the following terms shall have the meanings set forth below:

(a) "Applicable Interest Rate" shall mean an interest rate equal to 5.5% per annum.

(b) "Constant Monthly Payment" shall mean a payment equal to the lesser of (i) $178,750.00, and (ii) Available Cash (as defined in the Net Lease), subject to reduction in accordance with Section 3.2 or Section 3.3 of the Security Instrument, and provided that, from and after the date that a Recognized Leasehold Mortgagee (as defined in the Net Lease) shall accelerate the repayment of a loan secured by a Recognized Leasehold Mortgage (as defined in the Net Lease), the Constant Monthly Payment shall be reduced to One Dollar and 00/100 ($1.00).

(c) "Loan" shall mean the loan evidenced by this Note.

(d) "Loan Documents" shall mean this Note, the Security Instrument, and any other documents or instruments which now or shall hereafter wholly or partially secure or guarantee payment of this Note or which have otherwise been executed by Borrower and/or any other person in connection with the Loan.

(e) "Initial Maturity Date" shall mean October 31, 2013, as the same may be extended pursuant to Section 3 below.

(f) "Maturity Date" shall mean the earlier to occur of (i) the Initial Maturity Date, and (ii) in the event that the tenant under the Net Lease (as defined in the Security Instrument) shall exercise the purchase option pursuant to the terms of the Net Lease, the date on which the Property shall be conveyed to the tenant under the Net Lease pursuant to said purchase option.

(g) "Monthly Payment Date" shall mean the first day of each calendar month prior to the Maturity Date commencing on (i) the first day of the next succeeding calendar month after the date hereof if this Note is dated as of the first day of a month, and (ii) the first day of the second succeeding calendar month after the date hereof if this Note is dated as of a date other than the first day of a month.

(h) "Security Instrument" shall mean the Open-End Mortgage and Security Agreement dated the date hereof in the principal sum of $39,000,000 given by Borrower to (or for the benefit of) Lender covering the fee estate of Borrower in certain premises located in Philadelphia County, State of Pennsylvania, and other property, as more particularly described therein (collectively, the "Property").

2. PAYMENT TERMS

If this Note is dated as of the first day of a calendar month, a payment shall be due from Borrower to Lender on the date hereof on account of all interest scheduled to accrue on the principal sum from and after the date hereof through and including the last day of the current calendar month. If this Note is dated as of a date other than the first day of a calendar month, a payment shall be due from Borrower to Lender on the date hereof on account of all interest scheduled to accrue on the principal sum from and after the date hereof through and including the last day of the next succeeding calendar month after the date hereof. The Constant Monthly Payment shall be due from Borrower to Lender on each Monthly Payment Date, with each Constant Monthly Payment to be applied to the payment of interest scheduled to accrue during the next succeeding calendar month computed at the Applicable Interest Rate. The balance of the principal sum and all interest thereon shall be due and payable on the

Maturity Date. If the Maturity Date shall be other than a Monthly Payment Date, interest on the principal sum of this Note shall be prorated based on a 30-day month.

3. EXTENSION OF INITIAL MATURITY DATE

Lender will grant one or more requests to extend the Initial Maturity Date, provided that (a) there exists no Event of Default under the Security Instrument, (b) Borrower shall submit such request at least thirty (30) days prior to the then Initial Maturity Date, and (c) in no event shall the Initial Maturity Date be extended to a date that shall be later than September 30, 2033.

4. DEFAULT INTEREST

Borrower does hereby agree that upon the occurrence of an Event of Default (as defined in the Security Instrument), Lender shall be entitled to receive and Borrower shall pay interest on the entire unpaid principal sum at a rate (the "Default Rate") equal to (i) the Applicable Interest Rate plus four percent (4%) or (ii) the maximum interest rate that Borrower may by law pay, whichever is lower. The Default Rate shall be computed from the occurrence of the Event of Default until the earlier of the date upon which the Event of Default is cured or the date upon which the Debt is paid in full. Interest calculated at the Default Rate shall be added to the Debt, and shall be deemed secured by the Security Instrument. This clause, however, shall not be construed as an agreement or privilege to extend the date of the payment of the Debt, nor as a

waiver of any other right or remedy accruing to Lender by reason of the occurrence of any Event of Default.

5. PREPAYMENT

Borrower shall have the right to prepay all or any portion of the unpaid principal balance of this Note at any time.

6. SECURITY

This Note is secured by the Security Instrument and the other Loan Documents. The Security Instrument is intended to be duly recorded in the public records of the county where the Property is located. All of the terms, covenants and conditions contained in the Security Instrument and the other Loan Documents are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein.

7. SAVINGS CLAUSE

This Note is subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance due hereunder at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the maximum interest rate which Borrower is permitted by applicable law to contract or agree to pay. If by the terms of this Note, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of such maximum rate, the Applicable Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the Debt, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Note until payment in full so that the rate or amount of interest on account of the Debt does not exceed the maximum lawful rate of interest from time to time in effect and applicable to the Debt for so long as the Debt is outstanding.

8. NO ORAL CHANGE

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

9. JOINT AND SEVERAL LIABILITY

If Borrower consists of more than one person or party, the obligations and liabilities of each person or party shall be joint and several.

10. WAIVERS

(a) Borrower and all others who may become liable for the payment

of all or any part of the Debt do hereby severally waive presentment and demand for payment, notice of dishonor, protest and notice of protest and non-payment and all other notices of any kind. No release of any security for the Debt or extension of time for payment of this Note or any installment hereof, and no alteration, amendment or waiver of any provision of this Note, the Security Instrument or the other Loan Documents made by agreement between Lender or any other person or party shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Borrower, and any other person or entity who may become liable for the payment of all or any part of the Debt, under this Note, the Security Instrument or the other Loan Documents. No notice to or demand on Borrower shall be deemed to be a waiver of the obligation of Borrower or of the right of Lender to take further action without further notice or demand as provided for in this Note, the Security Instrument or the other Loan Documents. In addition, acceptance by Lender of any payment in an amount less than the amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be an Event of Default. If Borrower is a partnership, the agreements herein contained shall remain in force and applicable, notwithstanding any changes in the individuals comprising the partnership, and the term "Borrower," as used herein, shall include any alternate or successor partnership, but any predecessor partnership and their partners shall not thereby be released from any liability. If Borrower is a corporation or limited liability company, the agreements contained herein shall remain in full force and applicable notwithstanding any changes in the shareholders or members comprising, or the officers and directors or managers relating to, the corporation or limited liability company, and the term "Borrower" as used herein, shall include any alternative or successor corporation or limited liability company, but any predecessor corporation or limited liability company shall not be relieved of liability hereunder. (Nothing in the foregoing sentence shall be construed as a consent to, or a waiver of, any prohibition or restriction on transfers of interests in a partnership, corporation or limited liability company which may be set forth in the Security Instrument or any other Loan Document.)

(b) Borrower hereby waives and releases all errors, defects and imperfections in any proceedings instituted by Lender under the terms of this Note or of the Security Instrument or the other Loan Documents, as well as all benefits that might accrue to Borrower by virtue of any present or future laws exempting any of the property covered by the Security Instrument or the other Loan Documents or any other property, real or personal, or any part of the proceeds arising from any sale of such property, from attachment, levy or sale under execution or providing for any stay of execution, exemption from civil process or extension of time for payment, as well as the right of inquisition on any real estate that may be levied upon under a judgment obtained by virtue hereof, and Borrower hereby voluntarily condemns the same and authorizes the entry of such voluntary condemnation on any writ of execution issued thereon, and agrees that such real estate may be sold upon any such writ in whole or in part in any order desired by Lender.

11. TRANSFER

Upon the transfer of this Note in accordance with Section 15.1 of the Security Instrument, Lender may deliver all the collateral mortgaged, granted, pledged or assigned pursuant to the

Security Instrument and the other Loan Documents, or any part thereof, to the transferee who shall thereupon become vested with all the rights herein or under applicable law given to Lender with respect thereto, and Lender shall thereafter forever be relieved and fully discharged from any liability or responsibility in the matter; but Lender shall retain all rights hereby given to it with respect to any liabilities and the collateral not so transferred.

12. WAIVER OF TRIAL BY JURY

BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN, THE APPLICATION FOR THE LOAN, THIS NOTE, THE SECURITY INSTRUMENT OR THE OTHER LOAN DOCUMENTS OR ANY ACTS OR OMISSIONS OF LENDER, ITS OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS IN CONNECTION THEREWITH.

13. EXCULPATION

(a) Lender shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in this Note or the Security Instrument by any action or proceeding wherein a money judgment shall be sought against Borrower (or its partners, shareholders, officers or directors), except only that Lender may bring a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Lender to enforce and realize upon this Note, the Security Instrument, the other Loan Documents, and the interest in the Property, the Rents (as defined in the Security Instrument) and any other collateral given to Lender created by this Note, the Security Instrument and the other Loan Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against

Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Lender. Lender, by accepting this Note and the Security Instrument, agrees that it shall not sue for, seek or demand any deficiency judgment against Borrower (or its partners, shareholders, officers or directors) in any such action or proceeding, under or by reason of or under or in connection with this Note, the other Loan Documents or the Security Instrument. The provisions of this Article shall not, however, (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Note, the other Loan Documents or the Security Instrument; (ii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under the Security Instrument; (iii) affect the validity or enforceability of any indemnity, guaranty, master lease or similar instrument made in connection with this Note, the Security Instrument, or the other Loan Documents; (iv) impair the right of Lender to obtain the appointment of a receiver; (v) impair the enforcement of the Assignment of Leases and Rents executed in connection herewith; or (vi) impair the right of Lender to obtain a deficiency judgment or judgment on the Note against Borrower if necessary to obtain any insurance proceeds or condemnation awards to which Lender would otherwise be entitled under the Security Instrument; provided however, Lender shall only enforce such judgment against the insurance proceeds and/or condemnation awards.

(b) Nothing herein shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provisions of the U.S. Bankruptcy Code to file a claim for the full amount of the Debt or to require that all collateral shall continue to secure all of the Debt owing to Lender in accordance with this Note, the Security Instrument and the other Loan Documents.

14. AUTHORITY

Borrower (and the undersigned representative of Borrower, if any) represents that Borrower has full power, authority and legal right to execute and deliver this Note, the Security instrument and the other Loan Documents and that this Note, the Security Instrument and the other Loan Documents constitute valid and binding obligations of Borrower.

15. APPLICABLE LAW

This Note shall be governed, construed, applied and enforced in accordance with the laws of the state in which the Property is located and the applicable laws of the United States of America.

16. COUNSEL FEES

In the event that it should become necessary to employ counsel to collect the Debt or to protect or foreclose the security therefor, Borrower also agrees to pay all reasonable fees and expenses of Lender, including, without limitation, reasonable attorney's fees for the services of such counsel whether or not suit be brought.

17. NOTICES

All notices, requests, demands and other communications provided for by this Agreement shall be (a) in writing, (b) sent either by hand delivery service or by same day or overnight recognized commercial courier service, addressed to the address of the parties stated below or to such changed address as such party may have fixed by notice, and (c) deemed to have been delivered on the date of receipt thereof (or the date that such receipt is refused, if applicable), addressed as follows:

If to Borrower: c/o Greentree Properties Corporation
44 West Lancaster Avenue, Suite 110
Ardmore, Pennsylvania 19003
Attention: Mr. Gary E. Erlbaum

With a copy to: Ledgewood Law Firm, P.C.
1521 Locust Street
Philadelphia, Pennsylvania 19102
Attention: Richard Abt, Esq.

If to Lender: c/o Cedar Income Fund, Ltd.
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Mr. Leo S. Ullman

With a copy to: Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038
Attention: Mark A. Levy, Esq.

or addressed as such party may from time to time designate by written notice to the other parties.

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

"Business Day" shall mean a day upon which commercial banks are not authorized or required by law to close in Philadelphia, Pennsylvania.

18. MISCELLANEOUS

(a) Wherever pursuant to this Note (i) Lender exercises any right given to it to approve or disapprove, (ii) any arrangement or term is to be satisfactory to Lender, or (iii) any other decision or determination is to be made by Lender, the decision of Lender to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Lender, shall be in the sole and absolute discretion of Lender and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

(b) Whenever used, the singular shall include the plural, the plural shall include the singular, and the words "Lender" and "Borrower" shall include their respective successors, assigns, heirs, executors and administrators.

IN WITNESS WHEREOF, Borrower has duly executed this Note as of the day and year first above written.

SPSP Corporation

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Passyunk Supermarket, Inc.

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Twenty Fourth Street Passyunk Partners, L.P.

By: Twenty Fourth Street Passyunk Corporation, its general partner

By: /s/ Marc Erlbaum

Name: Marc N. Erlbaum
Title: President

ACKNOWLEDGEMENTS

STATE OF PENNSYLVANIA)
) ss.:
COUNTY OF MONTGOMERY)

AND NOW, this 24th day of October, 2003 before me, the undersigned Notary Public, personally appeared Gary Erlbaum, who acknowledged himself/herself to be the President of SPSP CORPORATION, a Pennsylvania corporation, and that he/she, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as President.

IN WITNESS WHEREOF, I hereunder set my hand and official seal.

/s/

Notary Public

My commission expires:

STATE OF PENNSYLVANIA)
) ss.:
COUNTY OF MONTGOMERY)

AND NOW, this 24th day of October, 2003 before me, the undersigned Notary Public, personally appeared Gary Erlbaum, who acknowledged himself/herself to be the President of PASSYUNK SUPERMARKET, INC., a Pennsylvania corporation, and that he/she, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as President.

IN WITNESS WHEREOF, I hereunder set my hand and official seal.

/s/

Notary Public

My commission expires:

STATE OF PENNSYLVANIA)
) ss.:
COUNTY OF MONTGOMERY)

AND NOW, this 24th day of October, 2003 before me, the undersigned Notary Public, personally appeared Marc Erlbaum, who acknowledged himself/herself to be the President of TWENTY FOURTH STREET PASSYUNK CORPORATION, the general partner of TWENTY FOURTH STREET PASSYUNK PARTNERS, L.P., a Pennsylvania limited partnership, and he/she, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunder set my hand and official seal.

/s/

Notary Public

My commission expires:

SPSP Corporation,
Passyunk Supermarket, Inc.,
and
Twenty Fourth Street Passyunk Partners,
L.P.,
(Borrower)

to

Cedar-South Philadelphia II, LLC
(Lender)

OPEN-END MORTGAGE AND SECURITY AGREEMENT

Dated: October 24, 2003 and

made effective
As of October 31, 2003

Location: 2301-11 Oregon Avenue,
Philadelphia, Pennsylvania

2300 W. Passyunk Avenue,
Philadelphia, Pennsylvania

UPON RECORDATION RETURN TO:

Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038-4982

Attention: Mark A. Levy, Esq.

THIS INSTRUMENT SECURES THE FUTURE ADVANCES UP TO A MAXIMUM PRINCIPAL AMOUNT OF $39,000,000.00 PLUS ACCRUED INTEREST AND OTHER INDEBTEDNESS AS DESCRIBED IN PENNSYLVANIA ACT NO. 42 PA. C.S.A. SECTION 8143

THIS OPEN-END MORTGAGE AND SECURITY AGREEMENT (this "Security Instrument") is dated October 24, 2003 and made as of the 31st day of October, 2003, by SPSP Corporation, a Pennsylvania corporation, having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003 ("SPSP"), Passyunk Supermarket, Inc., a Pennsylvania corporation, having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003 ("Passyunk"), and Twenty Fourth Street Passyunk Partners, L.P., a Pennsylvania limited partnership, having an office at 44 West Lancaster Avenue, Suite 110, Ardmore, Pennsylvania 19003 ("24th Street"; SPSP, Passyunk and 24th Street are collectively referred to herein as "Borrower") to Cedar-South Philadelphia II, LLC, a Delaware limited liability company, having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Lender").

RECITALS:

Borrower by its promissory note of even date herewith given to Lender is indebted to Lender in the principal sum of THIRTY-NINE MILLION AND 00/100 DOLLARS ($39,000,000) in lawful money of the United States of America (the note together with all extensions, renewals, modifications, substitutions and amendments thereof shall collectively be referred to as the "Note"), with interest from the date thereof at the rates set forth in the Note, principal and interest to be payable in accordance with the terms and conditions provided in the Note.

Borrower desires to secure the payment and performance of the Obligations (as defined in Section 2.1 hereof).

1 - GRANTS OF SECURITY

1.1 PROPERTY MORTGAGED. Borrower does hereby irrevocably mortgage, grant, bargain, sell, pledge, assign, warrant, transfer and convey to Lender, and grant a security interest to Lender in, the following property, rights, interests and estates now owned, or hereafter acquired, by Borrower (collectively, the "Property"): (a) the real property described in Exhibit A attached hereto and made a part hereof (the "Land"); (b) all additional lands, estates and development rights hereafter acquired by Borrower for use in connection with the Land and the development of the Land and all additional lands and estates therein which may, from time to time, by supplemental mortgage or otherwise be expressly made subject to the lien of this Security Instrument; (c) the buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on the Land (the "Improvements"); (d) all easements, rights-of-way or use, rights, strips and gores of land, streets, ways, alleys, passages, sewer rights, water, water courses, water rights and powers, air rights and development rights, and all estates, rights, titles, interests, privileges, liberties, servitudes, tenements, hereditaments and appurtenances of any nature whatsoever, in any way now or hereafter belonging, relating or pertaining to the Land and the Improvements and the reversion and reversions, remainder and remainders thereof and thereto, and all land lying in the bed of any street, road or avenue, opened or proposed, in front of or adjoining the Land, to the center line thereof and all the estates, rights, titles, interests, dower and rights of dower, curtesy and rights of curtesy, property, possession, claim and demand whatsoever, both at law and in equity, of Borrower of, in and to the Land and the Improvements and every part and

parcel thereof, with the appurtenances thereto; (e) all furnishings, machinery, equipment, fixtures (including, but not limited to, all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) and other property of every kind and nature whatsoever owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, and usable in connection with the present or future operation and occupancy of the Land and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Land and the Improvements, or appurtenant thereto, or usable in connection with the present or future operation and occupancy of the Land and the Improvements (collectively, the "Personal Property"), and the right, title and interest of Borrower in and to any of the Personal Property which may be subject to any security interests, as defined in the Uniform Commercial Code, as adopted and enacted by the state or states where any of the Property is located (the "Uniform Commercial Code"), superior in lien to the lien of this Security Instrument and all proceeds and products of the above; (f) that certain lease dated as of the date hereof, between Borrower, as landlord, and Cedar-South Philadelphia I, LLC, as tenant (the "Net Lease Tenant"), together with any amendments thereto (collectively, the "Net Lease") and all right, title and interest of Borrower, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the Net Lease Tenant of its obligations thereunder and all rents, additional rents, revenues (including, but not limited to, any payment made by or on behalf of the Net Lease Tenant in connection with the termination of the Net Lease), issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Land and the Improvements (the "Rents"), whether paid or accruing before or after the filing by or against Borrower of any petition for relief under 11 U.S.C. Section 101 et seq., as the same may be amended from time to time (the "Bankruptcy Code") and all proceeds from the sale or other disposition of the Net Lease and the right to receive and apply the Rents to the payment of the Debt (as hereinafter defined); (g) all rights, powers, privileges, options and other benefits of Borrower as lessor under the Net Lease, including without limitation the immediate and continuing right to make claim for, receive, collect and receipt for all Rents payable or receivable under the Net Lease or pursuant thereto (and to apply the same to the payment of the Debt (as hereinafter defined)), and to do all other things which Borrower or any lessor is or may become entitled to do under the Net Lease; (h) all awards or payments, including interest thereon, which may heretofore and hereafter be made with respect to the Property, whether from the exercise of the right of eminent domain (including but not limited to any transfer made in lieu of or in anticipation of the exercise of the right), or for a change of grade, or for any other injury to or decrease in the value of the Property; (i) all proceeds of and any unearned premiums on any insurance policies covering the

Property, including, without limitation, the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property; (j) all of Borrower's claims and rights to the payment of damages arising from any rejection by Net Lease Tenant of the Net Lease under the Bankruptcy Code; (k) all refunds, rebates or credits in connection with a reduction in real estate taxes and assessments charged against the Property as a result of tax certiorari or any applications or proceedings for reduction; (l) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing including, without limitation, proceeds of insurance and condemnation awards, into cash or liquidation claims; (m) the right, in the name and on behalf of Borrower, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of

Lender in the Property; (n) all agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Land and any part thereof and any Improvements or respecting any business or activity conducted on the Land and any part thereof and all right, title and interest of Borrower therein and thereunder, including, without limitation, the right, upon the happening of any default hereunder, to receive and collect any sums payable to Borrower thereunder; (o) all tradenames, trademarks, servicemarks, logos, copyrights, goodwill, books and records and all other general intangibles relating to or used in connection with the operation of the Property; and (p) any and all other rights of Borrower in and to the items set forth in Subsections (a) through (o) above.

1.2 ASSIGNMENT OF RENTS.

(a) Borrower hereby absolutely and unconditionally assigns to Lender Borrower's right, title and interest in and to the Net Lease and the Rents; it being intended by Borrower that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Borrower hereby acknowledges and agrees that any and all payments of Rent shall be paid directly to Lender, and Lender may apply any such sums to the payment of the Debt, first to interest and then to principal.

(b) In the event of a termination of the Net Lease, or at the expiration of the term of the Net Lease, Borrower shall direct all space tenants of the Property to pay all rents and additional rents directly to Lender. In the event that Borrower shall receive any rents, notwithstanding such direction to the space tenants, Borrower shall immediately remit, or shall cause its agents or affiliates to immediately remit, such receipts to Lender.

1.3 SECURITY AGREEMENT. This Security Instrument is both a real property mortgage and a "security agreement" within the meaning of the Uniform Commercial Code. The Property includes both real and personal property and all other rights and interests, whether tangible or intangible in nature, of Borrower in the Property. By executing and delivering this Security Instrument, Borrower hereby grants to Lender, as security for the Obligations, a security interest in the Property to the full extent that the Property may be subject to the Uniform Commercial Code.

1.4 PLEDGE OF MONIES HELD. Borrower hereby pledges to Lender any and all monies now or hereafter held by Lender, including, without limitation, Net Casualty Proceeds (as defined in Section 3.2) and Net Condemnation Award (as defined in Section 3.3) (collectively, "Deposits"), as additional security for the Obligations until expended or applied as provided in this Security Instrument.

CONDITIONS TO GRANT

TO HAVE AND TO HOLD the above granted and described Property unto and to the use and benefit of Lender, and the successors and assigns of Lender, forever;

PROVIDED, HOWEVER, these presents are upon the express condition that, if Borrower shall well and truly pay to Lender the Debt at the time and in the manner provided in

the Note and this Security Instrument, shall well and truly perform the Other Obligations (as defined in Section 2.1 hereof) as set forth in this Security Instrument and shall well and truly abide by and comply with each and every covenant and condition set forth herein and in the Note, these presents and the estate hereby granted shall cease, terminate and be void.

2 - DEBT AND OBLIGATIONS SECURED

2.1 DEBT AND OBLIGATIONS SECURED. This Security Instrument and the grants, assignments and transfers made in Article 1 are given for the

purpose of securing the payment of the Debt and the performance of all Other Obligations, it being agreed the Lender shall apply any payments first to interest and then to principal. For purposes hereof, the term "Debt" shall mean the aggregate of the indebtedness evidenced by the Note in lawful money of the United States of America, interest, default interest, late charges, prepayment premiums and other sums, as provided in the Note, this Security Instrument or the other Loan Documents (defined below), all other monies agreed or provided to be paid by Borrower in the Note, this Security Instrument or the other Loan Documents and all sums advanced pursuant to this Security Instrument to protect and preserve the Property and the lien and the security interest created hereby. For purposes hereof, the term "Other Obligations" shall mean the obligations of Borrower (other than the obligation to repay the Debt) contained in this Security Instrument, the Note and the other Loan Documents. For purposes hereof, the term "Loan Documents" shall mean the Note, this Security Instrument and any other documents or instruments which now or shall hereafter wholly or partially secure or guarantee payment of the Note or which have otherwise been executed or are hereafter executed by Borrower and/or any other person or entity in connection with the loan (the "Loan") evidenced by the Note and any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part thereof. Borrower's obligations for the payment of the Debt and the performance of the Other Obligations shall be referred to collectively below as the "Obligations." All the covenants, conditions and agreements contained in the Note and the other Loan Documents are hereby made a part of this Security Instrument to the same extent and with the same force as if fully set forth herein.

3 - BORROWER COVENANTS

Borrower covenants and agrees that:

3.1 PAYMENT OF DEBT. Borrower will pay the Debt at the time and in the manner provided in the Note, this

Security Instrument and the other Loan Documents.

3.2 FIRE OR OTHER CASUALTY.

(a) In the event of a fire or other casualty that destroys all or a portion of the Property, the entire proceeds of any property casualty insurance less any actual and reasonable expenses incurred in collecting such proceeds (the "Net Casualty Proceeds") shall be applied as follows:

(i) If there is no Recognized Leasehold Mortgage at the time of the fire or casualty:

(1) First, Net Lease Tenant shall use the Net Casualty Proceeds to restore such portion of the Property that Net Lease Tenant shall elect to restore (it being acknowledged that Net Lease Tenant has no obligation to restore all or any portion of the Property pursuant to the terms of the Net Lease);

(2) Second, if Net Lease Tenant shall elect not to restore the damage resulting from such casualty, or if Net Lease Tenant shall not have restored the entire Property, a portion of the remaining Net Casualty Proceeds in an amount equal to the lesser of (A) product of (x) a fraction, the numerator of which is the number of square feet of the Property lost by reason of the casualty, and the denominator of which is the number of square feet of the entire Property immediately before the casualty, and (y) the then outstanding principal balance of the Loan, and (B) the entire remaining Net Casualty Proceeds, shall be delivered to Lender and applied towards the reduction in the principal balance of the Loan; and

(3) Third, the balance of the Net Casualty Proceeds, if any, shall be retained by Net Lease Tenant.

(b) If there is a Recognized Leasehold Mortgage at the time of the casualty, the Net Casualty Proceeds shall be delivered to Tenant or the Recognized Leasehold Mortgagee, as required by the Recognized Leasehold Mortgage Documents (as defined in the Net Lease), and applied and disbursed in accordance with the Recognized Leasehold Mortgage Documents.

(c) In the event of a fire or other casualty where the provisions of Section 3.2(a)(i)(2) shall apply, from and after the date of reduction of the principal balance of the Loan in accordance with the terms of said Section 3.2(a)(i)(2), the amount set forth in clause (i) of the definition of Constant Monthly Payment (as defined in the Note) shall be recalculated to equal one-twelfth (1/12) of the product of such reduced principal balance and the Applicable Interest Rate (as defined in the Note).

3.3 CONDEMNATION.

(a) Borrower shall promptly give Lender notice of the actual or threatened commencement of any condemnation or eminent domain proceeding and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, or shall cause Net Lease Tenant, to prosecute any such proceedings, subject to the terms of the Net Lease.

(b) If there is no Recognized Leasehold Mortgage at the time of the taking, the following provisions shall apply:

(i) In the event of a taking of all or substantially all of the Property, a portion of the awards payable in connection with such taking, less any actual and reasonable expenses incurred in collecting such award (the "Net Condemnation Award") in an amount equal to the lesser of (x) the amount of the Debt then outstanding, and (y) the entire Net Condemnation Award, shall be delivered to Lender and applied towards the

repayment of the Debt. Any Net Condemnation Award in excess of the amount of the Debt then outstanding shall be retained by Net Lease Tenant.

(ii) In the event of a taking of less than all or substantially all of the Property, the Net Condemnation Award shall be applied as follows:

(1) First, Net Lease Tenant shall use the Net Condemnation Award to restore such portion of the Property that Net Lease Tenant shall elect to restore (it being acknowledged that Net Lease Tenant has no obligation to restore all or any portion of the Property pursuant to the terms of the Net Lease);

(2) Second, a portion of the remaining Net Condemnation Award in an amount equal to the lesser of (A) the product of (x) a fraction, the numerator of which is the number of square feet of the Property taken, and the denominator of which is the number of square feet of the entire Property immediately before the taking, and (y) the then outstanding principal balance of the Loan, and (B) the remaining Net Condemnation Award shall be delivered to Lender and applied towards the reduction in the principal balance of the Loan; and

(3) Third, the balance of the Net Condemnation Award, if any, shall be retained by Net Lease Tenant.

(iii) In the event of a temporary taking, the enter Net Condemnation Award shall be retained by Net Lease Tenant.

(iv) In the event of a taking where the provisions of Section 3.3(c)(i)(2) shall apply, from and after the date of reduction of the principal balance of the Loan in accordance with the terms of said Section 33(c)(i)(2), the amount set forth in clause (i) of the definition of the Constant Monthly Payment shall be recalculated to equal one-twelfth (1/12) of the product of such reduced principal balance and the Applicable Interest Rate.

(c) If there is a Recognized Leasehold Mortgage at the time of the taking, the Net Condemnation Award shall be delivered to Tenant or the Recognized Leasehold Mortgagee, as required by the Recognized Leasehold Mortgage Documents, and applied and disbursed in accordance with the Recognized Leasehold Mortgage Documents.

3.4 NET LEASE.

(a) Borrower shall promptly and fully keep, observe and perform, or cause to be kept, observed or performed, all of the terms, covenants, provisions and agreements imposed upon or assumed by Borrower under the Net Lease and any amendments, modifications or supplements thereof, and Borrower shall not do or fail to do, or permit or fail to permit to be done any act or thing, the doing or omission of which will (i) give Net Lease Tenant a right to terminate the Net Lease or to abate the rental or other material payment due thereunder, except as expressly permitted under the terms of the Net Lease, (ii) release any party from liability under or with respect to the Net Lease or (iii) otherwise impair the Net Lease as security for the Obligations. Borrower shall not under any circumstances modify, cancel, amend or terminate the Net Lease without Lender's prior written consent, and any attempted modification, cancellation,

amendment or termination of the Net Lease without such consent shall be void and of no force or effect whatsoever.

(b) Borrower shall enforce all of the terms, covenants and conditions contained in the Net Lease upon the part of Net Lease Tenant to be observed or performed, short of termination thereof, provided, that, notwithstanding anything contained herein to the contrary, Borrower shall not pursue any remedies which could affect any payment due from the Net Lease Tenant, or which could otherwise adversely affect (A) the rights or claims of Borrower or Lender under the Net Lease, (B) the value of the Property or (C) the rights or interests of Lender under the Loan Documents.

(c) Borrower shall promptly deliver to Lender a copy of any notice relating to defaults received from or given to Net Lease Tenant or any other person or entity liable for the performance of Net Lease Tenant's obligations under the Net Lease.

(d) Borrower shall not enter into any lease for all or any portion of the Property, other than the Net Lease, without Lender's prior written consent. The provisions of that certain Assignment of Leases and Rents of even date herewith made by Borrower, as assignor, to Lender, as assignee and this Section 3.4 shall apply to any such Lease as if such Lease were the Net Lease designated hereunder.

3.5 MAINTENANCE OF PROPERTY. Except to the extent Net Lease Tenant has a right to do so without Borrower's consent, the Improvements and the Personal Property shall not be removed, demolished or materially altered (except for normal replacement of the Personal Property and tenant improvements made in connection with a Lease which has been entered into by Borrower in accordance with the terms hereof) without the consent of Lender.

3.6 WASTE. Borrower shall not commit any waste of the Property or, subject to the terms of the Net Lease, make any change in the use of the Property which will in any way materially increase the risk of fire or other hazard arising out of the operation of the Property, or take any action that might invalidate or give cause for cancellation of any insurance policy, or do or permit to be done thereon anything that may in any way materially impair the value of the Property or the security of this Security Instrument.

3.7 COMPLIANCE WITH LAWS. Borrower shall give prompt notice to Lender of the receipt by Borrower of any notice related to a violation of any Applicable Laws and of the commencement of any proceedings or investigations which relate to compliance with Applicable Laws. Borrower will not engage in or knowingly permit any illegal activities at the Property.

3.8 PAYMENT FOR LABOR AND MATERIALS. Borrower will never create in respect of the Property or any part thereof any other or additional lien or security interest other than the liens or security interests hereof, except for the Permitted Exceptions (defined below).

3.9 CHANGE OF NAME, IDENTITY OR STRUCTURE. Borrower will not change Borrower's name, identity (including its trade name or names) or, if not an individual,

Borrower's corporate, limited liability company, partnership or other structure without notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and, in the case of a change in Borrower's structure, without first obtaining the prior written consent of Lender. Borrower will execute and deliver to Lender, prior to or contemporaneously with the effective date of any such change, any financing statement or financing statement change required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall execute a certificate in form satisfactory to Lender listing the trade names under which Borrower intends to operate the Property, and representing and warranting that Borrower does business under no other trade name with respect to the Property.

3.10 EXISTENCE. Borrower will continuously maintain its existence and its rights to do business in the state where the Property is located together with its franchises and trade names.

4 - REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender that:

4.1 WARRANTY OF TITLE. Borrower has paid for and has good title to the Property and has the right to mortgage, grant, bargain, sell, pledge, assign, warrant, set over, transfer and convey the same and that Borrower possesses an unencumbered fee simple absolute estate in the Land and the Improvements and that it owns the Property free and clear of all liens, encumbrances and charges whatsoever except for those exceptions shown in the title insurance policy insuring the lien of this Security Instrument (the "Permitted Exceptions"). Borrower shall warrant, defend and preserve the title and the validity and priority of the lien of this Security Instrument and shall warrant and defend the same to Lender against the claims of all persons

whomsoever.

4.2 AUTHORITY. Borrower (and the undersigned representative of Borrower, if any) has full power, authority and legal right to execute this Security Instrument, and to mortgage, grant, bargain, sell, pledge, assign, warrant, set over, transfer and convey the Property pursuant to the terms hereof and to keep and observe all of the terms of this Security Instrument on Borrower's part to be performed.

4.3 LEGAL STATUS AND AUTHORITY. Borrower (a) is duly organized, validly existing and in good standing under the laws of its state of organization or incorporation; (b) is duly qualified to transact business and is in good standing in the State where the Property is located; and (c) has all necessary approvals, governmental and otherwise, and full power and authority to own the Property and carry on its business as now conducted and proposed to be conducted. Borrower now has and shall continue to have the full right, power and authority to operate and lease the Property, to encumber the Property as provided herein and to perform all of the other obligations to be performed by Borrower under the Note, this Security Instrument and the other Loan Documents.

4.4 VALIDITY OF DOCUMENTS. (a) The execution, delivery and performance of the Note, this Security Instrument and the other Loan Documents and the

borrowing evidenced by the Note (i) are within the corporate, partnership, trust or limited liability company (as the case may be) power of Borrower; (ii) have been authorized by all requisite corporate, partnership, trust or limited liability company (as the case may be) action; (iii) have received all necessary approvals and consents, corporate, governmental or otherwise; (iv) will not violate, conflict with, result in a breach of or constitute (with notice or lapse of time, or both) a default under any provision of law, any order or judgment of any court or governmental authority, the articles of incorporation, by-laws, partnership, trust, operating agreement or other governing instrument of Borrower, or any indenture, agreement or other instrument to which Borrower is a party or by which it or any of its assets or the Property is or may be bound or affected; (v) will not result in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of its assets, except the lien and security interest created hereby; and (vi) will not require any authorization or license from, or any filing with, any governmental or other body (except for the recordation of this instrument in appropriate land records in the State where the Property is located and except for Uniform Commercial Code filings relating to the security interest created hereby); and (b) the Note, this Security Instrument and the other Loan Documents constitute the legal, valid and binding obligations of Borrower.

4.5 LITIGATION. There is no action, suit or proceeding, judicial, administrative or otherwise (including any condemnation or similar proceeding), pending or, to the best of Borrower's knowledge, threatened or contemplated against, or affecting, Borrower or the Property that has not been disclosed to Lender or is not adequately covered by insurance.

4.6 NO FOREIGN PERSON. Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code of 1986, as amended and the related Treasury Department regulations, including temporary regulations.

4.7 SEPARATE TAX LOT. The Property is assessed for real estate tax purposes as one or more wholly independent tax lot or lots, separate from any adjoining land or improvements not constituting a part of such lot or lots, and no other land or improvements are assessed and taxed together with the Property or any portion thereof.

4.8 NET LEASE. (a) Borrower is the sole owner of the entire lessor's interest in the Net Lease; (b) to Borrower's knowledge, the Net Lease is valid and enforceable; (c) the terms of all alterations, modifications and amendments to the Net Lease are reflected in the definition of Net Lease contained herein; (d) none of the Rents reserved in the Net Lease have been assigned or otherwise pledged or hypothecated; (e) none of the Rents have been collected for more than one (1) month in advance, other than the payment due on the Commencement Date (as defined in the Net Lease); (f) the premises demised under the Net Lease have been completed and the tenant under the Net Lease has accepted the same and has taken possession of the same on a rent-paying basis; (g) there exist no offsets or defenses to the payment of any portion of the Rents; and (h) no default exists, or with the passing of time or the giving of notice or both would exist under the Net Lease which could have a material adverse effect on the Borrower or the Property.

4.9 FINANCIAL CONDITION. (a) Borrower is solvent, and no bankruptcy, reorganization, insolvency or similar proceeding under any state or federal law with respect to

Borrower has been initiated, and (b) it has received reasonably equivalent value for the granting of this Security Instrument.

4.10 BUSINESS PURPOSES. The Loan is solely for the business purpose of Borrower, and is not for personal, family, household, or agricultural purposes.

4.11 TAXES. Borrower has filed all federal, state, county, municipal, and city income and other tax returns required to have been filed by them and have paid all taxes and related liabilities which have become due pursuant to such returns or pursuant to any assessments received by them.

4.12 MAILING ADDRESS. Borrower's mailing address, as set forth in the opening paragraph hereof or as changed in accordance with the provisions hereof, is true and correct.

4.13 DISCLOSURE. To Borrower's best knowledge, Borrower has disclosed to Lender all material facts and has not failed to disclose any material fact that could cause any representation or warranty made herein to be materially misleading.

4.14 ILLEGAL ACTIVITY. No portion of the Property has been purchased with proceeds of any illegal activity.

5 - OBLIGATIONS AND RELIANCES

5.1 RELATIONSHIP OF BORROWER AND LENDER. The relationship between Borrower and Lender is solely that of debtor and creditor, and Lender has no fiduciary or other special relationship with Borrower and no term or condition of any of the Note, this Security Instrument and the other Loan Documents shall be construed so as to deem the relationship between Borrower and Lender to be other than that of debtor and creditor. Borrower is not relying on Lender's expertise, business acumen or advice in connection with the Property.

5.2 NO LENDER OBLIGATIONS. (a) Notwithstanding the provisions of Subsections 1.1(f) and (j) or Section 1.2, Lender is not undertaking the performance of (i) any obligations under the Leases; or (ii) any obligations with respect to such agreements, contracts, certificates, instruments, franchises, permits, trademarks, licenses and other documents.

(b) By accepting or approving anything required to be observed, performed or fulfilled or to be given to Lender pursuant to this Security Instrument, the Note or the other Loan Documents, Lender shall not be deemed to have warranted, consented to, or affirmed the sufficiency, the legality or effectiveness of same, and such acceptance or approval thereof shall not constitute any warranty or affirmation with respect thereto by Lender.

6 - FURTHER ASSURANCES

6.1 RECORDING OF SECURITY INSTRUMENT, ETC. Borrower forthwith upon the execution and delivery of this Security Instrument and thereafter, from time to time, at the request of Lender, will cause this Security Instrument and any of the other Loan Documents creating a lien or security interest or evidencing the lien hereof upon the Property to

be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect and perfect the lien or security interest hereof upon, and the interest of Lender in, the Property. Except where prohibited by law, Lender will pay all taxes, duties, imposts, assessments, filing, registration and recording fees, and any and all expenses incident to the preparation, execution, acknowledgment and/or recording of the Loan Documents and any amendment or supplement thereto.

6.2 FURTHER ACTS, ETC. Borrower will, at the cost of Lender, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, deeds to secure debt and assurances as Lender shall, from time to time, reasonably require, for the better assuring, conveying, assigning, transferring, and confirming unto Lender the property and rights hereby mortgaged, granted, bargained, sold, conveyed, confirmed, pledged, assigned, warranted and transferred or intended now or hereafter so to be, or which Borrower may be or may hereafter become bound to convey or assign to Lender, or for carrying out the intention or facilitating the performance of the terms of this Security Instrument or for filing, registering or recording this Security Instrument, or for complying with all Applicable Laws. Borrower, on demand, will execute and deliver and hereby authorizes Lender to execute in the name of Borrower or without the signature of Borrower to the extent Lender may lawfully do so, one or more financing statements, chattel mortgages or other instruments, to evidence more effectively the security interest of Lender in the Property. Borrower grants to Lender an irrevocable power of attorney coupled with an interest for the purpose of exercising and perfecting any and all rights and remedies available to Lender at law and in equity, including without limitation such rights and remedies available to Lender pursuant to this Section 6.2.

6.3 ESTOPPEL CERTIFICATES. After request by Lender, Borrower, within ten (10) days, shall furnish Lender or any proposed assignee an estoppel certificate in form and content as may be reasonably requested by Lender with respect to the status of the Loan and/or the Loan Documents.

6.4 REPLACEMENT DOCUMENTS. Upon receipt of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of the Note or any other Loan Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other Loan Document, Borrower will issue, in lieu thereof, a replacement Note or other Loan Document, dated the date of such lost, stolen, destroyed or mutilated Note or other Loan Document in the same principal amount thereof and otherwise of like tenor.

7 - DUE ON SALE/ENCUMBRANCE

7.1 LENDER RELIANCE. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and its general partners, managing members, principals and (if Borrower is a trust) beneficial owners in owning and operating properties such as the Property in agreeing to make the Loan, and will continue to rely on Borrower's ownership of the Property as a means of maintaining the value of the Property as security for payment and performance of the Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Property so as to ensure that, should Borrower default in the

payment or the performance of the Obligations, Lender can recover the Debt by a sale of the Property.

7.2 NO SALE/ENCUMBRANCE. Borrower agrees that Borrower shall not, without the prior written consent of Lender, sell, convey, mortgage, grant, bargain, encumber, pledge, assign, or otherwise transfer the Property or any part thereof or permit the Property or any part thereof to be sold, conveyed, mortgaged, granted, bargained, encumbered, pledged, assigned, or otherwise transferred. Notwithstanding the foregoing, Lender hereby acknowledges that Net Lease Tenant has an option to purchase the Property pursuant to the terms of the Net Lease and consents to such purchase option; provided, however, that in the event that Net Lease Tenant shall exercise such purchase option in accordance with the terms of the Net Lease, the Maturity Date shall be accelerated as provided in the Note.

7.3 SALE/ENCUMBRANCE DEFINED. A sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer within the meaning of this Article 7 shall be deemed to include, but not be limited to, (a) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; (b) an agreement by Borrower leasing all or a substantial part of the Property for other than actual occupancy by a tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (c) if Borrower or any general partner or managing member of Borrower is a corporation, the voluntary or involuntary sale, conveyance, transfer or pledge of such corporation's stock (or the stock of any corporation directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock; (d) if Borrower or any general partner or managing member of Borrower is a limited or general partnership or joint venture, the change, removal or resignation of a general partner or managing partner, or the transfer or pledge of the partnership interest of any general partner or managing partner of such partnership or any profits or proceeds relating to such partnership interest or the transfer or pledge of any limited partnership interests in such partnership or any profits or proceeds related to such interests whether in one transfer or pledge or a series of transfers or pledges; (e) if Borrower or any general partner or managing member of Borrower is a limited liability company, the change, removal or resignation of the managing member of such company, or the transfer or pledge of the membership interest of the managing member of such company or any profits or proceeds relating to such membership interest or the transfer or pledge of any membership interests in such company or any profits or proceeds related to such interests whether in one transfer or pledge or a series of transfers or pledges; and (f) without limitation to the foregoing, any voluntary or involuntary sale, transfer, conveyance or pledge by any person or entity which directly or indirectly controls Borrower (by operation of law or otherwise) (a "Principal") of its direct or indirect controlling interest in Borrower. Notwithstanding the foregoing, the following transfers shall not be deemed to be a sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment or transfer within the meaning of this Article 7: (A) transfer by devise or descent or by operation of law upon the death of a partner, member or stockholder of Borrower or any general partner thereof, and (B) a sale, transfer or hypothecation of a partnership, shareholder or membership interest in Borrower, whichever the case may be, by the current partner(s), shareholder(s) or member(s), as applicable, to an immediate family member (i.e., parents, spouses, siblings, children or grandchildren) of such partner, shareholder or member or to a Principal (or a trust for the benefit of any such persons).

7.4 LENDER'S RIGHTS. Lender reserves the right to condition the consent required hereunder upon a modification of the terms hereof and on assumption of the Note, this Security Instrument and the other Loan Documents as so modified by the proposed transferee, the approval by Lender of the proposed transferee, or such other conditions as Lender shall determine in its sole discretion to be in the interest of Lender. Lender shall not be required to demonstrate any actual impairment of its security or any increased risk of default hereunder in order to declare the Debt immediately due and payable upon Borrower's sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Property without Lender's consent. This provision shall apply to every sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Property regardless of whether voluntary or not, or whether or not Lender has consented to any previous sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer of the Property.

8 - DEFAULT

8.1 EVENTS OF DEFAULT. The occurrence of any one or more of the following events shall constitute an "Event of Default": (i) if the entire Debt is not paid on or before the Maturity Date; (ii) if Borrower shall fail to pay to Lender any installment of the Constant Monthly Payment, except to the extent that Borrower shall be excused from paying the same; (iii) if Borrower shall breach any of the covenants contained in Section 1.2(b) above; (iv) if any of SPSP, Passyunk or 24th Street shall (w) voluntarily be adjudicated a bankrupt or insolvent, (x) consent to the appointment of a receiver or trustee for itself or for any of the Property, (y) file a petition seeking relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, or (z) make a general assignment for the benefit of creditors; (v) if a court shall enter an order, judgment or decree appointing a receiver or trustee for any of SPSP, Passyunk or 24th Street or for any of Borrower's interest in the Property or approving a petition filed against any of SPSP, Passyunk or 24th Street which seeks relief under the bankruptcy or other similar laws of the United States, any state or any jurisdiction, and such order, judgment or decree shall remain in force, undischarged or unstayed, sixty days after it is entered; (vi) if any of SPSP, Passyunk or 24th Street shall in any insolvency proceedings be liquidated or dissolved or shall begin proceedings towards its liquidation or dissolution; or (vii) if the estate or interest of any of SPSP, Passyunk or 24th Street in any of the Property shall be levied upon or attached in any proceeding and such estate or interest is about to be sold or transferred or such process shall not be vacated or discharged within sixty (60) days after such levy or attachment.

9 - RIGHTS AND REMEDIES

9.1 REMEDIES. Upon the occurrence of any Event of Default, Borrower agrees that Lender may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, but not limited to, the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as Lender may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Lender: (a) declare the entire unpaid Debt to be immediately due and payable; (b) with or without entry, institute proceedings, judicial or otherwise, for the complete or partial foreclosure of this Security Instrument under any applicable provision of law in which case the Property or any interest therein may be sold for

cash or upon credit in one or more parcels or in several interests or portions and in any order or manner, any partial foreclosure to be subject to the continuing lien and security interest of this Security Instrument for the balance of the Debt not then due, unimpaired and without loss of priority; (c) sell for cash or upon credit the Property or any part thereof and all estate, claim, demand, right, title and interest of borrower therein and rights of redemption thereof, pursuant to power of sale, judicial decree or otherwise, at one or more sales, as an entirety or in one or more parcels; (d) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note or in the other Loan Documents; (e) recover judgment on the Note either before, during or after any proceedings for the enforcement of this Security Instrument or the other Loan Documents; (f) apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice and without regard for the adequacy of the security for the Debt and without regard for the solvency of Borrower or of any person, firm or other entity liable for the payment of the Debt; (g) enter into or upon the Property, either personally or by its agents, nominees or attorneys and dispossess Borrower and its agents and servants therefrom, without liability for trespass, damages or otherwise and exclude Borrower and its agents or servants wholly therefrom, and take possession of all books, records and accounts relating thereto and Borrower agrees to surrender possession of the Property and of such books, records and accounts to Lender upon demand, and thereupon Lender may exercise all rights and powers of Borrower

with respect to the Property including, without limitation; (1) the right to use, operate, manage, control, insure, maintain, repair, restore and otherwise deal with all and every part of the Property and conduct the business thereat including without limitation the right to perform the landlord's obligations under the Net Lease with or without entry; (2) the right to make or complete any construction, alterations, additions, renewals, replacements and improvements to or on the Property as Lender deems advisable; (3) the right to make, cancel, enforce or modify Leases, obtain and evict tenants, and demand sue for, collect and receive all Rents of the Property and every part thereof; (h) require Borrower to pay monthly in advance to Lender, or any receiver appointed to collect the Rents, the fair and reasonable rental value for the use and occupation of such part of the Property as may be occupied by Borrower; (i) require Borrower to vacate and surrender possession of the Property to Lender or to such receiver and, in default thereof, Borrower may be evicted by summary proceedings or otherwise; (j) apply the receipts from the Property and/or any Deposits and interest thereon to the payment of the Obligations, it being agreed that Lender shall apply such receipts first to interest and then to principal; (k) exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing: the right to (1) take possession of the Personal Property or any part thereof, and to take such other measures as Lender may deem necessary for the care, protection and preservation of the Personal Property, and (2) request Borrower at its expense to assemble the Personal Property and make it available to Lender at a convenient place acceptable to Lender. Any notice of sale, disposition or other intended action by Lender with respect to the Personal Property sent to Borrower in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Borrower. Upon any foreclosure or other sale of the Property pursuant to the terms hereof, Lender may bid for and purchase the Property and shall be entitled to apply all or any part of the secured indebtedness as a credit against the purchase price.

In the event of a sale, by foreclosure, power of sale, or otherwise, of less than all of the Property, this Security Instrument shall continue as a lien and security interest on the

remaining portion of the Property unimpaired and without loss of priority. Notwithstanding the provisions of this Section 9.1 to the contrary, if any Event of Default as described in clause (iii), (iv), (v) or (vi) of Section 8.1(a) shall occur, the entire unpaid Debt shall be automatically due and payable, without any further notice, demand or other action by Lender.

9.2 APPLICATION OF PROCEEDS. The purchase money, proceeds and avails of any disposition of the Property, or any part thereof, or any other sums collected by Lender pursuant to the Note, this Security Instrument or the other Loan Documents, may be applied by Lender to the payment of the Debt, first to interest and then to principal.

9.3 RIGHT TO CURE DEFAULTS. Upon the occurrence of any Event of Default, Lender may, but without any obligation to do so and without notice to or demand on Borrower and without releasing Borrower from any obligation hereunder or curing or being deemed to have cured any default hereunder, make or do the same in such manner and to such extent as Lender may deem necessary to protect the security hereof. Lender is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Security Instrument or collect the Debt, or to enforce the terms and conditions of the Net Lease, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this Section 9.3, shall constitute a portion of the Debt and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender in remedying such Event of Default or such failed payment or act or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Rate (as defined in the Note), for the period after notice from Lender that such cost or expense was incurred to the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Debt and be secured by this Security Instrument and the other Loan Documents and shall be immediately due and payable upon demand by Lender therefor.

9.4 ACTIONS AND PROCEEDINGS. Subject to the terms of the Net Lease, Lender has the right to appear in and defend any action or proceeding brought with respect to the Property and to bring any action or proceeding, in the name and on behalf of Borrower, which Lender, in its discretion, decides should be brought to protect its interest in the Property.

9.5 RECOVERY OF SUMS REQUIRED TO BE PAID. Lender shall have the right from time to time to take action to recover any sum or sums which constitute a part of the Debt as the same become due, without regard to whether or not the balance of the Debt shall be due, and without prejudice to the right of Lender thereafter to bring an action of foreclosure, or any other action, for a default or defaults by Borrower existing at the time such earlier action was commenced.

9.6 OTHER RIGHTS, ETC. (a) The failure of Lender to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Security Instrument. Borrower shall not be relieved of Borrower's obligations hereunder by reason of (i) the failure of Lender to comply with any request of Borrower to take any action to foreclose this Security Instrument or otherwise enforce any of the provisions hereof or of the Note or the other Loan Documents, (ii) the release, regardless of consideration, of the whole or any part of the

Property, or of any person liable for the Debt or any portion thereof, or (iii) any agreement or stipulation by Lender extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Security Instrument or the other Loan Documents.

(b) It is agreed that the risk of loss or damage to the Property is on Borrower, and Lender shall have no liability whatsoever for decline in value of the Property, or for failure to determine whether insurance in force is adequate as to the nature or amount of risks insured. Possession by Lender shall not be deemed an election of judicial relief, if any such possession is requested or obtained, with respect to any Property or collateral not in Lender's possession.

(c) Lender may resort for the payment of the Debt to any other security held by Lender in such order and manner as Lender, in its discretion, may elect. Lender may take action to recover the Debt, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Lender thereafter to foreclose this Security Instrument. The rights of Lender under this Security Instrument shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Lender shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Lender shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

9.7 RIGHT TO RELEASE ANY PORTION OF THE PROPERTY. Lender may release any portion of the Property for such consideration as Lender may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Security Instrument, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the obligations hereunder shall have been reduced by the actual monetary consideration, if any, received by Lender for such release, and may accept by assignment, pledge or otherwise any other property in place thereof as Lender may require without being accountable for so doing to any other lienholder. This Security Instrument shall continue as a lien and security interest in the remaining portion of the Property.

9.8 RIGHT OF ENTRY. Lender and its agents shall have the right to enter and inspect the Property at all reasonable times.

9.9 DEFAULT INTEREST AND LATE CHARGES. Borrower acknowledges that, without limitation to any of Lender's rights or remedies set forth in this Security Instrument, Lender has the right following an Event of Default to demand interest on the principal amount of the Note at the Default Rate and late payment charges in accordance with the terms of the Note.

10 - WAIVERS

10.1 WAIVER OF COUNTERCLAIM. Borrower hereby waives the right to assert a counterclaim, other than a mandatory or compulsory counterclaim, in any action or proceeding brought against Borrower by Lender arising out of or in any way connected with this Security Instrument, the Note, any of the other Loan Documents, or the Obligations.

10.2 MARSHALING AND OTHER MATTERS. Borrower hereby waives, to the extent permitted by law, the benefit of all appraisement, valuation, stay, extension,

reinstatement and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale hereunder of the Property or any part thereof or any interest therein. Further, Borrower hereby expressly waives any and all rights of redemption from sale under any order or decree of foreclosure of this Security Instrument on behalf of Borrower, and on behalf of each and every person acquiring any interest in or title to the Property subsequent to the date of this Security Instrument and on behalf of all persons to the extent permitted by applicable law.

10.3 WAIVER OF NOTICE. Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Security Instrument specifically and expressly provides for the giving of notice by Lender to Borrower and except with respect to matters for

which Lender is required by applicable law to give notice, and Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Security Instrument does not specifically and expressly provide for the giving of notice by Lender to Borrower.

10.4 SOLE DISCRETION OF LENDER. Wherever pursuant to this Security Instrument (a) Lender exercises any right given to it to approve or disapprove, (b) any arrangement or term is to be satisfactory to Lender, or (c) any other decision or determination is to be made by Lender, the decision of Lender to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Lender, shall be in the sole and absolute discretion of Lender, except as may be otherwise expressly and specifically provided herein.

10.5 WAIVER OF TRIAL BY JURY. BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THE LOAN, THE APPLICATION FOR THE LOAN, THE NOTE, THIS SECURITY INSTRUMENT OR THE OTHER LOAN DOCUMENTS OR ANY ACTS OR OMISSIONS OF LENDER, ITS OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS IN CONNECTION THEREWITH.

11 - EXCULPATION

11.1 EXCULPATION. Lender shall not enforce the liability and obligation of Borrower to perform and observe the obligations contained in the Note or this Security Instrument by any action or proceeding wherein a money judgment shall be sought against Borrower (or its partners, shareholders, officers or directors), except only that Lender may sell the Property under any power of sale or right of non-judicial foreclosure or bring a foreclosure action, confirmation action, action for specific performance or other appropriate action or proceeding to enable Lender to enforce and realize upon the Note, this Security Instrument, the other Loan Documents, and the interest in the Property, the Rents and any other collateral given to Lender created by the Note, this Security Instrument and the other Loan Documents; provided, however, that any judgment in any such action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Property, in the Rents and in any other collateral given to Lender. Lender, by accepting the Note and this Security Instrument, agrees that it shall not sue for, seek or demand any deficiency judgment against Borrower (or its

partners, shareholders, officers or directors) in any such action or proceeding, under or by reason of or under or in connection with the Note, the other Loan Documents or this Security Instrument.

11.2 RESERVATION OF CERTAIN RIGHTS. The provisions of Section 11.1 shall not, however, (a) constitute a waiver, release or impairment of any obligation evidenced or secured by the Note, the other Loan Documents or this Security Instrument; (b) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Security Instrument; (c) affect the validity or enforceability without regard to the provisions of Section 11.1 of any indemnity, guaranty, master lease or similar instrument made in connection with the Note, this Security Instrument, or the other Loan Documents; (d) impair the right of Lender to obtain the appointment of a receiver; (e) impair the enforcement of the Assignment of Leases and Rents executed in connection herewith; or (f) impair the right of Lender to obtain a deficiency judgment or judgment on the Note against Borrower if necessary to obtain any insurance proceeds or condemnation awards to which Lender would otherwise be entitled under this Security Instrument, provided, however, Lender shall only enforce such judgment against the insurance proceeds and/or condemnation awards.

11.3 BANKRUPTCY CLAIMS. Nothing herein shall be deemed to be a waiver of any right which Lender may have under Sections 506(a), 506(b), 1111(b) or any other provisions of the Bankruptcy Code to file a claim for the full amount of the Debt or to require that all collateral shall continue to secure all of the Debt owing to Lender in accordance with the Note, this Security Instrument and the other Loan Documents.

12 - NOTICES

12.1 NOTICES. All notices, requests, demands and other communications provided for by this Agreement shall be (a) in writing, (b) sent either by hand delivery service or by same day or overnight recognized commercial courier service, addressed to the address of the parties stated below or to such changed address as such party may have fixed by notice, and (c) deemed to have been delivered on the date of receipt thereof (or the date that such receipt is refused, if applicable), addressed as follows:

If to Borrower: c/o Greentree Properties Corporation
44 West Lancaster Avenue, Suite 110
Ardmore, Pennsylvania 19003
Attention: Mr. Gary E. Erlbaum

With a copy to: Greentree Properties Corporation
44 West Lancaster Avenue, Suite 110
Ardmore, Pennsylvania 19003
Attention: William Frutkin, Esq.

With a copy to: Ledgewood Law Firm, P.C.
1521 Locust Street
Philadelphia, Pennsylvania 19102
Attention: Richard Abt, Esq.

If to Lender: Cedar-South Philadelphia II, LLC
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Mr. Leo S. Ullman

With a copy to: Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038-4982
Attention: Mark A. Levy, Esq.

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

For purposes of this Section, "Business Day" shall mean a day on which commercial banks are not authorized or required by law to close in Philadelphia, Pennsylvania.

13 - APPLICABLE LAW

13.1 CHOICE OF LAW. This Security Instrument shall be governed, construed, applied and enforced in accordance with the laws of the state in which the Property is located and the applicable laws of the United States of America.

13.2 USURY LAWS. This Security Instrument and the Note are subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the Debt at a rate which could subject the holder of the Note to either civil or criminal liability as a result of being in excess of the maximum interest rate which Borrower is permitted by applicable law to contract or agree to pay. If by the terms of this Security Instrument or the Note, Borrower is at any time required or obligated to pay interest on the Debt at a rate in excess of such maximum rate, the rate of interest under the Security Instrument and the Note shall be deemed to be immediately reduced to such maximum rate and the interest payable shall be computed at such maximum rate and all prior interest payments in excess of such maximum rate shall be applied and shall be deemed to have been payments in reduction of the principal balance of the Note. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the Debt shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Note until payment in full so that the rate or amount of interest on account of the Debt does not exceed the maximum lawful rate of interest from time to time in effect and applicable to the Debt for so long as the Debt is outstanding.

13.3 PROVISIONS SUBJECT TO APPLICABLE LAW. All rights, powers and remedies provided in this Security Instrument may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Security Instrument invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law. If any term of this Security Instrument or any application thereof shall be invalid

or unenforceable, the remainder of this Security Instrument and any other application of the term shall not be affected thereby.

14 - COSTS

14.1 PERFORMANCE AT LENDER'S EXPENSE. Lender shall not be permitted to any administrative processing and/or commitment fees in connection with: (a) extensions, renewals, modifications, amendments and terminations of the Loan Documents requested by Borrower, and (b) the release or substitution of collateral for the Loan requested by Borrower, and Lender shall not be entitled to reimbursement for its reasonable out-of-pocket costs and expenses associated with its provision of consents, waivers and approvals under the Loan Documents (the occurrence of any of the above shall be called an "Event"). Lender further acknowledges and confirms that Lender shall be responsible for the payment of all costs of reappraisal of the Property or any part thereof, which are required by law, regulation or any governmental or quasi-governmental authority.

14.2 ATTORNEY'S FEES FOR ENFORCEMENT. Each party shall pay their respective legal fees in connection with the preparation of the Note, this

Security Instrument and the other Loan Documents. In the event that either party shall prosecute an action for enforcement of its rights under the Note, this Security Instrument or the Other Loan Documents, the prevailing party in such action shall be entitled to recover as a part of such action the actual out-of-pocket costs and reasonable attorneys' fees incurred by such prevailing party in connection with such action.

15 - TRANSFER OF LOAN

15.1 TRANSFER OF LOAN. Lender may, at any time, on prior notice to Borrower, sell, transfer or assign the Note, this Security Instrument and the other Loan Documents, provided that said assignee shall either be (i) Net Lease Tenant, or (ii) the holder of a leasehold mortgage granted by Net Lease Tenant, or (iii) an affiliate of either Net Lease Tenant or the holder of a leasehold mortgage granted by Net Lease Tenant. Lender may forward to each purchaser, transferee or assignee all documents and information which Lender now has or may hereafter acquire relating to the Debt and to Borrower and the Property, whether furnished by Borrower or otherwise, as Lender determines necessary or desirable. Borrower agrees to cooperate with Lender in connection with any transfer made pursuant to this Section, provided such cooperation does not require Borrower to incur any cost or expense.

16 - DEFINITIONS

16.1 GENERAL DEFINITIONS. Unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, words used in this Security Instrument may be used interchangeably in singular or plural form and the word "Borrower" shall mean "each Borrower and any subsequent owner or owners of the Property or any part thereof or any interest therein," the word "Lender" shall mean "Lender, its servicer and any subsequent holder of the Note," the word "Note" shall mean "the Note and any other evidence of indebtedness secured by this Security Instrument," the word "person" shall include an individual, corporation, partnership, limited liability company, trust, unincorporated association,

government, governmental authority, and any other entity, the word "Property" shall include any portion of the Property and any interest therein, and the phrases "attorneys' fees", "legal fees" and "counsel fees" shall include any and all reasonable attorneys', paralegal and law clerk fees and disbursements, including, but not limited to, fees and disbursements at the pre-trial, trial and appellate levels incurred or paid by Lender in protecting its interest in the Property, the Leases and the Rents and enforcing its rights hereunder.

17 - MISCELLANEOUS PROVISIONS

17.1 NO ORAL CHANGE. This Security Instrument, and any provisions hereof, may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

17.2 LIABILITY. If Borrower consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. This Security Instrument shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns forever.

17.3 INAPPLICABLE PROVISIONS. If any term, covenant or condition of the Note or this Security Instrument is held to be invalid, illegal or unenforceable in any respect, the Note and this Security Instrument shall be construed without such provision.

17.4 HEADINGS, ETC. The headings and captions of various Sections of this Security Instrument are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

17.5 DUPLICATE ORIGINALS; COUNTERPARTS. This Security Instrument may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. This Security Instrument may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Security Instrument. The failure of any party hereto to execute this Security Instrument, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

17.6 NUMBER AND GENDER. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

17.7 SUBROGATION. If any or all of the proceeds of the Note have been used to extinguish, extend or renew any indebtedness heretofore

existing against the Property, then, to the extent of the funds so used, Lender shall be subrogated to all of the rights, claims, liens, titles, and interests existing against the Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of Lender and are merged with the lien and security interest created herein as cumulative security for the payment and performance of the Obligations.

17.8 ENTIRE AGREEMENT. The Note, this Security Instrument and the other Loan Documents constitute the entire understanding and agreement between Borrower and Lender with respect to the transactions arising in connection with the Debt and supersede all prior written or oral understandings and agreements between Borrower and Lender with respect thereto. Borrower hereby acknowledges that, except as incorporated in writing in the Note, this Security Instrument and the other Loan Documents, there are not, and were not, and no persons are or were authorized by Lender to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the transaction which is the subject of the Note, this Security Instrument and the other Loan Documents.

18 - STATE SPECIFIC PROVISIONS

18.1 OPEN-END MORTGAGE. (a) This Security Instrument is an open-end mortgage pursuant to 42 PA. C.S.A. Section 8143, and secures, inter alia, present and future advances made by Lender pursuant to the Loan Documents, including, without limitation, advances for the payment of taxes, assessments, maintenance charges, insurance premiums or costs incurred for the protection of the Property or the lien of this Security Instrument, or expenses incurred by the Lender by reason of default by Borrower, and to enable any completion of the Improvements comprising the Property as may be contemplated by the Loan Documents. Nothing contained herein shall impose any obligation on the part of Lender to make any such additional loan(s) to Borrower.

(b) Without limiting any other provisions of this Security Instrument, this Security Instrument secures present and future loans, advances and extensions of credit made by Lender to or for the benefit of Borrower, and the lien of such future advances shall relate back to the date of this Security Instrument. This Security Instrument shall also secure additional loans hereafter made by Lender to Borrower. Nothing contained herein shall impose any obligation on the part of Lender to make any such additional loans, advances and extensions of credit to or for the benefit of Borrower.

(c) If Borrower sends a written notice to Lender which purports to limit the indebtedness secured by this Security Instrument and to release the obligation of the Lender to make any additional advances to Borrower, such notice shall be ineffective as to any future advances made: (i) to pay taxes, assessments, maintenance charges and insurance premiums; (ii) costs incurred for the protection and preservation of the Property or the lien of this Security Instrument, and (iii) costs and expenses incurred by Lender by reason of the default of Borrower. It is the intention of the parties hereto that any such advance made by Lender after any such notice by Borrower shall be secured by the lien of this Security Instrument on the Property.

18.2 ACTION IN EJECTMENT. (a) For the purpose of obtaining possession of the Land and the Improvements in the event of any Event of Default hereunder or under the Note, Borrower hereby authorizes and empowers any attorney of any court of record in the Commonwealth of Pennsylvania or elsewhere, as attorney for Borrower and all persons claiming under or through Borrower, to appear for and confess judgment against Borrower, and against all persons claiming under or through mortgagor, in an action in ejectment for possession of the Property, in favor of Lender, for which this Security Instrument, or a copy thereof verified by affidavit, shall be a sufficient warrant; and thereupon a writ of possession may immediately issue

for possession of the property, without any prior writ or proceeding whatsoever and without any stay of execution. If for any reason after such action has been commenced it shall be discontinued, or possession of the Property shall remain in or be restored to Borrower, Lender shall have the right for the same default or any subsequent default to bring one or more further actions as above provided to recover possession of the Property. Lender may confess judgment in an action in ejectment before or after the institution of proceedings to foreclose this Security Instrument or to enforce the Note, or after entry of judgment therein or on the Note, or after a sheriffs sale or judicial sale or other foreclosure sale of the Property in which Lender is the successful bidder, it being the understanding of the parties that the authorization to pursue such proceedings for confession of judgment therein is an essential part of the remedies for enforcement of this Security Instrument and the Note, and shall survive any execution sale to Lender.

(b) Borrower confirms to Lender that (i) Borrower is a

business entity and that its principals are knowledgeable in business matters; (ii) the terms of this Security Instrument, including the foregoing warrant of attorney to confess judgment, have been negotiated and agreed upon in a commercial context; and (iii) Borrower has fully reviewed the aforesaid warrant of attorney to confess judgment with its own counsel and is knowingly and voluntarily waiving certain rights it would otherwise possess, including but not limited to, the right to any notice of a hearing prior to the entry of judgment by Lender pursuant to the foregoing warrant.

18.3 CONFLICTING PROVISIONS. The provisions of this Article 18 are intended to supplement, and not limit, the other provisions of this Security Instrument; provided, however, that in the event the provisions of this Article 18 contradict any other provision of this Security instrument, the provisions of this Article 18 shall govern.

IN WITNESS WHEREOF, THIS SECURITY INSTRUMENT has been executed by Borrower as of the day and year first above written.

SPSP Corporation

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Passyunk Supermarket, Inc.

By: /s/ Gary E. Erlbaum

Name: Gary E. Erlbaum
Title: President

Twenty Fourth Street Passyunk Partners, L.P.

By: Twenty Fourth Street Passyunk Corporation, its general partner

By: /s/ Marc Erlbaum

Name: Marc Erlbaum
Title: President

The undersigned hereby certifies that the address of the within named mortgagee is:

Cedar-South Philadelphia II, LLC
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Mr. Leo S. Ullman

/s/ Brenda J. Walker
- ---
On behalf of mortgagee

ACKNOWLEDGEMENTS

STATE OF Pennsylvania)
) ss.:
COUNTY OF Montgomery)

AND NOW, this 24th day of October, 2003 before me, the undersigned Notary Public, personally appeared Gary Erlbaum, who acknowledged himself/herself to be the President of SPSP CORPORATION, a Pennsylvania corporation, and that he/she, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as President.

IN WITNESS WHEREOF, I hereunder set my hand and official seal.

/s/

Notary Public

My commission expires:

STATE OF Pennsylvania)
) ss.:
COUNTY OF Montgomery)

AND NOW, this 24th day of October 2003 before me, the undersigned Notary Public, personally appeared Gary Erlbaum, who acknowledged

himself/herself to be the President of PASSYUNK SUPERMARKET, INC., a Pennsylvania corporation, and that he/she, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself/herself as President.

IN WITNESS WHEREOF, I hereunder set my hand and official seal.

/s/

Notary Public

My commission expires:

STATE OF Pennsylvania)
) ss.:
COUNTY OF Montgomery)

AND NOW, this 24th day of October, 2003, before me, the undersigned Notary Public, personally appeared Marc Erlbaum who acknowledged himself/herself to be the President of TWENTY FOURTH STREET PASSYUNK CORPORATION, the general partner of TWENTY FOURTH STREET PASSYUNK PARTNERS, L.P., a Pennsylvania limited partnership, and he/she, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunder set my hand and official seal.

/s/

Notary Public

My commission expires:

CONTRIBUTION AGREEMENT

AGREEMENT (this "Agreement") made as of this 2nd day of October 2003 by and among FIREHOUSE REALTY CORP., a Pennsylvania corporation ("Firehouse"), REED DEVELOPMENT ASSOCIATES, INC., a Pennsylvania corporation ("Reed"), SOUTH RIVER VIEW PLAZA, INC., a Pennsylvania corporation ("South"), RIVER VIEW DEVELOPMENT CORP., a Pennsylvania corporation ("Development"), RIVERVIEW COMMONS, INC., a Pennsylvania corporation ("Commons"; and together with Firehouse, Reed, South and Development, the "Owners", or each individually, an "Owner") and CSC-RIVERVIEW LLC ("Cedar").

W I T N E S S E T H

WHEREAS, the Owners and Cedar desire to form a Pennsylvania limited partnership (the "Partnership");

WHEREAS, the Owners are the owners in fee of the Fee Property (as hereinafter defined) and the owners of a leasehold estate in the Leasehold Property (as hereinafter defined);

WHEREAS, the Owners desire to contribute the Property (as hereinafter defined) to the Partnership, in exchange for preferred interests in and to the Partnership; and

WHEREAS, Cedar desires to contribute the Initial Funding Amount (as hereinafter defined) to the Partnership in exchange for common interests in and to the Partnership.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
Issuance of Interests

1.1 Interests. The Owners and Cedar hereby agree to form the Partnership, to contribute the Property and the Initial Funding Amount to the Partnership and to cause the Partnership to issue interests in and to the Partnership to Owners and Cedar (and to an affiliate of Cedar) so that said formation, contribution and issuance (collectively, the "Contribution") will result in:

A. Said affiliate of Cedar becoming the general partner of the Partnership, owning one percent (1%) of the common interests in and to the Partnership ("Cedar GP Interests");

B. Cedar becoming a limited partner of the Partnership, owning ninety-nine percent (99%) of the common interests in and to the Partnership ("Cedar LP Interests" and, together with Cedar GP Interests, the "Interests"); and

C. The Owners becoming limited preferred partners of the Partnership, owning a preferred interest (the "Preferred Interest").

1.2 Permitted Exceptions. Upon the Contribution, the Property shall be subject only to those matters set forth on EXHIBIT A annexed hereto (collectively, the "Permitted Exceptions").

1.3 Other Agreement.

The parties acknowledge that, pursuant to the terms of that certain Recapitalization Agreement (the "Other Agreement"), among Delaware 1851 Associates, LP, Indenture of Trust of Bart Blatstein dated as of June 9, 1998 ("1998 Trust"), Irrevocable Indenture of Trust of Barton Blatstein dated July 13, 1999 ("1999 Trust"; and together with 1998 Trust, "Original LPs"), Welsh-Square, Inc. ("WSI"; and together with Original LPs, the "Other Agreement Owners"), and CSC-Columbus LLC (the "Other Agreement Buyer"), the Other Agreement Owners have agreed to consummate the transaction as more particularly described in the Other Agreement (the closing of such transaction, the "Other Agreement Closing"). Notwithstanding anything to the contrary contained herein or in the Other Agreement, the Closing under this Agreement is specifically contingent, as set forth in Sections 7.2.1(L) and 7.2.2(C) hereof, upon the Other Agreement Closing (which shall include, without limitation, the making of the loan contemplated by the Other Agreement (the "Other Agreement Owners Loan")). It is expressly understood and agreed that the Closing and the Other Agreement Closing shall occur simultaneously and that, if the Other Agreement is terminated in accordance with its terms, then this Agreement shall similarly terminate and, in connection with any such termination, if (i) the Other Agreement Owners are entitled to the downpayment under the Other Agreement in connection with such termination, then, in such case, the Owners shall be entitled to the Downpayment in connection with such a termination under this Agreement, and (ii) the Other Agreement Buyer is entitled to a refund of the downpayment under the Other Agreement in connection with such termination, then,

in such case, Cedar shall be entitled to a refund of the Downpayment. A default by the Other Agreement Owners under the Other Agreement shall be deemed to be a default by Owners under this Agreement and a default by the Other Agreement Buyer under the Other Agreement shall be deemed to be a default by Cedar under this Agreement.

ARTICLE II
Initial Funding Amount

2.1 Initial Funding Amount. In consideration for (i) the contribution by the Owners of the Property to the Partnership, and (ii) the issuance of the Interests to Cedar, Cedar shall (i) loan to Owners an amount equal to Twenty Six Million Seven Hundred Forty-Three Thousand ($26,743,000.00) Dollars (the "Owners Loan"), on a nonrecourse basis, secured by the Preferred Interest, and (ii) contribute to the Partnership an initial capital amount equal to the sum of all legal fees, title insurance premiums and other closing costs to be paid by Cedar in connection with the Closing (as hereinafter defined), as the same may be adjusted pursuant to the terms of this Agreement (the "Initial Capital Amount"). The Owners Loan and the Initial Capital Amount are sometimes collectively referred to herein as the "Initial Funding Amount".

2.2 Property Contribution. In consideration for (i) the issuance of the Preferred Interest to the Owners, (ii) the making by Cedar of the Owners Loan, and (iii) the contribution by Cedar of the Initial Capital Amount to the Partnership, Owners shall contribute to the Partnership

(a) their fee interest in certain real property located at 1100, 1300 and 1400 South Christopher Columbus Boulevard, Philadelphia, Pennsylvania and 1401 South Water Street, Philadelphia, Pennsylvania (also collectively known as Riverview Shopping Center) all as more particularly described on EXHIBIT B annexed hereto together with all improvements located thereon, subject only to the Permitted Exceptions (the "Fee Property") and (b) their right, title and interest in (A) that certain Lease dated October 16, 1991 by and between Interstate Land Management Corporation ("Interstate") and Commons, as amended by that certain First Amendment to Lease dated June 24, 1992 (as so amended, "Parking Lease I"), with respect to the premises particularly described on EXHIBIT B-1 annexed hereto, (B) that certain Lease dated June 24, 1992 by and between Interstate and Commons, as amended by that certain First Amendment to Lease dated February 10, 1993 (as so amended, "Parking Lease II"), with respect to the premises particularly described on EXHIBIT B-2 annexed hereto (the leased property described on EXHIBIT B-1 and EXHIBIT B-2 together with all improvements located thereon, collectively, the "Leasehold Property"), (C) the Personal Property (as that term is hereinafter defined), (D) the Leases (as that term is hereinafter defined), (E) all easements and rights appurtenant to the Fee Property and/or the Leasehold Property, if any, (F) to the extent assignable, the Permits (as that term is hereinafter defined), other than that certain liquor license, LID No. 47678 owned by Reed (the "Liquor License"), (G) and all Records and Plans (as that term is hereinafter defined) in the Owners' possession or control. The Fee Property, together with the foregoing items (A) through (G), are hereinafter referred to collectively as, the "Property".

2.3 Method of Payment. The Initial Funding Amount shall be disbursed as follows: simultaneously with the execution and delivery of this Agreement, Five Hundred Thousand and 00/100 Dollars ($500,000.00) (the "Downpayment") by wire transfer of immediately available federal funds to the account of Escrow Agent (as hereinafter defined) in accordance with the wire instructions set forth on EXHIBIT C annexed hereto, to be held in escrow pursuant to the provisions of Article IX hereof, and (b) at the closing of the transactions contemplated hereby (the "Closing"), the balance of the Owners Loan in the sum of Twenty Six Million Two Hundred Forty-Three Thousand ($26,243,000.00) Dollars, subject to a credit to Cedar for the interest earned on the Downpayment and subject to other apportionments and other adjustments required to be made pursuant to this Agreement (the "Balance of the Initial Funding Amount") by wire transfer of immediately available federal funds to the bank account, designated in writing by the Owners prior to Closing. Except as otherwise expressly provided in this Agreement, the Downpayment shall be fully non-refundable.

2.4 Downpayment. The party or parties hereunder that shall be entitled to receive the Downpayment shall receive all interest that shall have accrued thereon; provided, however, that if the Closing shall occur, the amount of any interest earned on the Downpayment shall be credited in favor of Cedar against the Balance of the Initial Funding Amount. The Downpayment, together with all interest thereon, shall be held by Escrow Agent in accordance with Article IX hereof.

ARTICLE III
Disclaimer

3.1 Disclaimer of Warranties. Cedar is acquiring the Interests with the Property being "AS IS" with all faults and defects. Except as specifically stated in this Agreement, the Owners

hereby specifically disclaim any representation or warranty, oral or written, including, but not limited to, those concerning (i) the nature and condition of the Property, (ii) the manner, construction, condition and state of repair or lack of repair of any improvements located on the Property, (iii) the compliance of the Property or its operation with any laws, rules, ordinances, or regulations of any government or other body, it being specifically understood that Cedar has had the full opportunity to determine for itself the condition of the Property, and (iv) the income and expenses of the Property. The issuance of the Interests as provided for herein is made with the understanding that Cedar has inspected the Property, is aware of the condition thereof, and has apprised itself of all information with respect to the Property and that, except as otherwise provided herein, the issuance is made with the Property in an "as is" condition. Cedar expressly acknowledges that in consideration of the agreements of the Owners herein, except as otherwise specified herein, THE OWNERS MAKE NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY DECLARATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF QUANTITY, QUALITY, CONDITION, HABITABILITY, MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, THE INTERESTS, ANY IMPROVEMENTS, THE PERSONALTY OR SOIL CONDITIONS. The Owners are not liable or bound in any manner by expressed or implied warranties, guarantees, promises, statements, representations or information pertaining to the Interests or the Property made or furnished by any real estate broker, agent, employee, servant or other Person (as hereinafter defined) representing or purporting to represent the Owners unless such representations are expressly and specifically set forth herein. For purposes of this Agreement, the term "Person" shall mean any individual, partnership, corporation, limited liability company, trust or other entity.

ARTICLE IV
The Owners' Representations and Covenants

4.1 The Owners jointly and severally represent as follows:

A. Firehouse is a corporation duly organized and validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania and is in good standing in the Commonwealth of Pennsylvania. Firehouse has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Annexed hereto as EXHIBIT D is a true, correct and complete copy of the Certificate of Incorporation of Firehouse, which Certificate of Incorporation has not been amended or modified. The sole asset of Firehouse is Firehouse's interest in the Property.

B. Reed is a corporation duly organized and validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania and is in good standing in the Commonwealth of Pennsylvania. Reed has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Annexed hereto as EXHIBIT E is a true, correct and complete copy of the Certificate of Incorporation of Reed, which Certificate of Incorporation has not been amended or modified. The sole asset of Reed is the Liquor License and Reed's interest in the Property.

C. South is a corporation duly organized and validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania and is in good standing in the

Commonwealth of Pennsylvania. South has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Annexed hereto as EXHIBIT F is a true, correct and complete copy of the Certificate of Incorporation of South, which Certificate of Incorporation has not been amended or modified. The sole asset of South is South's interest in the Property.

D. Development is a corporation duly organized and validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania and is in good standing in the Commonwealth of Pennsylvania. Development has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Annexed hereto as EXHIBIT G is a true, correct and complete copy of the Certificate of Incorporation of Development, which Certificate of Incorporation has not been amended or modified. The sole asset of Development is Development's interest in the Property.

E. Commons is a corporation duly organized and validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania and is in good standing in the Commonwealth of Pennsylvania. Commons has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Annexed hereto as EXHIBIT H is a true, correct and complete copy of the Certificate of Incorporation of Commons, which Certificate of Incorporation has not been amended or modified. The sole asset of Commons is Commons' interest in the Property.

F. The Owners are the owner in fee of the Fee Property, subject only at Closing to the Permitted Exceptions. Commons is the owner of a

leasehold estate in the Leased Property.

G. This Agreement (i) has been duly authorized, executed and delivered by the Owners and no other proceedings on the part of the Owners are necessary to authorize this Agreement or to consummate the transactions contemplated hereby, and (ii) is the legal, valid and binding obligation of the Owners enforceable against the Owners in accordance with its terms (subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally).

H. The execution, delivery, observance and performance by the Owners of this Agreement and the transactions contemplated hereby will not (i) result in any violation of the organizational documents of any of the Owners, (ii) violate any material contractual provision, law, statute, ordinance, rule, regulation, judgment, decree or order applicable to any of the Owners, (iii) conflict with, or cause a breach of, or a default under, or result in a termination, modification, or acceleration of, any material obligation of any of the Owners.

I. The Property is encumbered by a first mortgage (the "Mortgage") securing a loan in the original principal amount of Twenty-Four Million and 00/100 Dollars ($24,000,000) (the "Mortgage Loan"), made by First Union National Bank of North Carolina ("Mortgagee")to the Owners on March 25, 1997 assigned to State Street Bank and Trust Co. A true, correct and complete schedule of the documents evidencing the Mortgage Loan (the "Mortgage Loan Documents") is annexed hereto as EXHIBIT I. True, accurate and complete copies of the Mortgage Loan Documents in all material respects have been delivered to Cedar.

The Mortgage Loan Documents are in full force and effect and have not been amended. As of the date hereof, no default exists under any of the Mortgage Loan Documents. The outstanding principal balance of the Mortgage Loan as of the date hereof is Twenty Two Million Four Hundred Eighteen Thousand Eight Hundred Eighty Four ($22,418,884.00) Dollars. The portion of the November 2003 payment under the Mortgage Loan Documents that will be applied in reduction of the outstanding principal balance of the Mortgage Loan is Twenty Nine Thousand Two Hundred Eighty Two ($29,282.00) Dollars. There is no prepayment penalty or other fee payable in connection with a voluntary prepayment of the Mortgage Loan other than a prepayment fee (the "Prepayment Fee") in an amount equal to the greater of (i) one percent (1%) of the outstanding principal balance of the Mortgage Loan and (ii) the positive excess of (1) the present value, as of the date of such prepayment, of all future installments of principal and interest due under the Mortgage Loan Documents absent any such prepayment including the principal amount due at maturity, discounted at an interest rate per annum equal to the Treasury Constant Maturity Yield Index (as defined in the Mortgage Loan Documents) published during the second full week preceding the date on which such premium is payable for instruments having a maturity coterminous with the remaining term of the Mortgage Loan, over (2) the then outstanding principal balance hereof immediately before such prepayment (as more fully set forth in the Mortgage Loan Documents). Upon the payment of the Prepayment Fee, the Mortgage Loan may be freely pre-paid and the Mortgage discharged.

J. The Property is not subject to any mortgages, liens or encumbrances other than (i) the Mortgage Loan, (ii) the Permitted Exceptions (upon Closing), and (iii) that certain mortgage made to Fleet Bank, dated Sept 2, 2002, in connection with a line of credit made by Fleet Bank, which such mortgage is freely terminable and shall be discharged by the Owners, at their sole cost and expense, at or prior to the Closing.

K. No consent, approval, waiver, license, authorization or declaration of, or filing or registration with, any Person is or will be required in connection with the execution, delivery and performance of this Agreement by the Owners.

L. There are no material contracts or agreements, written or oral, which affect the Property, except those described either in this Agreement or set forth in Exhibits to this Agreement.

M. There are no takings, condemnations, betterments, assessments, actions, suits, arbitrations, claims, attachments, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings, actual or proposed, pending or, to the best of the Owners' knowledge, threatened against the Property or the Owners except for claims covered under applicable insurance policies.

N. No tax certiorari proceeds with respect to the Property are presently pending or remain outstanding, other than that certain Real Estate Market Value Appeal for Tax Year 2004, dated September 24, 2003, filed on September 24, 2003, alleging overvaluation of the portion of the Property owned by Firehouse with respect to the Property to be properly reflected in Board of Revision of Taxes Notice of Proposed Changes in Market Value for Real Estate Taxes in 2004, dated August 1, 2003.

O. True, correct and complete copies (in all material respects) of the leases, licenses or other occupancy agreements affecting the Property (collectively, the "Leases") and subleases affecting the Property (collectively, the "Subleases") have been delivered to Cedar. The information set forth on EXHIBIT J annexed hereto (the "Schedule of Leases") is true, complete and correct in all material respects, and the Leases and the Subleases are in full force and effect and have not been amended, except as set forth in the Schedule of Leases. The Schedule of Leases sets forth the amount of all security deposits (plus accrued interest thereon, if any, required to be paid to the respective tenants under the Leases (the "Tenants")) made by Tenants under the Leases and held by or on behalf of the landlord thereunder. The rent roll (the "Rent Roll") annexed hereto as EXHIBIT K is true, correct and complete in all material respects based upon the current operation of the Property and the rents set forth on the Rent Roll are the rents currently being collected. All of the landlord's obligations under the Leases which the landlord is obligated to perform in all material respects prior to the Closing have or will have been performed.

P. Except as set forth on the Schedule of Leases:

(a) (there are no Leases or Subleases and no Person, other than the Owners, the Tenants and subtenants under the Subleases (the "Subtenants"), has any right of possession of the Property;

(b) there are no unsatisfied "Take-Over" space obligations or "Take-Back" space obligations ("Take-Over" space obligations mean rent obligations of the Tenant in other buildings assumed by the landlord, and "Take-Back" space obligations mean obligations imposed upon the landlord to sublet or otherwise be responsible for the obligations of a Tenant under a Lease);

(c) To the Owners' knowledge there are no disputes with Tenants as to the amount of their rental obligations;

(d) the rents set forth on the Rent Roll were actually collected for the month of September, 2003;

(e) there are no arrearages under any of the Leases;

(f) no Tenant or Subtenant has any option to purchase the Property;

(g) none of the Owners has received from any Tenant any written notice claiming any material default by the landlord under its Lease which has not been complied with, and none of the Owners has delivered to Tenant any written notice claiming a default by Tenant under a Lease which has not been complied with, and, to the best knowledge of the Owners, there are no circumstances which, after notice and the expiration of any applicable grace period, would constitute a default by either the landlord or any Tenant under the Leases in any material respect;

(h) no Tenant has any right of first offer, right of first refusal, option or other preferential right to expand its premises; and

(i) no Tenant has asserted offsets or claims against, or has any defense to, rental payable or obligations under the Leases.

Q. No guarantor of any of the Leases has been released or discharged voluntarily (or, to the best of the Owners' knowledge either involuntarily or by operation of law) from any obligation related to the Lease. All of the improvements to be constructed by the landlord, if any, contemplated under the Leases or as required therein and in all collateral agreements and plans and specifications respecting same have been completed as so required in all material respects, and any fees, costs, allowances, advances or other expenses to be paid by the landlord for tenant improvements or tenant finish work have been paid in full. None of the rentals due or to become due under the Leases has been or will be, at the closing, assigned, encumbered or subject to any liens.

R. There are no management, service, supply, equipment rental, and similar agreements affecting the Property, and there are no month-to-month service arrangements on expired or automatic renewable contracts (collectively, the "Service Contracts") which will bind the Property, the Partnership, Cedar or the Owners after the Closing.

S. All federal, state and local tax returns required to be filed by the Owners have been timely, duly and accurately completed and filed, and all federal, state and local taxes required to be paid by the Owners have been paid in full in connection with all filed returns.

T. The Owners have no material liabilities or obligations of any nature, other than in the ordinary course of business (whether known or unknown and whether absolute, accrued, contingent or otherwise) except for the Mortgage Loan. Except in connection with the Mortgage Loan, the interests of the Owners in the Property have not been pledged or transferred.

U. Other than as contemplated by this Agreement, there are no outstanding options to purchase, rights of first offer, rights of first refusal, warrants, calls, commitments, conversion rights, rights of exchange, plans or other agreements of any character, absolute or contingent, to acquire all, or any portion of, the Property or the Interests.

V. As of the date hereof, none of the Owners has entered into any brokerage agreements or lease commission agreements, other that certain listing agreement between Reed and Seligsohn, Soens, Hess, dated as of May 1, 2003 (the "Seligsohn Agreement"). No leasing commission is now or will hereafter become due or owing in connection with any of the Leases, including, without limitation, pursuant to the Seligsohn Agreement, or in connection with any renewals or extensions of the term of any of the Leases, other than any commissions incurred, between the date of this Agreement and Closing, pursuant to Cedar's prior written consent, in connection with new Lease executed (with the prior written consent of Cedar) during the period between the date of this Agreement and the Closing. Any commissions incurred resulting from a new Lease so approved by Cedar and executed, shall be paid by Cedar.

W. The Personal Property (as hereinafter defined) has not been assigned or conveyed to any other party (other than as security for the Mortgage Loan). For purposes of this

Agreement, the term "Personal Property" shall mean all equipment, appliances, tools, machinery, supplies, building materials and other personal property of every kind and character owned by the Owners and attached to, appurtenant to, located in or used in connection with the operation of the Property, other than the Liquor License.

X. The Owners have received no written notice of any violation or any alleged violation of any Environmental Laws has been issued or given by any Governmental Authority (as hereinafter defined) which remains uncured. For purposes of this Agreement, the term "Hazardous Materials" shall mean (a) any toxic substance, hazardous waste, hazardous substance or related hazardous material; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of presently existing federal, state or local safety guidelines, whichever are more stringent; and (c) any substance, material or chemical which is defined as or included in the definition of "hazardous substances", "toxic substances", "hazardous materials", "hazardous wastes" or words of similar import under any federal, state or local statute, law, code, or ordinance or under the regulations adopted or guidelines promulgated pursuant thereto, including, but not limited to, the Environmental Laws. For purposes of this Agreement, the term "Environmental Laws" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section9061, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Section1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section6901, et seq.; and the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section1251, et seq., as any of the foregoing may be amended from time to time, and any other federal, state and local laws and regulations, codes, statutes, orders, decrees, guidance documents, judgments or injunctions, now or hereafter issued, promulgated, approved or entered thereunder, relating to pollution, contamination or protection of the environment, including, without limitation, laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes into the environment or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials. For purposes of this Agreement, the term "Governmental Authority" shall mean the United States government, any state, regional, local or any other political subdivision of any of the foregoing, and any agency, department, commission, board, court bureau or instrumentality of any of them having jurisdiction over the Property or any of the Owners.

Y. The Owners have delivered to Cedar a true, correct and

complete copy of the Phase I Environmental Report, dated as of September 27, 2001, prepared by IVI Environmental, Inc., as updated by that certain Phase I Environmental Site Assessment dated as of August 8, 2003, prepared by IVI Environmental, Inc. directly for Cedar.

Z. [intentionally omitted]

AA. There are, and at the Closing there will be, no employees and no employment contracts, operating agreements, management contracts, listing agreements, consulting agreements, union contracts, labor agreements, pension plans, profit sharing plans or employee benefit plans which relate to any of the Owners or the Property (collectively, "Operating Agreements"), other than the Seligsohn Agreement. True, correct and complete

copies of the Selligs Agreement has been delivered to Cedar. Neither the Owners, nor to the Owners' best knowledge, any other party is in default with respect to any of its obligations or liabilities pertaining to the Seligsohn Agreement. There are, and at Closing will be, no unpaid fees or commissions owing with respect to the Property, other than any fees incurred, between the date of this Agreement and Closing, pursuant to Cedar's prior written consent, in connection with new Lease executed (with the prior written consent of Cedar) during the period between the date of this Agreement and the Closing. Any fees incurred resulting from a new Lease so approved by Cedar and executed, shall be paid by Cedar.

BB. The Owners maintain insurance with respect to the Property as set forth on EXHIBIT L annexed hereto. True, correct, and complete copies of these policies have been delivered to Cedar and are in full force and effect. True, correct, and complete copies of all policies of liability insurance held in connection with the Property during the Owners' tenure of ownership of the Property have been delivered by the Owners to Cedar. None of the Owners has received any written notice from any insurance company which has issued a policy with respect to the Property or from Mortgagee requesting or requiring performance of any structural or other major repair or alteration to the Property which has not been complied with.

CC. None of the Owners is a "foreign person" as defined pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended.

DD. All Records and Plans in the possession or control of the Owners have been made available to Cedar. For purposes of this Agreement the term "Records and Plans" shall mean all of the following items which are in the possession of or under the control of the Owners: (A) all accounting, tax, financial, and other books and records (including tax returns) maintained in connection with the renovation, construction, use, maintenance, repair, leasing and operation of the Property and the formation, existence and operation of the Owners, (B) all building plans and specifications (including "as-built" drawings) with respect to the improvements and (C) all structural reviews, architectural drawings and engineering, soil, seismic, geologic and architectural reports, studies and certificates and other documents pertaining to the Property. Records and Plans also means such additional books, records, plans, specifications, reports, studies and other documents maintained or prepared after the date of this Agreement. Except as expressly provided herein, no representations are given regarding the accuracy or completeness of the Records and Plans.

EE. A true, correct and complete schedule in all material respects of the lease documents evidencing the Owners leasehold estate in the Leasehold Property (the "Leasehold Documents") is annexed hereto as EXHIBIT M. True, accurate and complete copies of the Leasehold Documents have been delivered to Cedar. The Leasehold Documents are in full force and effect and have not been amended, except as set forth on EXHIBIT M. As of the date hereof, no default exists under any of the Leasehold Documents and, to the knowledge of the Owners, no condition exists which, with the giving of notice or the passage of time would give rise to a default under any of the Leasehold Documents. The Owners know of no reason why Interstate would not agree to execute and deliver the Parking Lease Memoranda (as that term is hereinafter defined), it being understood that the Owners have not yet engaged in dialogue with Intrastate in connection with the Parking Lease Memoranda,

The representations and warranties made in this Section 4.1 shall survive the Closing shall survive the Closing and remain in full force and effect for a period of four (4) months after the date of the Closing. The Owners shall have no liability to Cedar in respect of said representations and warranties unless Cedar shall have delivered to the Owners, within such four (4) month period, a claim specifying the alleged breach of any one or more of such representations, in which case the Owner's liability shall survive with respect to the matters alleged in such claim until resolution thereof. For purposes of this Agreement the term "material" shall mean (unless the context clearly indicates otherwise) any fact or condition, the presence or absence of which, has or could have a significant adverse effect on the financial condition or

value of the Property or the continued use and enjoyment thereof.

4.2 Cedar represents as follows:

A. Cedar is a limited liability company duly organized and validly existing under and by virtue of the laws of the State of Delaware and is in good standing in the State of Delaware. Cedar has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

B. This Agreement (i) has been duly authorized, executed and delivered by Cedar and no other proceedings on the part of Cedar are necessary to authorize this Agreement or to consummate the transactions contemplated hereby, and (ii) is the legal, valid and binding obligation of Cedar enforceable against Cedar in accordance with its terms (subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally).

C. The execution, delivery, observance and performance by Cedar of this Agreement and the transactions contemplated hereby will not (i) result in any violation of the organizational documents of Cedar, (ii) violate any contractual provision, law, statute, ordinance, rule, regulation, judgment, decree or order applicable to Cedar, (iii) conflict with, or cause a breach of, or a default under, or result in a termination, modification, or acceleration of, any obligation of Cedar, or (iv) permit any other party to terminate or modify any agreement or instrument to which Cedar is a party or by which any of them is bound.

4.3 The Owners hereby covenant and agree with Cedar as follows:

A. At all times up to the Closing Date, the Owners shall maintain or cause to be maintained insurance upon the Property in the same coverages and amounts as the insurance policies on the Property on the date hereof.

B. At all times up to the Closing Date, the Owners shall operate and maintain the Property in substantially the same manner as it is now operated and maintained, and the Owners shall use reasonable efforts to maintain the physical condition of the Property in its current condition, reasonable and ordinary wear and tear and damage by fire and casualty excepted.

C. The Owners shall neither transfer nor remove any Personal Property (other than the Liquor License) or fixtures from the Property subsequent to the date hereof, unless the same are no longer needed for the maintenance and operation of the Property or except for

purposes of replacement thereof, in which case such replacements shall be promptly installed prior to Closing and shall be comparable in quality to the items being replaced.

D. The Owners shall not without the prior written consent of Cedar, which consent may be granted or withheld in Cedar's sole discretion, to (i) enter into any Lease nor modify, renew, extend, replace, terminate or otherwise change any of the terms, conditions or covenants of any existing Lease, or (ii) consent to any Sublease or any modification, renewal, replacement, termination or other change of any of the terms, conditions or covenants of any existing Sublease.

E. The Owners shall not enter into any new Service Contract after the date hereof without the prior written consent of Cedar, which consent may be granted or withheld in Cedar's sole discretion.

F. The Owners shall not enter into any Operating Agreement after the date hereof without the prior written consent of Cedar, which consent may be granted or withheld in Cedar's sole discretion.

G. The Owners shall not amend or modify any Permits with respect to the Property and shall keep in full force and effect and/or renew all Permits. For purposes of this Agreement, the term "Permits" shall mean all approvals, consents, registrations, franchises, permits, licenses, variances, certificates of occupancy and other authorizations with regard to zoning, landmark, ecological, environmental, air quality, subdivision, planning, building or land use required by any Governmental Authority for the construction, lawful occupancy and operation of the Improvements and the actual use thereof.

H. The Owners shall timely comply with all Legal Requirements in all material respects. For purposes of this Agreement, the term "Legal Requirements" shall mean any law, statute, ordinance, order, rule, regulation, decree or other requirement of a Governmental Authority, and all conditions of any Permit.

I. The Owners shall pay all obligations and trade creditors

in the normal course of business and not defer any expenses or costs which would be paid or incurred in the normal course of business.

J. The Owners shall not, without the written consent of Cedar, convey any interest, directly or indirectly, in the Property.

K. The Owners shall not withdraw, settle or otherwise compromise any protest or reduction proceeding affecting real estate taxes assessed against the Property for any fiscal period in which the Closing is to occur or any subsequent fiscal period without the consent of Cedar, which consent may be granted or withheld in Cedar's sole discretion.

L. The Owners shall not create, assume, incur or suffer to exist any lien (other than the Permitted Exceptions).

M. The Owners shall use good faith efforts to obtain the Tenant Estoppel Certificates, the Landlord Consent, and the Landlord Estoppel (as those terms are defined in Section 7.2.1).

N. The Owners shall not bring (or permit to be brought) any Hazardous Materials in, upon, under, over or from the Property in violation of Environmental Laws.

O. The Owners shall not remove or dispose of (or permit to be removed or disposed of) any Hazardous Materials in, upon, under, over or from the Property in violation of Environmental Laws.

P. The Owners shall not hereafter engage any new employees for any of the Owners or the Property.

Q. The Owners shall make all payments as required by the Mortgage Loan.

R. The Owners shall, at Cedar's sole cost and expense, cooperate with Cedar with regard to any financing that is arranged for by Cedar in connection with the transactions contemplated by this Agreement, and the Owners will execute all documents reasonably required pursuant to such financing, provided same do not impose cost or liability on the Owners.

S. The Owners shall not collect any rent under any Lease more than one (1) month in advance.

T. The Owners shall not make any material alterations to the Property.

4.4 The Owners acknowledge that Cedar desires that a memorandum of lease be placed of record prior to the Closing with respect to each of Parking Lease I and Parking Lease II. Accordingly, the Owners covenant and agree that they shall, within five (5) days of the date hereof, contact Interstate and thereafter shall use their reasonable and good faith efforts to obtain from Interstate as soon as possible, a memorandum of lease, in form (i) suitable for recording, (ii) satisfying any applicable statutory requirements, and (iii) reasonably acceptable to Cedar, with respect to each of Parking Lease I and Parking Lease II (collectively, the "Parking Lease Memoranda"). Upon obtaining the Parking Lease Memoranda from Interstate, the Owners shall countersign such documents, shall deliver same to the Title Company to be placed of record and shall deliver a duplicate original of each to Cedar at the Closing. The Owners shall promptly deliver to Cedar copies of all correspondence sent to or received from Interstate in connection with the Parking Lease Memoranda and shall otherwise keep Cedar informed with respect to the Owners' progress with respect to obtaining the Parking Lease Memoranda from Interstate. Nothing contained in this paragraph shall be deemed to require the Owners to obtain the Parking Lease Memoranda as a condition of Closing.

ARTICLE V
Brokerage

5.1 The parties agree that Michael Salove Company (the "Broker") is the broker in connection with this transaction. The Owners agree to pay any commission payable to the Broker in connection with this transaction by separate agreement. Provided the Closing occurs,

Cedar shall, at the Closing, reimburse the Owners for a portion of the fee paid to the Broker in the amount of Two Hundred Fifty Thousand ($250,000.00) Dollars.

5.2 Cedar hereby agrees to indemnify, defend and hold the Owners harmless from and against any and all claims, losses, liability, costs and expenses (including reasonable attorneys' fees) resulting from any claim that may be made against the Owners by any broker (other than the Broker), or any other person claiming a commission fee or other compensation by reason of this transaction, if the same shall arise by, through or on account of any alleged

act of Cedar or Cedar's representatives.

5.3 The Owners hereby agree to jointly and severally indemnify, defend and hold Cedar harmless from and against any and all claims, losses, liability, costs and expenses (including reasonable attorneys' fees) resulting from any claim that may be made against Cedar by any broker (including the Broker), or any other person, claiming a commission fee or other compensation by reason of this transaction, if the same shall arise by, through or on account of any alleged act of the Owners or the Owners' representatives.

5.4 The obligations under this Article V shall survive the Closing or a termination of this Agreement.

ARTICLE VI
Title and Due Diligence

6.1 Title.

6.1.1 Title Commitment; Title Objections. The Owners have ordered and have caused to be delivered to Cedar, a title insurance report and commitment (the "Commitment") for the Title Policy (as hereinafter defined) from Legal Abstract Co., 2200 Walnut Street, Philadelphia, Pennsylvania 19103 (the "Title Company"). Upon receipt of any updates or revisions to the Commitment, Cedar shall furnish copies thereof to the Owners' attorneys. The parties acknowledge and agree that the Commitment contains certain objections to title which are not Permitted Exceptions (the "Title Objections"). If any supplement, amendment or modification of the Commitment contains any additional Title Objections not contained in the original Commitment, Cedar shall give notice to the Owners, within ten (10) days of its receipt of such supplement, amendment or modification, setting forth such additional Title Objections contained therein. In the event Cedar fails to give notice within such ten (10) days following its receipt of such supplement, amendment or modification, Cedar shall be deemed to have waived its right to object thereto.

6.1.2 Encumbrances to Eliminate. The Owners shall be required to eliminate (a) all mortgages (other than the Mortgage), (b) unpaid water charges and assessments, (c) any other Title Objections which are in a liquidated amount and which may be satisfied by the payment of money, and (d) any other Title Objections that were contained in the original Commitment.

6.1.3 Other Exceptions. Except as set forth in Section 6.1.2 above, the Owners shall not be required to bring any action or institute any proceeding, or to otherwise incur any costs or expenses in order to attempt to eliminate any Title Objections. If the Owners fail to eliminate any and all Title Objections (other than those encumbrances set forth in Section 6.1.2

above which the Owners shall be obligated to remove), then, Cedar may elect, as its sole right and remedy, to either (i) proceed with the transactions contemplated hereby subject to such exceptions, and Cedar shall close hereunder, without reduction of the Initial Capital Amount, notwithstanding the existence of same, and the Owners shall have no obligations whatsoever after the Closing Date with respect to the Owners' failure to eliminate such exceptions, or (ii) terminate this Agreement by notice given to Owners, in which event Cedar shall be entitled to a return of, and Escrow Agent shall promptly deliver, the Downpayment to Cedar. Upon such return and delivery, this Agreement shall terminate and neither party hereto shall have any further obligations hereunder other than pursuant to those provisions that expressly survive a termination of this Agreement.

6.2 Liens, Judgments and Encumbrances. If, at the Closing, the Property is subject to any mortgage or mortgages, unpaid taxes, water charges and assessments, or any other liens, judgments and monetary encumbrances, the existence thereof shall not constitute a Title Objection provided that such mortgages), unpaid taxes, water charges and assessments, or any other liens, judgments and encumbrances are paid by the Owners to the Title Company and the Title Company shall omit the same from the Title Policy.

6.3 Affidavits. If the Commitment, or any supplement, amendment or modification thereof, discloses judgments, bankruptcies or other returns against other persons having names the same as, or similar to, that of any of the Owners, the Owners shall deliver to the Title Company affidavits showing that such judgments, bankruptcies or other returns are not against the Owners in order to induce the Title Company to omit exceptions with respect to such judgments, bankruptcies or other returns. In addition, the Owners shall deliver to the Title Company an affidavit required to cause the Title Company to issue a non-imputation endorsement to the Title Policy and all other affidavits customarily required of sellers of property similar to the Property.

6.4 Violations. Notwithstanding anything to the contrary contained herein, Owners shall cure and eliminate (and pay all related fines and penalties and any accrued interest thereon), at Owners' cost and expense, any violations assessed against the Property as of the Closing Date.

6.5 [intentionally omitted]

6.6 [intentionally omitted]

6.7 Ongoing Site Visits. Cedar and its employees, agents, contractors, consultants and representatives ("Consultants") shall have reasonable access to the Property on at least one (1) Business Day's (as that term is hereinafter defined) prior notice to Owners (which notice may be delivered by telephone to Brian Friedman of Tower Investments, Inc. at (215) 467-4600), during reasonable times as mutually agreed upon by Owners and Cedar solely for the purpose of (i) inspecting the physical and structural condition of the Property and conducting non-intrusive physical inspections and tests (non-intrusive physical inspections and tests shall include, for example, taking de minimis samples of building materials), and (ii) monitoring the ongoing operations of the Property (including, without limitation, the performance by Tenants of their respective obligations under the Leases). If Cedar desires to conduct any intrusive physical inspections and tests, including a Phase II environmental inspection of the Property, Cedar shall

identify in writing the procedures Cedar desires to perform and request Owner's consent. If Owners object to the inspections and tests requested by Cedar, Owners shall describe the basis for their objection to Cedar and propose to Cedar a reasonable alternative for resolving the issue giving rise to Cedar's request for intrusive physical inspections or tests. If Owners consent to the inspections and tests requested by Cedar, Cedar and Consultants shall, in performing intrusive physical inspections or tests, (a) comply with any and all statutes, laws, ordinances, rules and regulations applicable to the Property, and (b) restore the Property to the condition, in all material respects, in which the same was found before inspection or testing was undertaken, but in no event later than ten (10) Business Days after such inspection or testing occurs.

6.8 Interviews. Cedar may communicate or conduct interviews with any Tenant without the requirement of having received the prior consent of Owners; provided, however, that with respect to any interview to be conducted at the Property, Cedar shall notify Owners (which notice may be delivered by telephone to Brian Friedman of Tower Investments, Inc. at (215) 467-4600) at least one (1) Business Day in advance of any such interview. With respect to interviews conducted at the Property, any such interview shall not unreasonably disrupt or disturb (i) the on-going operation of the Property, or (ii) the quiet possession of Tenants.

6.9 Access to Books and Records. Cedar and the Consultants shall, on at least one (1) Business Day's prior notice to Owners (which notice may be delivered by telephone to Brian Friedman of Tower Investments, Inc. at (215) 467-4600), during reasonable times as mutually agreed upon by Owners and Cedar, have access to all books and records of with respect to the Property as Cedar reasonably requires, and Owners shall lend their reasonable assistance to Cedar and the Consultants in connection with any such examination or audit.

ARTICLE VII
The Closing

7.1 Closing Date.

7.1.1 The transaction contemplated herein shall be consummated at the Closing which shall take place at the offices of the Title Company or at such other place as shall be mutually agreed upon by the Owners and Cedar on the earlier of (i) five (5) Business Days after the receipt by Cedar Income Fund Partnership, L.P. or any related entity of the proceeds of a new public offering of common stock or shares of beneficial interest (the "Offering Receipt Date"), and (ii) October 31, 2003 (the actual date of the Closing being herein referred to as the "Closing Date").

7.1.2 The parties acknowledge and agree that, it is a condition precedent to Cedar's obligations to consummate the transactions contemplated by this Agreement that Cedar (i) shall have received certain Tenant Estoppel Certificates, as more particularly set forth in Section 7.2.1 (B) (such condition, the "Tenant Estoppel Condition"), and (ii) shall receive at Closing the Good Standing Certificates or the Service Company Affidavits (as those terms are hereinafter defined). If the day which is five (5) Business Days after the Scheduled Receipts Date occurs prior to October 31, 2003, and, as of such date, the Tenant Estoppel Condition has not yet been fully satisfied and/or the Good Standing Certificates or the Service Company Affidavits shall not have yet been obtained by the Owners, then, in such event, the Closing shall

be adjourned until October 31, 2003 (or such earlier date upon which the Tenant Estoppel Condition shall have been fully satisfied and the Good Standing Certificates or the Service Company Affidavits obtained by the Owners).

7.2 Conditions to the Closing.

7.2.1 Conditions Precedent to Cedar's Obligations. The Closing and Cedar's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the following conditions and the obligations of the parties with respect to such conditions are as follows:

A. Title.

(a) Cedar shall not have exercised its rights, pursuant to Section 6.1.3 hereof, to terminate this Agreement.

(b) Upon payment of all premiums by the party responsible for such cost pursuant to the terms of Section 8.6 hereof, the Title Company shall be willing to issue a title insurance policy insuring in the Partnership good and marketable fee title to the Property (subject only to the Permitted Exceptions), which policy shall include a non-imputation endorsement, and otherwise be in accordance with the provisions of Article VI hereof (the "Title Policy").

B. Tenant Estoppel Certificates. The Owners shall request, and Cedar shall have received estoppel certificates certified to the Partnership and Cedar and dated not more than thirty (30) days prior to the Closing Date ("Tenant Estoppel Certificates") duly executed by (i) each Major Tenant and (ii) such other Tenants so that Tenant Estoppel Certificates shall have been received from Tenants occupying, in the aggregate (including the space demised to Major Tenants), at least 80% of the rentable square footage of the Property (the foregoing condition, the "Estoppel Condition"). "Major Tenants" mean those Tenants set forth on EXHIBIT N annexed hereto. The Tenant Estoppel Certificates shall be substantially in the form of and upon substantially the terms set forth on EXHIBIT O annexed hereto. The Owners shall deliver the original executed Tenant Estoppel Certificates to Cedar as and when the same shall be delivered to the Owners, but in no event later than two (2) Business Days prior to the Closing Date. If any Tenant Estoppel Certificate shall have been modified or qualified in any fashion that, individually or in connection with other Tenant Estoppel Certificates, reveals facts, conditions or circumstances which result or may result in a material adverse change in the financial condition of the Property, or are inconsistent in any material respect with the representations of the Owners set forth in Section 4.1 above, then Cedar may disapprove the same (such disapproved Tenant Estoppel Certificates, the "Unacceptable Certificates") by notice delivered to the Owners promptly following Cedar's receipt of such Unacceptable Certificate, and, for purposes of establishing whether the Estoppel Condition has been satisfied, any Unacceptable Certificates shall be deemed not to have been received.

C. [intentionally omitted]

D. Landlord Consent. Cedar shall have received a consent duly executed by Interstate (the "Landlord Consent"), to be dated not more than ten (10) days prior to the Closing Date, authorizing Owners' contribution of the Leasehold Property, assignment of the Leasehold Documents to the Partnership, and the form of Leasehold Assignment (as hereinafter defined).

E. Landlord Estoppel. Cedar shall have received an estoppel certificate (the "Landlord Estoppel") duly executed by Interstate to be dated not more than thirty (30) days prior to the Closing Date. The Landlord Estoppel shall certify the annual base rent and additional rent for the Leasehold Property, that the Leasehold Documents are in full force and effect, and that Interstate (i) has not delivered any notice of default under the Leasehold Documents that remains uncured, and (ii) does not have knowledge of any default under the Leasehold Documents. The Owners shall deliver the original executed Landlord Estoppel to Cedar as and when the same is received by the Owners, but in no event later than five (5) Business Days prior to the Closing Date. If the Landlord Estoppel shall reveal facts, conditions or circumstances which result or may result in a material adverse change in the financial condition of the Property, or are inconsistent in any material respect with the representations of the Owners set forth in Section 4.1 above, then Cedar may disapprove the same by notice delivered to the Owners promptly following Cedar's receipt of the Landlord Estoppel, in which case the condition set forth in this Section 7.2.1E shall be deemed not to have been satisfied.

F. Casualty or Condemnation Event. No Material Loss shall have occurred pursuant to which Cedar shall have exercised its rights, pursuant to the provisions of Section 7.5 hereof, to termination this Agreement.

G. Representations, Warranties and Covenants of the Owners. The Owners shall have duly performed in all material respects, each and every agreement to be performed by the Owners under this Agreement and the Owners' representations, warranties and covenants set forth in this Agreement shall be true and correct as of the Closing Date.

H. No Material Changes. On the Closing Date, there shall have been no material adverse changes in the physical condition of the Property and there shall have been no material adverse change in the financial condition of any of the Owners.

I. Manager Termination. Cedar shall have received a termination, in form reasonably satisfactory to Cedar (the "Manager Termination") of the management agreement, dated as of March 24, 1997, entered into with Tower Investments, Inc. ("Existing Property Manager"), duly executed by Existing Property Manager and the Owners to be dated as of the Closing Date.

J. Release. Cedar shall have received a release (the "Release"), in form reasonably satisfactory to Cedar, duly executed by Existing Property Manager to be dated as of the Closing Date.

K. The Owners' Deliveries. The Owners shall have delivered the items described in Section 7.3 below.

L. The Other Agreement. Without modifying the provisions of Section 1.3, the transactions contemplated by the Other Agreement shall occur simultaneously with the

Closing and the proceeds of the Other Agreement Owners Loan shall have been disbursed in accordance with the terms of the Other Agreement.

The conditions set forth in this Section 7.2.1 are solely for the benefit of Cedar and may be waived only by Cedar. Cedar shall at all times have the right to waive any condition. Such waiver or waivers shall be in writing. The waiver by Cedar of any condition shall not relieve the Owners of any liability or obligation as respects any representation, warranty or covenant of the Owners unless Cedar shall so agree in writing. Neither the Owners nor Cedar shall act or fail to act for the purpose of permitting or causing any condition to fail (except to the extent Cedar, in its own discretion, exercises its right to disapprove or not to waive any such items or matters). The occurrence of the Closing shall constitute approval by Cedar of all matters to which Cedar has a right of approval under this Agreement and a waiver of all conditions precedent under this Agreement.

7.2.2 Conditions Precedent to the Owners' Obligations. The Closing and the Owners' obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the following conditions and the obligations of the parties with respect to such conditions are as follows:

A. Cedar's Deliveries. Cedar shall have delivered the items described in Section 7.4 below.

B. Covenants of Cedar. Cedar shall have duly performed each and every agreement to be performed by Cedar under this Agreement.

C. The Other Agreement. Without modifying the provisions of Section 1.3, the transactions contemplated by the Other Agreement shall occur simultaneously with the Closing and the proceeds of the Other Agreement Owners Loan shall have been disbursed in accordance with the terms thereof.

The conditions set forth in this Section 7.2.2 are solely for the benefit of the Owners and may be waived only by the Owners. The Owners shall at all times have the right to waive any condition. Such waiver or waivers shall be in writing. The waiver by the Owners of any condition shall not relieve Cedar of any liability or obligation as respects any covenant of Cedar unless the Owners shall so agree in writing. Neither the Owners nor Cedar shall act or fail to act for the purpose of permitting or causing any condition under this Section 7.2.2 to fail (except to the extent the Owners, in its own discretion, exercise its right not to waive any such items or matters). The occurrence of the Closing shall constitute approval by the Owners of all matters to which the Owners has a right of approval under this Agreement and a waiver of all conditions precedent under this Agreement.

7.3 At the Closing, the Owners shall deliver or cause to be delivered each of the following items to Cedar:

A. A special warranty deed, duly executed by the Owners and acknowledged by a notary public, conveying to the Partnership good and marketable fee simple title to the Property in form suitable for recording.

B. A counterpart of the Agreement of Limited Partnership (the "Partnership Agreement"), in the form annexed hereto as EXHIBIT P, duly executed by the Owners, it being understood that any remaining blanks and bracketed provisions in the Partnership Agreement shall be accurately completed.

C. Affidavits executed by each of the Owners in accordance

with the provisions of Section 1445 of the Internal Revenue Code of 1986, as amended, if required.

D. A Certificate of Good Standing of each of the Owners issued by the Secretary of State of the state of organization for each such entity, dated not more than thirty (30) days prior to the Closing, and Certificates of Good Standing of the Owners issued by the Secretaries of State of the State in which the Property is located and of the state that each of the Owners is organized, dated not more than thirty (30) days prior to the Closing ("Good Standing Certificates"). Notwithstanding the foregoing, provided the Owners shall have diligently attempted to obtain Good Standing Certificates, if same shall not have been timely issued by the Secretary of State, in lieu of the Good Standing Certificates, Owners shall deliver affidavits or certifications with respect to each entity (collectively "Service Company Affidavits") from a reputable legal information services company (i) stating that it has received oral confirmation from the Secretary of State that such entities are in good standing, and (ii) agreeing to promptly forward to Cedar the Good Standing Certificates when same are received.

E. Requisite affidavits and consents that each of the Owners is authorized to complete the transaction contemplated by this Agreement, become a member of the Partnership owning the Preferred Interest and take all other action contemplated by this Agreement, including, without limitation, an incumbency certificate for each of the individuals executing a document on behalf of each of the Owners, and resolutions of the board of directors for each of the Owners.

F. The Landlord Consent.

G. The Tenant Estoppel Certificates.

H. The Landlord Estoppel.

I. The Manager Termination.

J. The Release.

K. The Parking Lease Memoranda, provided the Owners shall have obtained same from Interstate pursuant to the provisions of Section 4.4 hereto.

L. The Title Policy in the form required by Section 7.2.1 (A) hereof, together with all customary affidavits required by the Title Company in connection with the issuance of the policy.

M. The Owners shall execute and deliver to Cedar the documents evidencing and securing the Owners Loan, including, without limitation, a note, a pledge agreement and

UCC-1 financing statements (the "Owners Loan Documents") in accordance with the documents attached hereto as EXHIBIT Q.

N. The shareholders of each of the Owners shall deliver a consent to the Owners Loan Documents.

O. Bart Blatstein shall deliver a "bad boy" guaranty to Cedar in the form of EXHIBIT R annexed hereto.

P. A license agreement (the "Tower License Agreement"), executed by Tower Investments, Inc., between the Partnership, as landlord and Tower Investments Inc., as tenant, for the space at the Premises presently occupied by Tower Investments, Inc., substantially in the form of EXHIBIT S annexed hereto.

Q. A fee agreement (the "Administrative Services Agreement"), in form reasonably satisfactory to the Owners and Cedar, which shall provide for an annual fee, in the amount of Eight Thousand Seven Hundred Fifty ($8,750.00) Dollars per year, to be made by the Owners to the Cedar GP, on account of administrative services rendered by the Cedar GP, duly executed by the Owners.

R. A certificate of the Owners, dated as of the Closing Date, certifying that all of the representations and warranties of the Owners set forth in Section 4.1 hereof are true and correct in all material respects as of the Closing Date.

S. A counterpart duly executed by Owners of an assignment and assumption agreement, in form reasonably acceptable to the Owners and Cedar, pursuant to which the Leasehold Documents shall be assigned by the Owners to the Partnership and the Partnership shall, from and after the Closing, be bound by all of the terms of the Leasehold Documents and shall perform all of the obligations of lessee under the Leasehold Documents arising or accruing from and after the Closing Date (the "Leasehold Assignment").

T. A counterpart duly executed by Owners of an assignment and assumption agreement, in form reasonably acceptable to the Owners and Cedar (the "Assignment of Leases"), pursuant to which the Leases and security deposits thereunder shall be assigned by the Owners to the Partnership and the Partnership shall, from and after the Closing, be bound by all of the terms of the Leases and shall perform all of the obligations of landlord under the Leases arising or accruing from and after the Closing Date.

U. A counterpart duly executed by Owners of a bill of sale and general assignment, in form reasonably satisfactory to the Owners and Cedar, which conveys to the Partnership, all of the Owners rights, if any, in and for all Personal Property and, to the extent assignable, the Permits.

V. In the event any Service Contract or Operating Agreement is entered into after the date hereof (and approved by Cedar pursuant to Section 4.3 hereof), a counterpart duly executed by Owners of an assignment of such agreements, in form reasonably acceptable to the Owners and Cedar (the "Omnibus Assignment"), pursuant to which such Service Contracts and/or Operating Agreements shall be assigned by the Owners to the Partnership and the

Partnership shall, from and after the Closing, be bound by all of the terms thereof and shall perform all of the obligations of owner thereunder arising or accruing from and after the Closing Date.

W. All applicable transfer tax forms, if any, duly executed by the Owners.

X. Such further instruments as may be necessary to record the Deed.

Y. Notices to each of the Tenants (the "Tenant Notices"), in form reasonably satisfactory to the Owners and Cedar, duly executed by the Owners, advising the Tenants of the conveyance of the Property to the Partnership and directing the Tenants to make all payments under the Leases to Cedar, or as Cedar may direct.

Z. The Records and Plans, in the possession or control of the Owners.

AA. Original counterparts of the Leases, any Service Contract or Operating Agreement entered into after the date hereof (and approved by Cedar pursuant to Section 4.3 hereof), the Permits that shall be in the Owners' possession or control (other than those Permits that must remain at the Premises), and original counterparts of all other documents and materials in the Owners' possession or control relating to the Property, including, without limitation, all leasing and property files and keys.

BB. A certificate from the City of Philadelphia confirming that there are no outstanding violations and that the present uses of the Property are in conformity with applicable zoning requirements.

CC. A mutual easement agreement (the "Easement"), in substantially in the form of Exhibit U annexed hereto, between the Partnership and the fee owner of the four (4) story warehouse building located adjacent to the Property, duly executed by such fee owner and in form suitable for recording.

DD. An Right of First Refusal Agreement (the "Right of First Refusal", is substantially the form of Exhibit V annexed hereto, between the Owners and the Partnership, duly executed by the Owners and in form suitable for recording.

EE. All documents and moneys required pursuant to the terms of the Other Agreement to be delivered by the Other Agreement Owners at the Other Agreement Closing.

FF. All sums required to be paid by the Owners under this Agreement.

7.4 At the Closing, Cedar shall deliver or cause to be delivered each of the following items:

A. The Balance of the Owners Loan Amount and all other sums required to be paid by Cedar under this Agreement (including the payment of the Prepayment Fee).

B. Requisite affidavits and consents that Cedar is authorized to complete the transaction, become a member of the Partnership owning the Interests and take all other action contemplated by this Agreement.

C. A counterpart of the Partnership Agreement, in the form annexed hereto as EXHIBIT P, duly executed by Cedar, it being understood that any remaining blanks and bracketed provisions in the Partnership Agreement shall be accurately completed.

D. The management agreement with respect to the management of the Property, substantially in the form annexed hereto as EXHIBIT T, duly executed by Cedar, or its affiliate, on behalf of the Partnership and on behalf of the property manager.

E. The Administrative Services Agreement, duly executed by Cedar GP.

F. A certificate of Cedar, dated as of the Closing Date, certifying that all of the representations and warranties of Cedar set forth in Section 4.2 hereof are true and correct in all material respects as of the Closing Date.

G. A counterpart duly executed by the Partnership of the Leasehold Assignment.

H. A counterpart duly executed by the Partnership of the Assignment of Leases.

I. If applicable, a counterpart duly executed by the Partnership of the Omnibus Assignment.

J. The Tenant Notices, duly executed by the Partnership.

K. All applicable transfer tax forms, if any, duly executed by the Partnership.

L. A counterpart duly executed by the Partnership of the Tower Lease.

M. The Easement, duly executed by the Partnership and in form suitable for recording.

N. The Right of First Refusal Agreement, duly executed by the Partnership and in form suitable for recording.

O. Such further instruments as may be necessary to record the Deed.

P. All documents and moneys required pursuant to the terms of the Other Agreement to be delivered by Other Agreement Buyers at the Other Agreement Closing.

7.5 Casualty and Condemnation. If, prior to the Closing, either any portion of the Property is taken pursuant to eminent domain proceedings or condemnation or any of the improvements on the Property are damaged or destroyed by fire or other casualty, such that the casualty or taking affects in excess of ten (10%) percent of the rentable square feet of the

Property or materially adversely affects ingress to or egress from the Property (if either of such events occurs, the affect or result is a "Material Loss"), Cedar may elect in its sole discretion to (x) terminate this Agreement by notice to the Owners, or (y) proceed with the Closing. In the event of a termination of this Agreement pursuant to clause (x) of this Section 7.5, the Owners and Cedar shall promptly so notify the Escrow Agent and make written request that the Downpayment be returned to Cedar, and this Agreement, upon such return, shall be of no further force and effect, except for those provisions which expressly survive the termination of this Agreement. If (i) Cedar does not elect to terminate this Agreement pursuant to clause (x) of this Section 7.5 or (ii) a casualty or condemnation occurs which does not result in a Material Loss, any net awards or net proceeds received by the Owners in connection with a condemnation, or the net proceeds of any insurance collected by the Owners in connection with a casualty and not previously applied to restoration, shall be paid at the Closing by the Owners to the Partnership (and the Owners shall not receive any capital account credit on account thereof) and shall be applied only towards the cost or repairs or rebuilding required by such condemnation or casualty.

ARTICLE VIII
Prorations and Adjustments

8.1 Prior to Closing, the Owners and Cedar shall prepare a schedule of (i) those expenses that shall have been paid by the Owners prior to the Closing Date but are attributable to a period from and after the Closing Date (the "Prepaid Expenses"), and (ii) those revenues that shall have been received by the Owners prior to the Closing Date but are attributable to a period from and after the Closing Date (the "Prepaid Revenues").

8.2 To the extent that the Prepaid Expenses shall exceed the Prepaid Revenues (such excess, the "Prepaid Expense Excess"), (i) at Closing Cedar shall pay to the Owners an amount equal to the Prepaid Expense Excess, and (ii) Cedar shall be deemed to have made a capital contribution to the Partnership (the "Closing Adjustment Capital Contribution") equal to the amount of the Prepaid Expense Excess.

8.3 To the extent that the Prepaid Revenues shall exceed the Prepaid Expenses, such excess shall be contributed by the Owners to the Partnership, and the Owners shall not receive capital account credit on account thereof.

8.4 The following prorations and adjustments shall be made between the parties as of 11:59 p.m. on the day preceding the Closing Date (the "Proration Date") on the basis of the actual number of days elapsed over the applicable period:

A. (i) All fixed rents under Leases which are collected on or prior to the Proration Date in respect of the month (or other applicable collection period) in which the Closing occurs (the "Current Month"), shall be adjusted on a per diem basis based upon the number of days in the Current Month prior to the Proration Date and the number of days in the Current Month on and after the Proration Date. Any such rents that are allocable to the period from and after the Proration Date shall be deemed to be Prepaid Revenues.

(ii) If, on the Proration Date, any fixed rents are past due by any Tenant, and provided the Owners have delivered to Cedar, in reasonable detail, a breakdown of

all such past due amounts as of the Proration Date, Cedar agrees that the first moneys received by the Partnership from each such Tenant shall be disbursed as follows:

(1) first, such moneys shall be applied to fixed rents in respect of the Current Month, it being agreed that one hundred percent (100%) of the fixed rent that is attributable to the portion of the Current Month prior to the Proration Date shall be paid to the Owners and the balance shall be retained by the Partnership;

(2) second, to the Partnership until all fixed rents owing by all such Tenants for any period after the Current Month through the month in which payment is received have been paid in full;

(3) third, to the Owners until all fixed rents owing by all such Tenants for periods prior to the Current Month have been paid in full; and

(4) fourth, the balance, if any, shall be paid to the Partnership.

Each party agrees to remit reasonably promptly to the other the amount of such rents to which such party is so entitled and to account to the other party monthly in respect of same. The fixed rents received by the Partnership after the Proration Date shall be apportioned and remitted, if applicable, as hereinabove provided.

(iii) If the Proration Date shall occur prior to the time when any rental payments for fuel pass-alongs, so-called escalation rent or charges based upon real estate taxes, operating expenses, labor costs, cost of living increases, electrical charges, water and sewer charges or like items (collectively, "Overage Rent") are payable, then such Overage Rent for the applicable accounting period in which the Proration Date occurs shall be apportioned subsequent to the Closing, based upon the portion of such accounting period which occurs prior to the Proration Date (to the extent not theretofore collected by the Partnership, on account of such Overage Rent prior to the Proration Date), it being agreed that one hundred percent (100%) of the Overage Rent that is attributable to the portion of such accounting period that shall occur prior to the Proration Date shall be paid to the Owners and the balance shall be retained by the Partnership. In addition, the Partnership shall pay to the Owners one hundred percent (100%) of all Overage Rent that is paid subsequent to the Proration Date with respect to an accounting period which expired prior to the Proration Date, within thirty (30) days after receipt thereof by the Partnership. If, prior to the Closing, the Owners shall collect any sums on account of Overage Rent or fixed rent for a year or other period, or any portion of such year or other period, beginning prior to but ending on or after the Proration Date, the portion of such sum allocable to the period from and after the Proration Date shall be deemed to be a Prepaid Revenue.

(iv) Overage Rent payable by Tenants based on an estimated amount and subject to adjustment or reconciliation pursuant to the related Leases subsequent to the Proration Date shall be apportioned as provided in subsection (iii) above and shall be reapportioned as and when the applicable Tenant's actual obligation for such Overage Rent is reconciled pursuant to the applicable Lease.

(v) One Hundred Fifty Thousand ($150,000) Dollars on account of percentage rent owing by UA Theatres shall be deemed to be a Prepaid Expense and the Owners

shall be entitled to a credit on account thereof at Closing, subject to adjustment or reconciliation subsequent to the Proration Date when such Tenant's actual obligation for such percentage rent is reconciled pursuant to the terms of such Tenant's Lease.

(vi) Without duplication of any adjustment made pursuant to Section 8.4(A)(i) above, all prepaid fixed rent and Overage Rent that shall be received by the Owners as of the Proration Date for periods on and after the Proration Date shall be deemed to be Prepaid Revenues.

B. All real estate taxes, BID taxes, unmetered water and sewer charges, elevator inspection fees, pest control charges and vault charges, if any, and any and all other municipal or governmental assessments of any and every nature levied or imposed upon the Property (collectively, "Taxes") in respect of the current fiscal year of the applicable taxing authority in which the Closing occurs (the "Current Tax Year") (other than real estate taxes, water and sewer charges and any other municipal or governmental assessments payable by any Tenant directly to the taxing authority under any Lease), shall be allocated on a per diem basis based upon the number of days in the Current Tax Year prior to the Proration Date and the number of days in the Current Tax Year on and after the Proration Date. If, as of the Proration Date, Taxes for the Current Tax Year shall not have been paid with respect to the period prior to the Proration Date, the amount equal to the unpaid Taxes for the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. If, as of the Proration Date, Taxes with respect to any period from and after the Proration Date shall have been paid, the amount equal to the prepaid Taxes shall be deemed to be a Prepaid Expense. If the Closing shall occur before the tax rate for the Current Tax Year is fixed, the apportionment of Taxes shall be upon the basis of the tax rate for the next preceding fiscal period applied to the latest assessed valuation. Promptly after the new tax rate is fixed for the fiscal period in which the Closing takes place, the apportionment of Taxes shall be recomputed. In the event that any assessments levied or imposed upon the Property are payable in installments, the installment for the Current Tax Year shall be prorated in the manner set forth above.

C. All charges and fees due under contracts, that are not being terminated at the Closing, for the supply to the Property of heat, steam, electric power, gas and light and telephone (collectively, "Charges"), if any, in respect of the billing period of the related service provider in which the Closing occurs (the "Current Billing Period") shall be allocated on a per diem basis based upon the number of days in the Current Billing Period prior to the Proration Date and the number of days in the Current Billing Period on and after the Proration Date and assuming that all charges are incurred uniformly during the Current Billing Period. If, as of the Proration Date, Charges for the Current Billing Period shall not have been paid with respect to the period prior to the Proration Date, the amount equal to the unpaid Charges for the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. If, as of the Proration Date, Charges with respect to any period from and after the Proration Date shall have been paid, the amount of such prepaid Charges shall be deemed to be a Prepaid Expense.

D. Any charges or fees for transferable licenses and permits relating to the Property (but without duplication of items apportioned pursuant to any other provision of this

Article VIII) (collectively, "Permit Charges") in respect of the Current Billing Period shall be allocated on a per diem basis based upon the number of days in the Current Billing Period prior to the Proration Date and the number of days in the Current Billing Period on and after the Proration Date and assuming that all charges are incurred uniformly during the Current Billing Period. If, as of the Proration Date, Permit Charges for the Current Billing Period shall not have been paid with respect to the period prior to the Proration Date, the unpaid Permit Charges for the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. If on the Proration Date, Permit Charges with respect to any period from and after the Proration Date shall have been paid, the amount equal to such prepaid Permit Charges shall be deemed to be a Prepaid Expense.

E. To the extent same are executed after the date hereof and approved by Cedar pursuant to Section 4.3 hereof, any charges payable under Service Contracts, Operating Agreements and other contracts relating to the Property (but without duplication of items apportioned pursuant to any other provision of this Article VIII) (collectively, "Service Contract Charges'), as

applicable (including, without limitation, salary, bonuses, vacation and sick day allowances and pension or other benefit fund contributions), in respect of the Current Billing Period shall be allocated on a per diem basis based upon the number of days in the Current Billing Period prior to the Proration Date and the number of days in the Current Billing Period on and after the Proration Date and assuming that all charges are incurred uniformly during the Current Billing Period. If, as of the Proration Date, Service Contract Charges for the Current Billing Period shall not have been paid with respect to the period prior to the Proration Date, an amount equal to the unpaid Service Contract Charges for the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. If, as of the Proration Date, Service Contract Charges with respect to any period from and after the Proration Date shall have been paid, the amount equal to such prepaid Service Contract Charges shall be deemed to be a Prepaid Expense.

F. If there is a fuel meter or meters on the Property (other than meters measuring consumption costs which are the obligation of any Tenants), the Owners shall endeavor to furnish a reading to a date not more than thirty (30) days prior to the Proration Date, and the unfixed meter charges, if any, based thereon for the intervening time shall be apportioned on the basis of such last reading. If the Owners fail or are unable to obtain such reading, the amount equal to the value of all fuel, if any, then stored at the Property shall be calculated on the basis of the Owners' last costs therefor, including sales tax, as evidenced by written statements of the fuel oil supplier(s) for the Property, which statements shall be conclusive as to quantity and cost, absent fraud. Any unpaid fuel charges attributable to the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof, and the value of any prepaid fuel stored on the property shall be deemed to be a Prepaid Expense.

G. If there is a water meter or meters on the Property (other than meters measuring consumption costs which are the obligation of any Tenants), the Owners shall endeavor to furnish a reading to a date not more than thirty (30) days prior to the Proration Date, and the unfixed meter charges and the unfixed sewer rents, if any, based thereon for the

intervening time shall be apportioned on the basis of such last reading. If the Owners fail or are unable to obtain such reading, the amount of the meter charges and sewer rents shall be determined on the basis of the last readings and bills received by the Owners, and the same shall be appropriately readjusted after the Closing on the basis of the next subsequent bills. Any unpaid water or sewer charges attributable to the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof.

H. All brokerage commissions and expenses for work to be done for tenant improvements in connection with any leases entered into on or prior to the Proration Date which commissions and expenses were not paid prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. The foregoing shall not apply to any commissions and expenses incurred between the date of this Agreement and Closing, pursuant to Cedar's prior written consent, in connection with new Lease executed (with the prior written consent of Cedar) during the period between the date of this Agreement and the Closing, for which Cedar shall be responsible and with respect to which Cedar shall receive capital account credit.

I. All accrued fees pursuant to the Existing Property Management Agreement shall be paid by the Owners at or prior to Closing, but the Owners shall not receive any capital account credit on account thereof.

J. The Prepayment Fee and servicer cost associated therewith shall be paid by Cedar and Cedar shall receive capital account credit on account thereof.

K. All security deposits held by the Owners under the Leases shall be paid by the Owners to the Partnership, but the Owners shall not receive any capital account credit on account thereof.

L. The amount of deposits held at the time of the Closing by the Mortgagee in connection with the Mortgage Loan, including reserves for capital improvements, tenant improvements or otherwise, and/or impounds for taxes and insurance (with respect to periods after the Closing), shall be deemed to be a Prepaid Expense.

M. Any other items customarily apportioned in connection with sales of similar property in the Commonwealth of Pennsylvania shall be so apportioned.

8.5 Post Closing Prorations.

8.5.1 If any of the items described in this Article VIII cannot be apportioned at the Closing because of the unavailability of information as to the amounts which are to be apportioned or otherwise, or are incorrectly apportioned at Closing or subsequent thereto, such items shall be apportioned or reapportioned, as the case may be, as soon as practicable after the Proration Date or the date such error is discovered, as applicable. The parties shall make the appropriate adjusting payment between them within thirty (30) days after presentment of the calculation. All books and records of the Owners which relate to the Property, and particularly to any items to be prorated or allocated under this Agreement in connection with the Closing, shall be made available to both the Owners and Cedar and their respective Consultants. Any

such inspection shall be at reasonable intervals, during business hours, upon reasonable notice, and at the inspecting party's sole cost and expense.

8.5.2 In the event that Owners shall owe money to Cedar on account of post-closing adjustments, the Owners shall within thirty (30) days after Cedar shall have delivered to the Owners a written demand indicating the amount of money owed on account of such post-closing adjustments and containing reasonable back-up documentation with respect thereto (an "Adjustment Demand"), subject to the rights of the Owners to contest such obligation, as hereinafter set forth, make such payments to Cedar. The Owners shall not receive capital account credit on account of any payment by the Owners pursuant to this Section 8.5.2. Notwithstanding the foregoing, in the event that, within five (5) Business Days after receipt of an Adjustment Demand, the Owners shall deliver written notice to Cedar disputing the accuracy of the Adjustment Demand (which notice shall contain a reasonably detailed basis for such dispute), then the Owners and Cedar shall, in good faith, attempt to promptly resolve any such dispute and, if such attempt is unsuccessful, each of the Owners and Cedar shall have the right to submit such dispute to binding arbitration in accordance with Section 10.3.3 hereof.

8.5.3 In the event that Cedar shall owe money to the Owners on account of post-closing adjustments, Cedar shall, within thirty days after the Owners shall have delivered to Cedar an Adjustment Demand, make such payments to the Owners. Cedar shall be entitled to capital account credit on account of any payment made by Cedar pursuant to this Section 8.5.3 hereof. Notwithstanding the foregoing, in the event that, within ten (10) Business Days after receipt of an Adjustment Demand, Cedar shall deliver written notice to the Owners disputing the accuracy of the Adjustment Demand (which notice shall contain a reasonably detailed basis for such dispute), then the Owners and Cedar shall, in good faith, attempt to promptly resolve any such dispute and, if such attempt is unsuccessful, each of the Owners and Cedar shall have the right to submit such dispute to binding arbitration in accordance with Section 10.3.3 hereof.

8.5.4 The provisions of Section 8.5 shall survive the Closing and shall remain in full force and effect for a period of twelve (12) months after the date of the Closing, unless, within such twelve (12) month period, an Adjustment Demand shall have been delivered, in which case, liability with respect to the matters addressed in the Adjustment Demand shall survive until resolution thereof.

8.6 Closing Costs. Cedar shall pay the title insurance premium for the Title Policy and the cost of all endorsements to the Title Policy including, without limitation, the non-imputation endorsement. The Owners and Cedar shall pay their respective legal, consulting and professional fees and expenses incurred in connection with this Agreement and the transaction contemplated hereby.

8.7 Tax Certiorari Proceedings. The Owners shall not hereafter institute any proceedings for the reduction of the assessed valuation of the Property without the prior written consent of Cedar. The net refund of taxes received in connection with any tax certiorari proceedings shall be apportioned to provide that the net refund (as hereinafter defined) of taxes for a period prior to the Proration Date shall be the property of the Owners and that any refund for any period after the Proration Date shall be the property of the Partnership. The "net refund" is the amount of the tax refund after deducting therefrom any refunds due to tenants pursuant to

their leases, a pro rata share of all expenses, including counsel fees necessarily incurred in obtaining such refund, the allocation of such expenses to be based upon the total refund obtained in the proceeding and in any other proceeding simultaneously involved in the trial or settlement. All of same shall be apportioned as of the Proration Date and the apportionment made as herein set forth.

8.8 Transfer Tax. All transfer, stamp or other similar taxes attributable to the Contribution shall be shared equally between the Owners and Cedar and shall be paid contemporaneously with the Closing.

ARTICLE IX
Escrow Terms

9.1 Depository. The Downpayment shall be held in escrow by Legal Abstract Co. ("Escrow Agent"), in a special interest bearing commercial bank account, designated as a "trust account" or an "escrow account", at Royal Bank of Pennsylvania (or its successor) located at 732 Montgomery Avenue, Narberth, PA 19072.

9.2 Escrow Instructions. If the Closing takes place, then Escrow Agent shall deliver the Downpayment to, or upon the instructions of, the Owners at the Closing. If this Agreement is terminated in accordance with the terms hereof, then, subject to Section 9.4 hereof, Escrow Agent shall pay the Downpayment to, or upon the instructions of, the party entitled thereto in accordance with the provisions of this Agreement. If the Closing does not occur by reason of the failure of either party to comply with such party's obligations hereunder, then, subject to Section 9.4 hereof, Escrow Agent shall pay the Downpayment to, or upon the instructions of, the party entitled thereto in accordance with the provisions of this Agreement.

9.3 Scope of Duties. The duties of Escrow Agent shall be only as herein specifically provided, and are purely ministerial in nature. Escrow Agent shall incur no liability whatever except for willful misconduct or gross negligence, as long as Escrow Agent has acted in good faith. The Owners and Cedar acknowledge that Escrow Agent is serving without compensation and solely as an accommodation to the parties hereto. Escrow Agent shall not be liable or responsible for the funds being held in escrow or for the collection of the proceeds of the check for the Downpayment or for the interest earned thereon. In the performance of its duties hereunder, Escrow Agent shall be entitled to rely upon the authenticity of any signature and the genuineness and validity of any writing received by Escrow Agent pursuant to or otherwise relating to this Agreement. Escrow Agent may assume that any Person purporting to give any notice or instructions in accordance with the provisions hereof has been duly authorized to do so. Escrow Agent shall not be bound by any modification, cancellation or rescission of this Agreement unless (i) such modification, cancellation or rescission is in writing and signed by the Owners and Cedar, and (ii) a copy of such modification, cancellation or rescission is delivered to Escrow Agent. Escrow Agent shall not be bound in any way by any other contract or understanding between the parties hereto, whether or not Escrow Agent has knowledge thereof or consents thereto, unless such consent is given in writing.

9.4 Dispute. Escrow Agent is acting as a stakeholder only with respect to the Downpayment and the interest earned thereon. If a party requests disbursement of the

Downpayment for any reason other than the Closing having occurred, then Escrow Agent shall give written notice to the other party of such request. Such other party shall have the right to dispute the disbursement of the Downpayment to the requesting party only by delivering notice thereof to Escrow Agent (a "Dispute Notice") on or prior to the fifth (5th) day after the date when Escrow Agent gives such notice. Cedar acknowledges and agrees that Cedar shall not deliver a Dispute Notice unless (i) any of the conditions precedent to Cedar's obligation to consummate the transactions contemplated by this Agreement (as set forth in Section 7.2.1) or (ii) any of the conditions precedent to the Other Agreement Buyer's obligation to consummate the transactions contemplated by the Other Agreement (as set forth in Section 7.2.1 thereof), shall not have occurred or been satisfied. Notwithstanding anything to the contrary contained herein, Escrow Agent shall not disburse the Downpayment until the day immediately following the last day of such ten (10) day period. If there is any dispute as to whether Escrow Agent is obligated to deliver the Downpayment or as to whom said Downpayment is to be delivered, then Escrow Agent shall not make any delivery, but in such event Escrow Agent shall hold the same until Escrow Agent receives (a) notice from the objecting party withdrawing the objection, or (b) a notice signed by both parties directing disposition of the Downpayment, or (c) a non-appealable judgment or order of a court of competent jurisdiction. If such notice is not received, or proceedings for such determination are not begun, within thirty (30) calendar days after the date set forth herein for the Closing (as the same may have been changed by agreement of the parties) and diligently continued, then Escrow Agent shall have the right to (w) hold and retain all or any part of the Downpayment until such dispute is settled or finally determined by litigation, arbitration or otherwise, or (x) deposit the Downpayment, together with the interest earned thereon, in an appropriate court of law, following which Escrow Agent shall thereby and thereafter be relieved and released from any liability or obligation under this Agreement, or (y) institute an action in interpleader or other similar action permitted by stakeholders in the Commonwealth of Pennsylvania, or (z) interplead any of the parties in any action or proceeding which may be brought to determine the rights of the parties to all or any part of the Downpayment.

9.5 Indemnity. The Owners and Cedar hereby agree to, jointly and severally, indemnify, defend and hold Escrow Agent harmless from and against any liabilities, damages, losses, costs or expenses incurred by, or claims or charges made against, Escrow Agent (including reasonable counsel fees and court

costs) by reason of Escrow Agent's acting or failing to act in connection with any of the matters contemplated by this Agreement or in carrying out the terms of this Agreement, except as a result of Escrow Agent's bad faith, gross negligence or willful misconduct. This Section 9.5 shall not limit the right of Cedar and the Owners to assert claims against each other with respect to said indemnity.

9.6 Release from Liability. Upon the disbursement of the Downpayment, together with the interest earned thereon, in accordance with this Agreement, Escrow Agent shall be relieved and released from any liability hereunder.

9.7 Resignation. Escrow Agent may resign at anytime upon at least ten (10) days prior written notice to the parties hereto. If, prior to the effective date of such resignation, the parties hereto shall all have approved, in writing, a successor escrow agent, then upon the resignation of Escrow Agent, Escrow Agent shall deliver the Downpayment, together with the interest earned thereon, to such successor escrow agent. From and after such resignation and the

delivery of the Downpayment, together with the interest earned thereon, to such successor escrow agent, Escrow Agent shall be fully relieved of all of its duties, responsibilities and obligations under this Agreement, all of which duties, responsibilities and obligations shall be performed by the appointed successor escrow agent. If for any reason the parties hereto shall not approve a successor escrow agent within such period, Escrow Agent may bring any appropriate action or proceeding for leave to deposit the Downpayment, together with the interest earned thereon, with a court of competent jurisdiction, pending the approval of a successor escrow agent, and upon such deposit Escrow Agent shall be fully relieved of all of its duties, responsibilities and obligations under this Agreement.

9.8 Execution of Agreement by Escrow Agent. Escrow Agent has executed this Agreement solely to confirm that Escrow Agent has received a check (subject to collection) or a wire transfer for the Downpayment and shall hold the Downpayment in escrow, pursuant to the provisions of this Agreement.

9.9 Loss of Downpayment. Escrow Agent shall not have any liability or obligation for loss of all or any portion of the Downpayment by reason of the insolvency or failure of the institution of depository with whom the escrow account is maintained.

9.10 Taxpayer Identification Numbers. Each the Owners and Cedar represents that its respective taxpayer identification number is as set forth on EXHIBIT W annexed hereto.

ARTICLE X
Remedies

10.1 If Cedar shall default in the payment of the Balance of the Initial Funding Amount, the Owners may terminate this Agreement and retain the Downpayment. Cedar acknowledges that, if Cedar shall default under this Agreement as aforesaid, the Owners will suffer substantial adverse financial consequences as a result thereof. Accordingly, the Owners' sole and exclusive remedy against Cedar shall be the right to retain the Downpayment, as and for its sole and full and complete liquidated damages, it being agreed that the Owners' damages are difficult, if not impossible, to ascertain, and Cedar and the Owners shall have no further rights or obligations under this Agreement, except those expressly provided herein to survive the termination of this Agreement.

10.2 If the Owners shall fail to satisfy one or more of the conditions precedent to Cedar's obligation to consummate the transactions contemplated by this Agreement (as set forth in Section 7.2.1) or if the Other Agreement Owners shall fail to satisfy one of the conditions precedent to the Other Agreement Buyer's obligations to consummate the transactions contemplated by the other Agreement (as set forth in Section 7.2.1 thereof), Cedar may elect, as its sole and exclusive remedy, to either (x) prosecute an action for specific performance of this Agreement, or (y) terminate this Agreement, in which event, Cedar shall be entitled to receive from the Escrow Agent, a return of the Downpayment, and thereupon neither party shall have any further rights or obligations under this Agreement, except with respect to those provisions provided herein to survive the termination of this Agreement. It is acknowledged and agreed that each of Cedar and the Other Agreement Buyer shall both be obligated to elect the same option as its remedy.

10.3 Surviving Representations.

10.3.1 In the event after the Closing, Cedar (subject to the survival periods provided in Article IV) alleges that the Owners breached a representation made in Article IV hereof that survives the Closing (a "Surviving Representation"), as indicated in a written notice delivered by Cedar to the

Owners, which notice shall indicate the amount of loss, cost, expense or damage suffered by Cedar, Owners shall, subject to their rights pursuant to Section 10.3.3, promptly pay to Cedar (without any capital account credit on account thereof), the amount of the loss, cost, expense or damage (other than consequential, incidental, exemplary, or punitive damage) suffered as a result of such breach by the Owners.

10.3.2 In the event after the Closing, the Owners (subject to the survival periods provided in Article IV) allege that Cedar shall have breached a Surviving Representation, as indicated in a written notice delivered by the Owners to Cedar, which notice shall indicate the amount of loss, cost, expense or damage suffered by the Owners as a result thereof, then, in such case, Cedar shall, subject to its rights pursuant to Section 10.3.3, promptly pay to the Owners (without any capital account credit to Cedar on account thereof), the amount of the loss, cost, expense or damage (other than consequential, incidental, exemplary, or punitive damage) suffered as a result of such breach by Cedar.

10.3.3 In the event that, within ten (10) Business Days after receipt of notice pursuant to Sections 10.3.1 or 10.3.2 hereof, the party in receipt of such notice (the "Recipient Party") shall dispute whether such Recipient Party shall have breached a Surviving Representation, or the amount of the damage suffered by the party delivering such notice (the "Delivering Party") as a result thereof, then either the Recipient Party or the Delivering Party shall have the right to submit such dispute to binding arbitration under the Expedited Procedures provisions (Rules E-1 through E-10 in the current edition) of the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). In cases where the parties utilize such arbitration: (i) the dispute shall be heard by three (rather than one) arbitrators in Philadelphia, Pennsylvania, (ii) all of the arbitrators on the list submitted by the AAA shall have reasonable expertise and experience with respect to the commercial real estate market in the Philadelphia, Pennsylvania area, (iii) the parties will have no right to object if the appointed arbitrators were on the list submitted by the AAA and were not objected to in accordance with Rule E-5, (iv) the arbitrators shall be selected within three (3) Business Days following submission of such dispute to arbitration, (v) the arbitrators shall render their final decision not later than three (3) Business Days after the last hearing, (vi) the first hearing shall be held within five (5) Business Days after the completion of discovery, and the last hearing shall be held within fifteen (15) Business Days after the appointment of the arbitrators, (v) any finding or determination of the arbitrators shall be deemed final and binding (except that the arbitrators shall not have the power to add to, modify or change any of the provisions of this Agreement), and (vi) the losing party in such arbitration shall pay the arbitration costs charged by AAA and/or the arbitrators.

10.3.4 The provisions of this Section 10.3 shall survive the Closing and remain in full force and effect for a period of four (4) months after the date of the Closing, unless, within such four (4) month period, Cedar shall have delivered notice to the Owners of the existence of a mechanics' lien of the nature contemplated by this Section 10.3, in which case, the Owner's

liability with respect to such lien shall survive with respect to the matters alleged in such claim until resolution thereof.

ARTICLE XI
Miscellaneous

11.1 Survival. Except as expressly provided herein, all representations, warranties, covenants and agreements of Cedar and the Owners contained in this Agreement shall merge into the documents executed at Closing and shall not survive the Closing.

11.2 Notices. Any notice required or permitted to be delivered herein shall be deemed to be delivered (a) when received by the addressee if delivered by courier service, (b) if mailed, two days after deposit in the United States Mail, postage prepaid, certified mail, return receipt requested, (c) if sent by recognized overnight service (such as US Express Mail, Federal Express, UPS, Airborne, etc.), then one day after delivery of same to an authorized representative or agency of the said overnight service or (d) if sent by a telecopier, when transmission is received by the addressee with electronic or telephonic confirmation, in each such case addressed or telecopied to the Owners or Cedar, as the case may be, at the address or telecopy number set forth opposite the signature of such party hereto. Notifications are as follows:

TO OWNERS: Firehouse Realty Corp.
River View Development Corp.
South River View Plaza, Inc.
Reed Development Associates, Inc.
Riverview Commons, Inc.
c/o Tower Investments, Inc.
One Reed Street
Philadelphia, Pennsylvania 19147

Attention: Mr. Bart Blatstein and Brian K. Friedman, Esq.
Telecopier: (215) 755-8666

with a copy to: Mr. Robert C. Jacobs
1700 Walnut Street, Suite 200
Philadelphia, Pennsylvania 19103
Telecopier: (215) 545-1559

TO CEDAR: CSC-Riverview LLC
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Leo S. Ullman
Telecopier: (516) 767-6497

with a copy to: Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038
Attention: Mark A. Levy, Esq.
Telecopier: (212) 806-6006

TO ESCROW AGENT: Legal Abstract Co.
2200 Walnut Street
Philadelphia, Pennsylvania 19103
Attention: Mr. Ellis Cook
Telecopier: (215) 985-1926

11.3 Gender, Numbers. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural and vice versa unless the context requires otherwise.

11.4 Headings. The captions used in connection with the articles and sections of this Agreement are for convenience only and shall not be deemed to construe or limit the meaning of the language of this Agreement.

11.5 Days. Except where business days are expressly referred to, references in this Agreement to days are to calendar days, not business days. "Business Day" means any calendar day except a Saturday, Sunday or banking holiday.

11.6 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE.

12.6. Waiver of Trial by Jury. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY ANY PARTY AGAINST ANOTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

11.7 Holidays. If the final date of any period provided for herein for the performance of an obligation or for the taking of any action falls on a Saturday, Sunday or banking holiday, then the time of such period shall be deemed extended to the next day which is not a Saturday, Sunday or banking holiday.

11.8 Interpretation. The parties acknowledge that each party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

11.9 Severability. If any provisions of this Agreement are held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement, provided that both parties may still effectively realize the complete benefit of the transaction contemplated hereby.

11.10 Amendments. No modification or amendment of this Agreement shall be effective unless made in writing and executed by both the Owners and Cedar. In the event any approval or consent is required pursuant to any provision of this Agreement, such approval or consent shall be deemed given only if it is in writing, executed by the party whose approval or consent is required.

11.11 Confidentiality. Neither the Owners nor Cedar shall, without the prior consent of the other party, take out any advertisement to publicize the transaction contemplated by this Agreement. Both prior to and following the

Closing, each party shall keep the terms and conditions of this Agreement confidential. The foregoing shall not be interpreted as intending to prevent Cedar from disclosing the terms and conditions of this Agreement to its attorneys, prospective lenders, or accountants or from making such other disclosures as may be required by law or by the rules and regulations of any regulatory body having jurisdiction with respect to Cedar, the Partnership, or the Property or from describing the transactions contemplated by this Agreement in any registration statement submitted by any affiliate of Cedar or from filing this Agreement as an exhibit to such registration statement. The provisions of this Section shall survive the Closing or earlier termination of this Agreement.

11.12 Entire Agreement. This Agreement embodies the entire agreement between the parties and cannot be varied except by the written agreement of the parties. The Owners make no representations, warranties or agreements with respect to Property, except as set forth in this Agreement.

11.13 Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by the Owners to Cedar at Closing, the Owners agree to perform, execute and/or deliver or cause to be delivered, executed and/or delivered, but without any obligation to incur any additional liability or expense, on or after the Closing any and all further acts, deeds and assurances as may be reasonably necessary to consummate the transactions contemplated hereby.

11.14 Joint and Several. The liability of the Owners under this Agreement shall be joint and several.

ARTICLE XII
Assignment of Contract

12.1 Assignment. Cedar may assign Cedar's rights or delegate Cedar's duties under this Agreement but only to one or more entities which are majority owned and controlled by Cedar Shopping Centers, Inc. The said assignee shall assume all obligations of Cedar under this Agreement by a written instrument approved in form and substance by the Owners which approval shall not be unreasonably withheld or delayed. Except as hereinbefore set forth, this Agreement may not be assigned by Cedar.

[Signature Page Follows]

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

FIREHOUSE REALTY CORP.

By: /s/ Bart Blatstein

Name: BART BLATSTEIN
Title: PRESIDENT

RIVER VIEW DEVELOPMENT CORP.

By: /s/ Bart Blatstein

Name: BART BLATSTEIN
Title: PRESIDENT

SOUTH RIVER VIEW PLAZA, INC.

By: /s/ Bart Blatstein

Name: BART BLATSTEIN
Title: PRESIDENT

REED DEVELOPMENT ASSOCIATES, INC.

By: /s/ Bart Blatstein

Name: BART BLATSTEIN
Title: PRESIDENT

RIVERVIEW COMMONS, INC.

By: /s/ Bart Blatstein

Name: BART BLATSTEIN
Title: PRESIDENT

CSC-RIVEWVIEW LLC

By: CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., ITS MEMBER

By: CEDAR SHOPPING CENTERS, INC., ITS GENERAL PARTNER

By: /s/ Leo S. Ullman

Name: Leo S. Ullman
Title: President

ESCROW AGENT (and to acknowledge agreement with Article IX)
LEGAL ABSTRACT CO.

By: /s/ Ellis Cook

Name: Ellis Cook
Title: V.P.

AMENDMENT TO CONTRIBUTION AGREEMENT

AMENDMENT TO CONTRIBUTION AGREEMENT (this "Agreement") made as of this 3rd day of November, 2003 by and among FIREHOUSE REALTY CORP., a Pennsylvania corporation ("Firehouse"), REED DEVELOPMENT ASSOCIATES, INC., a Pennsylvania corporation ("Reed"), SOUTH RIVER VIEW PLAZA, INC., a Pennsylvania corporation ("South"), RIVER VIEW DEVELOPMENT CORP., a Pennsylvania corporation ("Development"), RIVERVIEW COMMONS, INC., a Pennsylvania corporation ("Commons"; and together with Firehouse, Reed, South and Development, the "Owners", or each individually, an "Owner") and CSC-RIVERVIEW LLC ("Cedar").

W I T N E S S E T H

WHEREAS, the Owners and Cedar are parties to that certain Contribution Agreement, dated as of October 2, 2003, between Owners and Cedar;

WHEREAS, the Owners and Cedar desire to modify the Contribution Agreement as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. Capitalized terms used and not otherwise defined herein shall have the meaning set forth in the Contribution Agreement.

2. Section 1.3 of the Contribution Agreement is hereby omitted in its entirety.

3. The Owner's Loan shall be made by Cedar Lender LLC, an affiliate of Cedar, rather than by Cedar.

4. Except as expressly modified hereby, the Contribution Agreement remains in full force and effect.

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

FIREHOUSE REALTY CORP.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

RIVER VIEW DEVELOPMENT CORP.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

SOUTH RIVER VIEW PLAZA, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

REED DEVELOPMENT ASSOCIATES, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

RIVERVIEW COMMONS, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

CSC-RIVERVIEW LLC

By: CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., ITS MEMBER

By: CEDAR SHOPPING CENTERS, INC., ITS GENERAL PARTNER

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

PROMISSORY NOTE

$6,367,000.00 December 9th, 2003
Philadelphia, Pennsylvania

FOR VALUE RECEIVED, WELSH-SQUARE, INC., a Pennsylvania corporation having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania 19147 ("WSI"), INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998, a Pennsylvania trust having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania ("1998 Trust") and IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED JULY 13, 1999, a Pennsylvania trust having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania ("1999 Trust"; WSI, 1998 Trust and 1999 Trust are collectively referred to herein as "Borrower"), hereby unconditionally promise to pay to the order of CEDAR LENDER LLC, a Delaware limited liability company having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Lender"), or at such other place as the holder hereof may from time to time designate in writing, the principal sum of Six Million Three Hundred Sixty Seven Thousand and 00/100 Dollars ($6,367,000.00), constituting the principal amount of the Loan made to Borrower pursuant to the Loan Agreement, of even date herewith between Borrower and Lender (as the same may be amended from time to time, the "Loan Agreement"). Any undefined capitalized terms used herein shall have the meanings ascribed to them in the Loan Agreement.

1. PAYMENT TERMS

Borrower agrees to pay the principal sum of this Note and interest on the unpaid principal sum of this Note from time to time outstanding at the rates and at the times specified in the Loan Agreement, and in any event with a final maturity, at which time all amounts remaining outstanding under this Note shall be repaid in full, on the Maturity Date.

2. DEFAULT AND ACCELERATION

(i) The whole of the principal sum of this Note, (ii) interest, default interest and other sums, as provided in this Note, (iii) all other monies or costs agreed or provided to be paid by Borrower in this Note or in the other Loan Documents (the sums referred to in (i) through (iii) above shall collectively be referred to as the "Debt") shall become immediately due and payable at the option of Lender upon the happening of any Event of Default.

3. LOAN DOCUMENTS

This Note is secured by the Security Agreement. All of the terms, covenants and conditions contained in the Security Agreement and the other Loan Documents are hereby made a part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Loan Agreement, the terms and provisions of the Loan Agreement shall govern.

4. SAVINGS CLAUSE

This Note is subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance due hereunder at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the maximum interest rate which Borrower is permitted by applicable law to contract or agree to pay. If by the terms of this Note, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of such maximum rate, the Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the Debt, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Note until payment in full so that the rate or amount of interest on account of the Debt does not exceed the maximum lawful rate of interest from time to time in effect and applicable to the Debt for so long as the Debt is outstanding.

5. NO ORAL CHANGE

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

6. WAIVERS

Borrower and all others who may become liable for the payment of all or any part of the Debt do hereby severally waive presentment and demand for payment, notice of dishonor, protest and notice of protest and non-payment and

all other notices of any kind. No extension of time for payment of this Note or any installment hereof, and no alteration, amendment or waiver of any provision of this Note made by agreement between Lender or any other person or party shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Borrower, and any other person or entity who may become liable for the payment of all or any part of the Debt, under this Note. No notice to or demand on Borrower shall be deemed to be a waiver of the obligation of Borrower or of the right of Lender to take further action without further notice or demand as provided for in this Note. If Borrower consists of one or more partnerships, the agreements herein contained shall remain in force and applicable, notwithstanding any changes in the individuals comprising the partnership, and the term "Borrower," as used herein, shall include any alternate or successor partnership, but any predecessor partnership and their partners shall not thereby be released from any liability. If Borrower consists of one or more limited liability companies, the agreements herein contained shall remain in force and applicable, notwithstanding any changes in the individuals comprising the limited liability company, and the term "Borrower," as used herein, shall include any alternate or successor limited liability company, but any predecessor limited liability company and their members shall not thereby be released from any liability. If Borrower consists of one or more corporations, the agreements contained herein shall remain in full force and applicable notwithstanding any changes in the shareholders comprising, or the officers and directors

relating to, the corporation, and the term "Borrower" as used herein, shall include any alternative or successor corporation, but any predecessor corporation shall not be relieved of liability hereunder.

7. WAIVER OF TRIAL BY JURY

BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THIS NOTE OR ANY ACTS OR OMISSIONS OF LENDER, ITS MEMBERS, PARTNERS, OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS IN CONNECTION THEREWITH.

8. NOTICES

All notices or other written communications hereunder shall be delivered in accordance with the terms of the Loan Agreement.

9. AUTHORITY

Borrower (and the undersigned representative of Borrower, if any) represents that Borrower has full power, authority and legal right to execute and deliver this Note and that this Note constitutes valid and binding obligations of Borrower.

10. APPLICABLE LAW

This Note shall be governed, construed, applied and enforced in accordance with the laws of the Commonwealth of Pennsylvania and the applicable laws of the United States of America.

11. COUNSEL FEES

In the event that it should become necessary to employ counsel to collect the Debt, Borrower also agrees to pay all reasonable fees and expenses of Lender, including, without limitation, reasonable attorney's fees for the services of such counsel whether or not suit be brought.

12. JOINT AND SEVERAL LIABILITY

If Borrower consists of more than one person or party, the obligations and liabilities of each person or party shall be joint and several.

13. EXCULPATION

Notwithstanding any other provision in this Note or the other Loan Documents, the liability of Borrower under this Note and the other Loan Documents shall be limited to the Pledged Collateral (as defined in the Security Agreement), and Lender shall not seek any judgment against Borrower or its direct or indirect partners, members, shareholders, principals, affiliates, officers, directors, employees or agents, or any representatives of any of the foregoing.

14. MISCELLANEOUS

(a) Wherever pursuant to this Note (i) Lender exercises any right given to it to approve or disapprove, (ii) any arrangement or term is to be satisfactory to Lender, or (iii) any other decision or determination is to be

made by Lender, the decision of Lender to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Lender, shall be in the sole and absolute discretion of Lender and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

[Signature Page Follows]

IN WITNESS WHEREOF, Borrower has duly executed this Note as of the day and year first above written.

WELSH-SQUARE, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9,1998

By: /s/ Jil Blatstein

Name: Jil Blatstein
Title: Co-Trustee

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED JULY 13, 1999

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

COMMONWEALTH OF PENNSYLVANIA)
)ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003 before me, the undersigned Notary Public, personally appeared BART BLATSTEIN, who acknowledged himself to be the President of WELSH-SQUARE, INC., a Pennsylvania corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ ---
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003, before me, the undersigned Notary Public, personally appeared JIL BLATSTEIN known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ ---
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003, before me, the undersigned Notary Public, personally appeared BRIAN K. FRIEDMAN known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ ------------------
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003, before me, the undersigned Notary Public, personally appeared JOSEPH W. SEIDLE known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ ------------------
Notary Public

My commission expires:

PROMISSORY NOTE

$26,743,000.00 November 3, 2003
Philadelphia, Pennsylvania

FOR VALUE RECEIVED, FIREHOUSE REALTY CORP., a Pennsylvania corporation ("Firehouse"), REED DEVELOPMENT ASSOCIATES, INC., a Pennsylvania corporation ("Reed"), SOUTH RIVER VIEW PLAZA, INC., a Pennsylvania corporation ("South"), RIVER VIEW DEVELOPMENT CORP., a Pennsylvania corporation ("Development"), RIVERVIEW COMMONS, INC., a Pennsylvania corporation ("Commons"; and together with Firehouse, Reed, South and Development, "Borrower"), each having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania 19147, hereby unconditionally promise to pay to the order of CEDAR LENDER LLC, a Delaware limited liability company having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Lender"), or at such other place as the holder hereof may from time to time designate in writing, the principal sum of Twenty Six Million Seven Hundred Forty-Three Thousand ($26,743,000.00) Dollars, constituting the principal amount of the Loan made to Borrower pursuant to the Loan Agreement, of even date herewith between Borrower and Lender (as the same may be amended from time to time, the "Loan Agreement"). Any undefined capitalized terms used herein shall have the meanings ascribed to them in the Loan Agreement.

1. PAYMENT TERMS

Borrower agrees to pay the principal sum of this Note and interest on the unpaid principal sum of this Note from time to time outstanding at the rates and at the times specified in the Loan Agreement, and in any event with a final maturity, at which time all amounts remaining outstanding under this Note shall be repaid in full, on the Maturity Date.

2. DEFAULT AND ACCELERATION

(i) The whole of the principal sum of this Note, (ii) interest, default interest and other sums, as provided in this Note, (iii) all other monies or costs agreed or provided to be paid by Borrower in this Note or in the other Loan Documents (the sums referred to in (i) through (iii) above shall collectively be referred to as the "Debt") shall become immediately due and payable at the option of Lender upon the happening of any Event of Default.

3. LOAN DOCUMENTS

This Note is secured by the Security Agreement. All of the terms, covenants and conditions contained in the Security Agreement and the other Loan Documents are hereby made a part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Loan Agreement, the terms and provisions of the Loan Agreement shall govern.

4. SAVINGS CLAUSE

This Note is subject to the express condition that at no time shall Borrower be obligated or required to pay interest on the principal balance due hereunder at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the maximum interest rate which Borrower is permitted by applicable law to contract or agree to pay. If by the terms of this Note, Borrower is at any time required or obligated to pay interest on the principal balance due hereunder at a rate in excess of such maximum rate, the Interest Rate or the Default Rate, as the case may be, shall be deemed to be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the Debt, shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Note until payment in full so that the rate or amount of interest on account of the Debt does not exceed the maximum lawful rate of interest from time to time in effect and applicable to the Debt for so long as the Debt is outstanding.

5. NO ORAL CHANGE

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

6. WAIVERS

Borrower and all others who may become liable for the payment of all or any part of the Debt do hereby severally waive presentment and demand for payment, notice of dishonor, protest and notice of protest and non-payment and all other notices of any kind. No extension of time for payment of this Note or

any installment hereof, and no alteration, amendment or waiver of any provision of this Note made by agreement between Lender or any other person or party shall release, modify, amend, waive, extend, change, discharge, terminate or affect the liability of Borrower, and any other person or entity who may become liable for the payment of all or any part of the Debt, under this Note. No notice to or demand on Borrower shall be deemed to be a waiver of the obligation of Borrower or of the right of Lender to take further action without further notice or demand as provided for in this Note. If Borrower consists of one or more partnerships, the agreements herein contained shall remain in force and applicable, notwithstanding any changes in the individuals comprising the partnership, and the term "Borrower," as used herein, shall include any alternate or successor partnership, but any predecessor partnership and their partners shall not thereby be released from any liability. If Borrower consists of one or more limited liability companies, the agreements herein contained shall remain in force and applicable, notwithstanding any changes in the individuals comprising the limited liability company, and the term "Borrower," as used herein, shall include any alternate or successor limited liability company, but any predecessor limited liability company and their members shall not thereby be released from any liability. If Borrower consists of one or more corporations, the agreements contained herein shall remain in full force and applicable

notwithstanding any changes in the shareholders comprising, or the officers and directors relating to, the corporation, and the term "Borrower" as used herein, shall include any alternative or successor corporation, but any predecessor corporation shall not be relieved of liability hereunder.

7. WAIVER OF TRIAL BY JURY

BORROWER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER IN CONTRACT, TORT OR OTHERWISE, RELATING DIRECTLY OR INDIRECTLY TO THIS NOTE OR ANY ACTS OR OMISSIONS OF LENDER, ITS MEMBERS, PARTNERS, OFFICERS, EMPLOYEES, DIRECTORS OR AGENTS IN CONNECTION THEREWITH.

8. NOTICES

All notices or other written communications hereunder shall be delivered in accordance with the terms of the Loan Agreement.

9. AUTHORITY

Borrower (and the undersigned representative of Borrower, if any) represents that Borrower has full power, authority and legal right to execute and deliver this Note and that this Note constitutes valid and binding obligations of Borrower.

10. APPLICABLE LAW

This Note shall be governed, construed, applied and enforced in accordance with the laws of the Commonwealth of Pennsylvania and the applicable laws of the United States of America.

11. COUNSEL FEES

In the event that it should become necessary to employ counsel to collect the Debt, Borrower also agrees to pay all reasonable fees and expenses of Lender, including, without limitation, reasonable attorney's fees for the services of such counsel whether or not suit be brought.

12. JOINT AND SEVERAL LIABILITY

If Borrower consists of more than one person or party, the obligations and liabilities of each person or party shall be joint and several.

13. EXCULPATION

Notwithstanding any other provision in this Note or the other Loan Documents, the liability of Borrower under this Note and the other Loan Documents shall be limited to the Pledged Collateral (as defined in the Security Agreement), and Lender shall not seek any

judgment against Borrower or its direct or indirect partners, members, shareholders, principals, affiliates, officers, directors, employees or agents, or any representatives of any of the foregoing.

14. MISCELLANEOUS

(a) Wherever pursuant to this Note (i) Lender exercises any right given to it to approve or disapprove, (ii) any arrangement or term is to be satisfactory to Lender, or (iii) any other decision or determination is to be

made by Lender, the decision of Lender to approve or disapprove, all decisions that arrangements or terms are satisfactory or not satisfactory and all other decisions and determinations made by Lender, shall be in the sole and absolute discretion of Lender and shall be final and conclusive, except as may be otherwise expressly and specifically provided herein.

[Signature Page Follows]

IN WITNESS WHEREOF, Borrower has duly executed this Note as of the day and year first above written.

FIREHOUSE REALTY CORP.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

RIVER VIEW DEVELOPMENT CORP.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

SOUTH RIVER VIEW PLAZA, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

REED DEVELOPMENT ASSOCIATES, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

COMMONWEALTH OF PENNSYLVANIA)
)ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 31st day of October, 2003 before me, the undersigned Notary Public, personally appeared Bart Blatstein, who acknowledged himself to be the President of FIREHOUSE REALTY CORP., a Pennsylvania corporation, and that he, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ---
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 31st day of October, 2003 before me, the undersigned Notary Public, personally appeared Bart Blatstein, who acknowledged himself to be the President of RIVER VIEW DEVELOPMENT CORP., a Pennsylvania corporation, and that he, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ---
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 31st day of October, 2003 before me, the undersigned Notary Public, personally appeared Bart Blatstein, who acknowledged himself to be the President of SOUTH RIVER VIEW PLAZA, INC., a Pennsylvania corporation, and that he, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ---------------------------------
Notary Public
My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 31st day of October, 2003 before me, the undersigned Notary Public, personally appeared Bart Blatstein, who acknowledged himself to be the President of REED DEVELOPMENT ASSOCIATES, INC., a Pennsylvania corporation, and that he, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ---------------------------------
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 31st day of October, 2003 before me, the undersigned Notary Public, personally appeared Bart Blatstein, who acknowledged himself to be the President of RIVERVIEW COMMONS, INC., a Pennsylvania corporation, and that he, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ---------------------------------
Notary Public

My commission expires:

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (this "Agreement"), dated as of November 3, 2003, made by FIREHOUSE REALTY CORP., a Pennsylvania corporation ("Firehouse"), REED DEVELOPMENT ASSOCIATES, INC., a Pennsylvania corporation ("Reed"), SOUTH RIVER VIEW PLAZA, INC., a Pennsylvania corporation ("South"), RIVER VIEW DEVELOPMENT CORP., a Pennsylvania corporation ("Development"), RIVERVIEW COMMONS, INC., a Pennsylvania corporation ("Commons"; and together with Firehouse, Reed, South and Development, "Pledgor"), each having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania 19147, in favor of CEDAR LENDER LLC, a Delaware limited liability company having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Pledgee").

W I T N E S S E T H :

WHEREAS, pursuant to that certain Agreement of Limited Partnership of Cedar Riverview LP, dated as of the date hereof (as the same may be amended from time to time, the "Partnership Agreement"), Pledgor is the holder of preferred limited partnership interests in Cedar-Riverview LP (the "Partnership") in an amount equal to $26,993,000 (such interests being known as the "Partnership Interests");

WHEREAS, pursuant to that certain Loan Agreement, dated as of the date hereof, between Pledgee and Pledgor (the "Loan Agreement"), Pledgee has made or is about to make a loan to Pledgor (the "Loan") in the original principal sum of Twenty Six Million Seven Hundred Forty-Three Thousand ($26,743,000.00) Dollars, which Loan is evidenced by that certain Promissory Note, dated as of the date hereof, made by Pledgor to the order of Pledgee, in the principal amount of Twenty Six Million Seven Hundred Forty-Three Thousand ($26,743,000.00) Dollars (as the same may be amended from time to time, the "Note"); and

WHEREAS, as a condition of making the Loan to Pledgor and to secure the obligations of Pledgor under the Note, Pledgor agrees to pledge and grant to Pledgee, subject to the terms and conditions of this Agreement, a security interest in and to (i) the Partnership Interests and (ii) distributions to Pledgor under the Partnership Agreement (each, a "Pledged Interest" and, collectively, the "Pledged Interests").

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency whereof being hereby acknowledged, the parties hereto hereby covenant and agree as follows:

SECTION 1. Pledge.

(a) Pledgor hereby pledges, assigns, hypothecates, delivers, sets over and grants to Pledgee a lien on and security interest in and to (x) all right, title and interest of Pledgor in (i) the Pledged Interests, (ii) any certificates, instruments or documents representing the Pledged Interests, (iii) all options and other rights, contractual or otherwise, in respect of the Pledged Interests (including, without limitation, any registration rights) and (iv) all dividends, distributions, liquidation proceeds, cash, instruments and other property (including, without limitation, additional stock or securities distributed in respect of any Pledged Interest by way of

stock splits, spin-offs, reclassification, combination, consolidation, merger or similar arrangement) to which Pledgor is entitled with respect to the Pledged Interests, whether or not received by or otherwise distributed to Pledgor, whether such dividends, distributions, liquidation proceeds, cash, instruments and other property are paid or distributed by the Partnership in respect of operating profits, sales, exchanges, refinancing, condemnations or insured losses of the assets of the Partnership, the liquidation of such, the Partnership's assets and affairs, management fees, guaranteed payments, repayment of loans, reimbursement of expenses or otherwise (the items set forth in this clause (x) collectively referred to herein as the "Distributions"), and (y) subject to the provisions of Section 4 below, Pledgor's rights, remedies, powers and benefits under the Partnership Agreement or under law, including, without limitation (i) all rights of Pledgor to vote on any matter specified therein or under law, (ii) all rights of Pledgor to cause an assignee to be substituted as a partner in the Partnership in the place and stead of Pledgor, (iii) all rights, remedies, powers, privileges, security interests, liens, and claims of Pledgor for damages arising out of or for breach of or default under the Partnership Agreement, (iv) all present and future claims, if any, of Pledgor against the Partnership under or arising out of the Partnership Agreement for monies loaned or advanced, for services rendered or otherwise, (v) all rights of Pledgor to access to the books and records of the Partnership and to other information concerning or affecting the Partnership, (vi) all rights of Pledgor to terminate the Partnership Agreement, to perform thereunder, to compel performance and otherwise to exercise all remedies thereunder, and (vii) all rights of Pledgor to acquire the rights or interests of any other partner in the Partnership and all increases and profits of any of the foregoing and all proceeds thereof. The security interests, rights, remedies and benefits of Pledgee granted by this Section 1(a) and all proceeds thereof are hereinafter

collectively referred to as the "Pledged Collateral". Pledgor irrevocably and unconditionally waives all rights, if any, which may exist in its favor to purchase or acquire any of the Pledged Collateral from and after the date on which Pledgee or any assignee thereof or successful bidder at a foreclosure sale of the Pledged Collateral acquires the Pledged Collateral pursuant to the rights and remedies afforded Pledgee hereunder or any exercise thereof.

(b) Concurrently herewith, Pledgor shall cause the Partnership to execute and deliver to Pledgee an "Agreement and Acknowledgment of Pledge" substantially in the form of EXHIBIT A annexed hereto and made a part hereof.

SECTION 2. Security for Obligations. This Agreement secures (a) the prompt payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations and any other amounts due or to become due under the Note, whether for principal, interest, fees, expenses or otherwise, (b) the due and punctual performance or satisfaction of all obligations of Pledgor under the Note, (c) any and all obligations of Pledgor now or hereafter existing under this Agreement, and (d) any and all other obligations of Pledgor to Pledgee now or hereafter existing (all such obligations being hereinafter collectively referred to as the "Obligations").

SECTION 3. Delivery of Pledged Collateral and Related Evidence. (a) On the date hereof, Pledgor shall deliver to Pledgee (i) evidence satisfactory to Pledgee in its sole discretion that (x) Pledgor is the legal and beneficial owner of the Partnership Interests and (y) the pledges created hereby have been duly reflected upon the books of the Partnership as provided in the Agreement and Acknowledgment of Pledge executed by the Partnership, (ii) such Uniform Commercial Code financing statements (the "UCCs"), in a form ready for filing, as may

be necessary or desirable to perfect and/or evidence the security interests in the Pledged Collateral granted to Pledgee pursuant to this Agreement, and (iii) satisfactory evidence to Pledgee in its sole discretion that all other filings, recordings, registrations and other actions Pledgee deems necessary or desirable to establish, preserve and perfect the security interests and other rights granted to Pledgee pursuant to this Agreement, and Pledgee's priority with respect to same, shall have been made.

(b) Pledgee shall have the right to appoint one or more agents for the purpose of retaining physical possession of any of the Pledged Collateral, which may be held (in the discretion of Pledgee) in the name of Pledgor, or endorsed or assigned in blank or in favor of Pledgee or any nominee or nominees of Pledgee or any agent appointed by Pledgee in accordance herewith.

SECTION 4. Voting Power, Etc. Notwithstanding anything to the contrary contained in Section 1 hereof, provided that no Event of Default (as that term is defined in the Loan Agreement) shall have occurred and be continuing, but subject in all respects to the terms, conditions, prohibitions or limitations on the following actions of Pledgor as a partner of the Partnership provided in the Partnership Agreement, the Agreement and Acknowledgment of Pledge annexed hereto, the Loan Agreement or the Note, Pledgor shall be entitled to exercise all voting, consensual and other powers of ownership pertaining to the Pledged Collateral (including, without limitation, to receive distributions from the Partnership, to make determinations, to exercise any election (including, without limitation, election of remedies) or option, and to give or receive any notice, consent, amendment, waiver, approval or other rights described in Section 1 hereof), provided that no ratification shall be given, nor any power pertaining to the Pledged Collateral exercised, nor any other action taken, which would violate or be inconsistent with the terms of this Agreement, the Loan Agreement or the Note, or which would have the effect of impairing the position or interests of Pledgee, or, in each case, in such a manner as would reasonably be expected to have a material adverse effect on the ability of Pledgor to perform its obligations hereunder. From and after the occurrence of an Event of Default and for so long as such Event of Default is continuing, Pledgee shall have the right to exercise all voting, consensual and other powers of ownership pertaining to the Pledged Collateral.

SECTION 5. No Assumption. Notwithstanding anything contained herein to the contrary, whether or not an Event of Default shall have occurred, and whether or not Pledgee elects to foreclose or otherwise realize on its security interests in the Pledged Collateral, or any part thereof, as set forth herein or exercise any of its rights under this Agreement, the Loan Agreement or the Note or otherwise, neither this Agreement, receipt by Pledgee of any Distributions, the foreclosure or other realization by Pledgee of the security interests in the Pledged Collateral nor any exercise by Pledgee of any of its rights under this Agreement, the Loan Agreement or the Note or otherwise, shall in any way be deemed to obligate Pledgee to assume any of Pledgor's obligations, duties, expenses or liabilities with respect to the Pledged Collateral or any agreement relating thereto, and in the event of any such foreclosure, realization or other exercise of rights, Pledgor shall remain bound and obligated to perform such obligations and Pledgee shall not be deemed to have assumed any of such obligations.

SECTION 6. Representations, Warranties and Covenants. Pledgor represents and warrants to, and covenants and agrees with, Pledgee as follows:

(a) Each of Commons, Firehouse, Reed, South and Development is a duly formed corporation under the laws of the Commonwealth of Pennsylvania, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, and has full power and authority to execute and deliver to Pledgee this Agreement, to own its properties and to perform the obligations and carry out the duties imposed upon it by this Agreement.

(b) Pledgor is, and at all times will be, the only record and beneficial owner of the Pledged Collateral. The Pledged Interests and the Pledged Collateral are and, at all times, will be, fully paid and non-assessable, free and clear of any lien, security interest, option or other charge or encumbrance, whether statutory, judicial, consensual or otherwise. Pledgor will defend Pledgee's right, title and interest in and to the Pledged Collateral pledged by it pursuant hereto against the claims and demands of any third party at no cost or expense whatsoever to Pledgee.

(c) Pledgor's rights to Distributions, if any, under the Partnership Agreement are not subject to any defense, offset, counterclaim or contingency whatsoever. Giving effect to the aforesaid grants and pledges to Pledgee and the deliveries required hereunder, and upon the filing of the UCCs in the public records of the Office of the Secretary of State of the Commonwealth of Pennsylvania, Pledgee has, as of the date of this Agreement, and, as to any Pledged Collateral acquired from time to time after such date, shall have, a valid, perfected and continuing lien upon and security interest in the Pledged Collateral; provided, however, that no representation or warranty is made with respect to the perfected status of the security interests of Pledgee in the proceeds of the Pledged Collateral consisting of "cash proceeds" or "non-cash proceeds" as defined in the Uniform Commercial Code in effect in the Commonwealth of Pennsylvania (the "Code") except if, and to the extent, the provisions of Section 9-315 of the Code shall be complied with.

(d) Pledgor shall pay, and save Pledgee harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Pledged Collateral or in connection with any of the transactions contemplated by this Agreement or the exercise by Pledgee of any right or remedy granted to it hereunder or under the Loan Documents.

(e) Pledgor shall not transfer any of the Pledged Collateral until payment or satisfaction in full of the Obligations.

(f) This Agreement, and each provision herein, has been duly authorized, executed and delivered by Pledgor and constitutes the legal, valid and binding obligation of Pledgor, enforceable against Pledgor in accordance with its terms.

(g) Pledgor will not change its state of organization unless it shall provide Pledgee with at least thirty (30) days' prior written notice thereof and there shall have been taken such action, satisfactory to Pledgee, as may be necessary to maintain the security interest of Pledgee hereunder at all times fully perfected and in full force and effect. Pledgor shall not change its name unless it shall have given Pledgee at least thirty (30) days' prior written notice

of any such proposed change and shall have taken such action, satisfactory to Pledgee, as may be necessary to maintain the security interest of Pledgee in the Pledged Collateral at all times fully perfected and in full force and effect.

(h) Pledgor has delivered to Pledgee true, correct and complete, in all material respect, copies of all of the organizational documents of each of Commons, Firehouse, Reed, South and Development, and Pledgor shall not permit or consent to any amendments thereto without the prior written consent of Pledgee. The organizational documents of Commons, Firehouse, Reed, South and Development have been duly executed and delivered by the partners, members, shareholders, directors, incorporators, or organizers, as the case may be, of Commons, Firehouse, Reed, South and Development, as applicable, and constitute the legal, valid and binding obligations of such parties enforceable in accordance with their respective terms. Pledgor is not in material default under or with respect to, nor has Pledgor received any notice alleging any material default under or with respect to, any of its obligations under the Partnership Agreement. Pledgor has the full power and authority to own its property and to carry on its business as now being conducted, and has the power and authority to execute and deliver and to perform its Obligations hereunder and under the Loan Documents.

(i) None of the Pledged Collateral is, or will be, evidenced by any instrument, note or chattel paper, except such as have been or will be endorsed, assigned or pledged and delivered to Pledgee by Pledgor, simultaneously with the creation thereof and in accordance with any and all applicable requirements of

the Code.

(j) Pledgor shall, at its sole cost and expense, keep, observe, perform and discharge, duly and punctually all and singular the material obligations, terms, covenants, conditions, representations and warranties of the Partnership Agreement on the part of Pledgor to be kept, observed, performed and discharged, and shall hold Pledgee harmless and indemnify it against any loss or expense (other than consequential, incidental, exemplary, or punitive damage), including reasonable attorneys' fees and disbursements, that Pledgee may incur or sustain by reason of any failure to so perform and observe the Partnership Agreement or to satisfy, perform and observe such conditions thereunder.

(k) There is no suit, action, proceeding, arbitration, investigation or inquiry pending or, to the best of Pledgor's knowledge, threatened against Pledgor with respect to this Agreement or the transactions contemplated by this Agreement or which, if adversely determined, would have a material adverse impact on the ability of Pledgor to consummate the transactions contemplated hereby, and no consent of any Person (as hereinafter defined), license, permit or approval, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required to be obtained by Pledgor in connection with the execution, delivery or performance of this Agreement. For purposes of this Agreement, the term "Person" shall mean any individual, partnership, limited liability company, corporation, trust or other entity.

(l) The Partnership Interests are not represented by any instrument issued in bearer or registered form. None of the Partnership Interests constitutes or will constitute certificated or uncertificated securities as defined in Article 8 of the Code. None of the Partnership Interests is or will be dealt in or traded on any securities exchanges or securities

markets or is or will be held in any securities account as defined in Article 8 of the Code. The Partnership Interests constitute general intangibles as defined in Article 9 of the Code.

The representations, warranties and covenants set forth in this Section 6 shall survive the execution and delivery of this Agreement and remain in full force and effect until four (4) months after the Loan is repaid in full. Pledgor shall have no liability to Pledgee in respect of said representations, warranties and covenants unless Pledgee shall have delivered to Pledgor, within such four (4) month period, a claim specifying the alleged breach of any one or more of such representations, in which case Pledgee's liability shall survive with respect to the matters alleged in such claim until resolution thereof. For purposes of this Agreement the term "material" shall mean (unless the context clearly indicates otherwise) any fact or condition, the presence or absence of which, has or could have a significant adverse effect on the financial condition or value of the Collateral or the Property or the continued use and enjoyment thereof.

SECTION 7. [INTENTIONALLY OMITTED]

SECTION 8. Distributions. (a) Upon the occurrence and continuation of an Event of Default:

(i) All rights of Pledgor to receive Distributions and any and all proceeds from the sale or other disposition of the Pledged Collateral (or any portion thereof) which Pledgor would otherwise be authorized to receive and retain shall cease, and all such rights shall thereupon become vested in Pledgee, who shall thereupon have the right to receive and hold as Pledged Collateral such Distributions and proceeds.

(ii) All Distributions and proceeds which are received by Pledgor contrary to the provisions of paragraph (a) of this Section 8 shall be received in trust for the benefit of Pledgee, shall be segregated from other funds of Pledgor and shall be forthwith paid over to Pledgee as Pledged Collateral in the same form as so received (with any necessary endorsement).

(iii) All Distributions received by Pledgor in a partial or total liquidation of the Partnership shall, in the event that any of the Obligations remain outstanding at the time of such partial or total liquidation, be paid to Pledgee and applied by Pledgee to such outstanding Obligations.

(b) Unless and until an Event of Default shall have occurred and be continuing, but subject to the provisions of the Partnership Agreement, Pledgor shall be entitled to receive and retain any and all Distributions.

SECTION 9. Transfers and Other Liens, Additional Interests. Pledgor agrees, so long as any of the Obligations are outstanding, not to:

(a) sell or otherwise dispose of, or grant any option or similar right with respect to, any of the Pledged Collateral; or

(b) create or permit to exist any lien (other than the Loan),

security interest or other charge or encumbrance upon or with respect to any of the Pledged Collateral.

The foregoing shall not be deemed to prohibit any shareholder or partner of Pledgor from entering into any agreement pursuant to which such shareholder or partner personally guaranties the obligations of a third party with respect to a transaction other than the transaction contemplated by the Loan Documents.

SECTION 10. Appointment of Attorney-in-Fact. Pledgor hereby appoints Pledgee the attorney-in-fact for Pledgor, with full authority in the place and stead of Pledgor and in the name of Pledgor or otherwise, from time to time in Pledgee's discretion to take any action and to execute any instrument which Pledgee may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all Distributions and any instruments made payable to Pledgor representing any dividend, interest payment or other distribution in respect of the Pledged Collateral or any part thereof and to give full discharge for the same. Pledgor agrees that each of the foregoing powers constitutes a power coupled with an interest which may not be revoked and which shall survive until all of the Obligations shall have been indefeasibly paid in full and satisfied, provided that except with respect to the execution and filing of the UCCs, the foregoing shall not be effective until the occurrence of an Event of Default.

SECTION 11. Pledgee to Perform. If Pledgor fails to perform any agreement contained herein, Pledgee may, following the occurrence of an Event of Default, itself perform, or cause performance of, such agreement, and the expenses of Pledgee incurred in connection therewith shall be payable by Pledgor in accordance with Section 16 hereof.

SECTION 12. Remedies Upon Default. Upon the occurrence of any Event of Default:

(a) Pledgee may, without any notice to Pledgor of the occurrence of such Event of Default, except as otherwise expressly provided under the Loan Documents, exercise in respect of the Pledged Collateral, in addition to the other rights and remedies provided for herein or otherwise available to Pledgee, all the rights and remedies of a secured party under the Code in effect at that time, and Pledgee may also, without notice except as specified below, sell the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of Pledgee's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Pledgee may deem commercially reasonable. Pledgor agrees that at least twenty-one (21) days notice to Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Pledgee shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. Pledgee may adjourn any public or private sale from time to time to a date specified by Pledgee, such date to be not less than five (5) Business Days after the date upon which Pledgee notifies Pledgor of such adjourned sale date, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Pledgee may, upon the exercise of its rights under Section 12(a) hereof, transfer all or any part of the Pledged Collateral into Pledgee's name or the name of its nominees.

(c) Pledgee may vote all or any part of the Pledged Collateral (whether or not transferred into the name of Pledgee) and give all consents, waivers and ratifications in respect of the Pledged Collateral and otherwise act with respect thereto as though it were the outright owner thereof (Pledgor hereby irrevocably constituting and appointing Pledgee the proxy and attorney-in-fact of Pledgor, with full power of substitution to do so).

(d) Any Pledged Collateral or proceeds thereof held by Pledgee as Pledged Collateral and all proceeds thereof received by Pledgee in respect of any sale of, collection from or other realization upon all or any part of the Pledged Collateral may, in the discretion of Pledgee, be held by Pledgee as collateral for, and/or then or at any time thereafter, be applied (after payment of any amounts payable to Pledgee pursuant to Section 16 hereof), in whole or in part by Pledgee for the benefit of Pledgor, against all or any part of the Obligations and in such order as Pledgee shall elect. Any surplus of such Pledged Collateral or proceeds thereof held by Pledgee and remaining after payment or satisfaction in full of all of the Obligations and the expenses referred to in Section 16 hereof shall be delivered or paid over to Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

(e) Each right, power and remedy of Pledgee provided for in this Agreement or the other Loan Documents or now or hereafter existing at law or in equity or by statute shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by Pledgee of any one or more of the rights, powers or remedies

provided for in this Agreement or the other Loan Documents or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Pledgee of all such other rights, powers or remedies, and no failure or delay on the part of Pledgee to exercise any such right, power or remedy shall operate as a waiver thereof.

SECTION 13. ARBITRATION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT, THE LOAN AGREEMENT OR THE NOTE SHALL BE BROUGHT, AT PLEDGEE'S OPTION, IN THE COURTS OF THE COMMONWEALTH OF PENNSYLVANIA, PHILADELPHIA COUNTY OR OF THE UNITED STATES OF AMERICA FOR THE EASTERN DISTRICT OF PENNSYLVANIA. PLEDGOR HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. PLEDGOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT ITS ADDRESS AS SET FORTH ABOVE. PLEDGOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT BROUGHT IN THE COURTS REFERRED TO ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF PLEDGEE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY

LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST PLEDGOR IN ANY OTHER JURISDICTION.

SECTION 14. Jury Trial Waiver/Arbitration.

(a) PLEDGOR AND PLEDGEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY DISPUTE BASED ON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT, THE LOAN AGREEMENT OR THE NOTE, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF PLEDGOR OR PLEDGEE RELATING TO THE LOAN, AND THE LENDING RELATIONSHIP WHICH IS THE SUBJECT OF THE NOTE. THIS PROVISION IS A MATERIAL INDUCEMENT FOR PLEDGEE ENTERING INTO THIS AGREEMENT.

(b) In the event of a dispute under this Agreement; party shall have the right to submit such dispute to binding arbitration under the Expedited Procedures provisions (Rules E-1 through E-10 in the current edition) of the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). In cases where the parties utilize such arbitration: (i) the dispute shall be heard by three (rather than one) arbitrators in Philadelphia, Pennsylvania, (ii) all of the arbitrators on the list submitted by the AAA shall have reasonable expertise and experience with respect to the commercial real estate market in the Philadelphia, Pennsylvania area, (iii) the parties will have no right to object if the appointed arbitrators were on the list submitted by the AAA and were not objected to in accordance with Rule E-5, (iv) the arbitrators shall be selected within three (3) Business Days following submission of such dispute to arbitration, (v) the arbitrators shall render their final decision not later than three (3) Business Days after the last hearing, (vi) the first hearing shall be held within five (5) Business Days after the completion of discovery, and the last hearing shall be held within fifteen (15) Business Days after the appointment of the arbitrators, (v) any finding or determination of the arbitrators shall be deemed final and binding (except that the arbitrators shall not have the power to add to, modify or change any of the provisions of this Agreement), and (vi) the losing party in such arbitration shall pay the arbitration costs charged by AAA and/or the arbitrators.

SECTION 15. Appointment of Agent for Service of Process. Pledgor hereby irrevocably appoints Bart Blatstein, having an address of 1201 Rock Creek Road, Gladwyn, Pennsylvania 19035 (the "Process Agent", which has consented thereto), as process agent to receive for and on behalf of Pledgor service of process in the Commonwealth of Pennsylvania relating to this Agreement. Service of process in any action or proceeding against Pledgor may be made on Process Agent by registered or certified mail, return receipt requested, or by any other method of service provided for under applicable laws in effect in the Commonwealth of Pennsylvania. Process Agent is hereby authorized and directed to accept such service for and on behalf of Pledgor and to admit service with respect thereto. Such service upon Process Agent shall be deemed effective personal service on Pledgor sufficient for personal jurisdiction three (3) days after mailing, and shall be legal and binding upon Pledgor for all purposes, notwithstanding any failure of Process Agent to mail copies of such legal process to Pledgor, or any failure on the part of Pledgor to receive the same. Pledgor confirms that it has instructed the applicable Process Agent to mail to Pledgor, upon service of process being made on the

applicable Process Agent pursuant hereto, a copy of the summons and complaint or other legal process served upon them by registered mail, return receipt requested, at Pledgor's address hereinabove set forth, or to such other address

as to which Pledgor may notify Process Agent in writing. Pledgor agrees that Pledgor will at all times maintain a Process Agent to receive service of process in the Commonwealth of Pennsylvania with respect to this Agreement. If for any reason the Process Agent or any successor thereto shall no longer serve as such Process Agent or shall have changed its address without notification thereof to Pledgee, Pledgor, immediately after gaining knowledge thereof, irrevocably shall appoint a substitute process agent acceptable to Pledgee in the Commonwealth of Pennsylvania and advise Pledgee thereof.

SECTION 16. Expenses. Upon demand, Pledgor will pay to Pledgee the amount of any and all expenses, including the reasonable fees and expenses of Pledgee's counsel and of any experts and agents, which Pledgee may incur in connection with (a) the sale of, collection from, or other realization upon, any of the Pledged Collateral, (b) the exercise or enforcement of any of Pledgee's rights hereunder, or (c) the failure by Pledgor to perform or observe any of the provisions hereof.

SECTION 17. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by Pledgor herefrom, shall in any event be effective unless the same shall be in writing and signed by Pledgee, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 18. Notices. All notices or other written communications hereunder shall be delivered in accordance with the terms of the Loan Agreement.

SECTION 19. Continuing Security Interest; Transfer. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (a) remain in full force and effect until the indefeasible payment or satisfaction in full of the Obligations, (b) be binding upon Pledgor, its respective permitted transferees, representatives, successors and assigns, and (c) inure, together with the rights and remedies of Pledgee hereunder, to the benefit of Pledgee and its permitted transferees, representatives, successors and assigns. Without limiting the generality of the foregoing clause (c), Pledgee, but not Pledgor, may assign or otherwise transfer this Agreement together with the Pledged Collateral, the Note and any other Obligations to any other Persons, and such other Persons shall thereupon become vested with all the benefits in respect thereof granted to Pledgee herein or otherwise. Upon the indefeasible payment or satisfaction in full of the Obligations, (i) Pledgor shall be entitled to the return, upon its request and at its expense, of such portion of the Pledged Collateral as shall not have been sold or otherwise applied or forfeited pursuant to the terms hereof, and (ii) this Agreement shall be of no further force or effect.

SECTION 20. Severability. If for any reason any provision or provisions hereof are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

SECTION 21. Governina Law, Terms. This Agreement shall be governed by, and construed in accordance with, the internal laws of the Commonwealth of Pennsylvania

(without giving effect to principles of conflicts of law). Unless otherwise defined herein, (a) terms defined in Article 9 of the Code are used herein as therein defined, and (b) terms defined in the Loan Agreement are used herein as therein defined.

SECTION 22. Recitals. The Recitals at the beginning of this Agreement are hereby incorporated into the substantive provisions of this Agreement.

SECTION 23. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same agreement. The failure of any party to execute this Agreement, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

SECTION 24. Certificated Securities. Pledgor has not and Pledgor will not request the Partnership to issue or consent to the Partnership's issuance of a certificate representing Pledgor's partnership interest in the Partnership.

[Signature Page Follows]

IN WITNESS WHEREOF, Pledgor has caused this Agreement to be executed and delivered by its duly authorized representative as of the date first set forth above.

FIREHOUSE REALTY CORP.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

RIVER VIEW DEVELOPMENT CORP.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

SOUTH RIVER VIEW PLAZA, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

REED DEVELOPMENT ASSOCIATES, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

RIVERVIEW COMMONS, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

ACCEPTED AND AGREED TO:

CEDAR LENDER LLC

By: CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., ITS MEMBER

By: CEDAR SHOPPING CENTERS, INC. ITS GENERAL PARTNER

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

ACKNOWLEDGMENTS

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF PHILADELPHIA)

AND NOW, this 31st day of October, 2003 before me, the undersigned Notary Public, personally appeared Bart Blatstein, who acknowledged himself to be the President of FIREHOUSE REALTY CORP., a Pennsylvania corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ---
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF PHILADELPHIA)

AND NOW, this 31st day of October, 2003, before me, the undersigned Notary Public, personally appeared Bart Blatstein, who acknowledged himself to be the President of RIVER VIEW DEVELOPMENT CORP., a Pennsylvania corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/

- ----------
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF PHILADELPHIA)

AND NOW, this 31st day of October, 2003, before me, the undersigned Notary Public, personally appeared Bart Blatstein, who acknowledged himself to be the President of SOUTH RIVER VIEW PLAZA, INC., a Pennsylvania corporation, and that he, as such President being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ----------
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF PHILADELPHIA)

AND NOW, this 31st day of October, 2003, before me, the undersigned Notary Public, personally appeared Bart Blatstein, who acknowledged himself to be the President of REED DEVELOPMENT ASSOCIATES, INC., a Pennsylvania corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ----------
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF PHILADELPHIA)

AND NOW, this 31st day of October, 2003, before me, the undersigned Notary Public, personally appeared Bart Blatstein, who acknowledged himself to be the Vice President of the RIVERVIEW COMMONS, INC., a Pennsylvania corporation, and that he, as such Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by herself as Vice President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ----------
Notary Public

My commission expires:

November 3, 2003

GUARANTY OF PAYMENT

This Guaranty ("Guaranty") is made by Bart Blatstein, an individual, having an address of 1201 Rock Creek Road, Gladwyn, Pennsylvania 19035 ("Guarantor") in favor of Cedar-Riverview LLC ("Cedar GP"), CSC-Riverview LLC ("Cedar LP") and Cedar Lender LLC ("Cedar Lender") (Cedar GP, Cedar LP and Cedar Lender, collectively, the "Cedar Group").

RECITALS

A. Firehouse Realty Corp. ("Firehouse"), Reed Development Associates, Inc. ("Reed"), South River View Plaza, Inc. ("South"), River View Development Corp. ("Development"), Riverview Commons, Inc. ("Commons"; and together with Firehouse, Reed, South and Development, collectively, the "Existing Owners") and Cedar LP are parties to that certain Contribution Agreement dated as of October 2, 2003 (the "Agreement"). Capitalized terms used herein and not specifically defined herein shall have the respective meanings ascribed to those terms in the Agreement.

B. Pursuant to the terms of the Agreement, it is a condition to the Closing that this Guaranty be executed and delivered by Guarantor, and, in order to induce the Cedar LP to enter into the Agreement, which Cedar LP would not do but for the execution and delivery of this Guaranty, Guarantor has agreed to indemnify the Cedar Group in accordance with the terms of this Agreement.

C. Guarantor has a direct financial interest in the consummation of the transactions contemplated by the Agreement.

AGREEMENTS

NOW, THEREFORE, intending to be legally bound, Guarantor, in consideration of the matters described in the foregoing Recitals, which Recitals are incorporated herein and made a part hereof, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, hereby covenants and agrees for the benefit of the Cedar Group as follows:

1. Terms of Guaranty

(a) Guarantor absolutely, unconditionally and irrevocably guarantees to the Cedar Group the prompt and unconditional payment of any and all liabilities, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, judgments of whatever kind or nature (including but not limited to reasonable attorneys' fees and other costs of defense) arising or resulting directly or indirectly from (i) the Partnership's inability to redeem the Preferred Interest in accordance with the provisions of the [Amended] Partnership Agreement, or (ii) the failure by the Existing Owners to make required payments of interest and/or principal under the Owners Loan, in either case due to:

(i) a petition or application to any tribunal by either or both of the Existing Owners for the appointment of a trustee or receiver of the business, estate or assets or of any substantial portion of the business, estate or assets of either or both of the Existing Owners;

(ii) the commencement of any proceedings by either or both of the Existing Owners under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect;

(iii) the filing of any petition or application described in clause (i) above;

(iv) an involuntary bankruptcy or insolvency proceeding relating to either or both of the Existing Owners (A) which is commenced by any party directly or indirectly controlling, controlled by or under common control with either or both of the Existing Owners (which shall include, but not be limited to, any creditor or claimant acting in concert with either or both of the Existing Owners) or (B) in which any party directly or indirectly controlling, controlled by or under common control with either or both of the Existing Owners (which shall include, but not be limited to, any creditor or claimant acting in concert with either or both of the Existing Owners) objects to a motion by the Cedar Group, or any member thereof, for relief from any stay or injunction from any remedial action permitted under law or equity;

(v) the entering of any order appointing any trustee or receiver described in clause (i) above, or declaring either or both of the Existing Owners bankrupt or insolvent, or approving the petition in any such proceedings; or

(vi) an assignment for the benefit of creditors by either or both of the Existing Owners;

(the obligations set forth in this Section 1(a) are collectively referred to herein as the "Obligations").

(b) The obligations, covenants, agreements and duties of Guarantor under this Guaranty shall in no way be affected or impaired by reason of the occurrence, from time to time, of any of the following with respect to the Agreement, the [Amended] Partnership Agreement, this Guaranty or any other documents entered into in connection with the transactions contemplated by the Agreement (collectively, the "Documents"), even though notice with regard to the following may not have been given to, or received by, Guarantor, or the further consent of Guarantor with regard to the following may not have been obtained:

(i) The waiver of the performance or observance by either or both of the Existing Owners or Guarantor of any agreement, covenant, term or condition to be performed or observed by it;

(ii) The extension of the time for the payment of any sums owing or payable under the Documents or the time for the performance of any other obligation under or arising out of or on account of the Documents;

(iii) The supplementing, modification or amendment (whether material or otherwise) of any of the Documents or any of the obligations of either or both of the Existing Owners or Guarantor, as applicable, set forth in any of the Documents;

(iv) Any failure, omission, delay or lack on the part of the Cedar Group, or any member thereof, to enforce, assert or exercise any right, power or remedy conferred on such person in or by virtue of any of the Documents, or any action on the part of any of the Cedar Group granting indulgence or extension in any form;

(v) Any payment made on the Obligations, whether made by either or both of the Existing Owners, Guarantor or any other person, which is required to be refunded pursuant to any bankruptcy or insolvency law; it being understood that no payment so refunded shall be considered as a payment of any portion of the Obligations, nor shall it have the effect of reducing the liability of Guarantor hereunder;

(vi) The death of Guarantor; or

(vii) The release of either or both of the Existing Owners from the performance or observance of any of the agreements, covenants, terms or conditions contained in any of the Documents by operation of law or otherwise.

(c) Guarantor hereby waives diligence and all demands, protests, presentments and notices of every kind and nature, including, but not limited to, notices of presentment, demand for payment or performance, protest, notice of default or nonpayment, notice of dishonor, notice of protest and notice of acceptance of this Guaranty and the creation, renewal, extension, modification or accrual of any of the obligations Guarantor has hereby guaranteed.

(d) Guarantor hereby waives any and all legal requirements that any of the Cedar Group institute any action or proceeding, at law or in equity, against the Existing Owners, or anyone else, or exhausts its remedies against the Existing Owners, or anyone else, in respect of the Obligations or in respect of any other security held by any of the Cedar Group as a condition precedent to bringing an action or proceeding against Guarantor under this Guaranty. All rights and remedies afforded to the Cedar Group by reason of this Guaranty are separate and cumulative rights and remedies and it is agreed that no one of such rights or remedies, whether exercised by any of the Cedar Group or not, shall be deemed to be an exclusion of any of the other rights or remedies available to the Cedar Group and shall not limit or prejudice any other legal or equitable right or remedy which the Cedar Group may have.

(e) Guarantor understands that the exercise by the Cedar Group of certain rights and remedies may affect or eliminate Guarantor's right of subrogation against the Existing Owners and that Guarantor may therefore incur partially or totally nonreimbursable liability hereunder. Nevertheless, Guarantor hereby authorizes and empowers the Cedar Group, their respective successors, endorsees and/or assigns, to exercise in its or their sole discretion, any rights and remedies, or any combination thereof, which may then be available, it being the purpose and intent of Guarantor that the obligations hereunder shall be absolute, continuing, independent and unconditional under any and all circumstances. In the event that Guarantor shall advance or become obligated to pay any sums under this Guaranty or in the event that either or both of the Existing Owners shall hereafter become indebted to Guarantor, Guarantor agrees that Guarantor shall have no right of subrogation or reimbursement against either or both of the Existing Owners, no right of subrogation against any collateral or any security provided for in the Documents, unless and until all amounts due under this Guaranty shall have been

paid in full and all of Guarantor's obligations under the Guaranty shall have been fully performed. To the extent Guarantor's waiver of these rights of subrogation or reimbursement as set forth in this Guaranty are found by a court of competent jurisdiction to be void or voidable for any reason, Guarantor agrees that its rights of subrogation and reimbursement against the Existing Owners and the members thereof and Guarantor's rights of subrogation against any collateral or security shall be junior and subordinate as to lien, time of payment and in all other respects to the Cedar Group' rights against the Existing Owners and the members thereof and to the Cedar Group' right, title and interest in such collateral or security. Nothing herein contained is intended or shall be construed to give Guarantor any right of subrogation in or under the Documents or any right to participate in any way therein, notwithstanding any payments made by Guarantor under this Guaranty, all such rights of subrogation and participation being hereby expressly waived and released.

(f) Guarantor unconditionally waives any defense to the enforcement of this Guaranty, including, without limitation:

(i) the right to plead any and all statutes of limitations as a defense to Guarantor's liability under this Guaranty; and

(ii) any defense based upon an election of remedies by any of the Cedar Group, including, but not limited to, remedies relating to real property or personal property security, which destroys or otherwise impairs the subrogation rights of Guarantor to proceed against either or both of the Existing Owners.

2. Covenants, Representations and Warranties

(a) Guarantor represents and warrants to each of the Cedar Group that there is no action or proceeding either pending or threatened against Guarantor before any court or administrative agency and no event has occurred which might result in any material adverse change in the business or condition of Guarantor or in the property of Guarantor which material and adverse change would materially impair the ability of Guarantor to perform its obligations hereunder.

(b) Guarantor represents and warrants to each of the Cedar Group that neither the execution nor delivery of this Guaranty, nor fulfillment of nor compliance with the terms and provisions hereof, will conflict with, or result in a material breach of the terms, conditions or provisions of, or constitute a material default under, or result in the creation of any lien, charge or encumbrance upon any property or assets of Guarantor under any other material agreement or material instrument to which Guarantor is now a party or by which Guarantor may be bound.

(c) Guarantor agrees to submit to personal jurisdiction in the Commonwealth of Pennsylvania in any action or proceeding arising out of this Guaranty. This Guaranty shall be construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to Pennsylvania's principles of conflicts of law.

3. Miscellaneous

(a) All guaranties, covenants and agreements contained in this Guaranty shall bind the respective successors and assigns of Guarantor and shall inure to the benefit of the Cedar Group, and their respective successors and assigns.

(b) Any notice required or permitted to be delivered herein shall be deemed to be delivered (a) when received by the addressee if delivered by courier service, (b) if mailed, two days after deposit in the United States Mail, postage prepaid, certified mail, return receipt requested, (c) if sent by recognized overnight service (such as US Express Mail, Federal Express, UPS, Airborne, etc.), then one day after delivery of same to an authorized representative or agency of the said overnight service or (d) if sent by a telecopier, when transmission is received by the addressee with electronic or telephonic confirmation, in each such case addressed or telecopied to the Owners or Cedar, as the case may be, at the address or telecopy number set forth opposite the signature of such party hereto. Notifications are as follows:

To Guarantor:	Mr. Bart Blatstein c/o Tower Investments, Inc. One Reed Street Philadelphia, Pennsylvania 19147 Telecopier: (215) 755-8666
with a copy to:	Mr. Robert C. Jacobs 1700 Walnut Street, Suite 200 Philadelphia, Pennsylvania 19103 Telecopier: (215) 545-1559
To the Cedar Group:	44 South Bayles Avenue Port Washington, New York 11050 Attention: Leo S. Ullman Telecopier: (516) 767-6497

with a copy to: Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038
Attention: Mark A. Levy, Esq.
Telecopier: (212) 806-6006

(c) Guarantor hereby waives the right of trial by jury in any litigation arising hereunder and also waives the right, in such litigation, to interpose counterclaims or setoffs of any kind or description.

(d) In the event that any of the Cedar Group shall receive any payments on account of any of the obligations hereby guaranteed, whether directly or indirectly, and it shall subsequently be determined that such payments were for any reason improper, or a claim shall be made against any of the Cedar Group that the same were improper, and any of the Cedar Group either voluntarily or pursuant to court order shall return the same, Guarantor shall be liable, with the same effect as if the said payments had never been paid to or received by any of the Cedar Group, for the amount of such repaid or returned payments, notwithstanding the fact that payments may theretofore have been credited on account of the obligations hereby guaranteed.

(e) No delay on the part of any of the Cedar Group in exercising any power or right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right hereunder or the failure to exercise same in any instance preclude other or further exercise thereof or the exercise of any other power or right; nor shall any of the Cedar Group be liable for exercising or failing to exercise any such power or right; the rights and remedies hereunder expressly specified are cumulative and not exclusive of any rights or remedies which any of the Cedar Group may or will otherwise have.

(f) This instrument represents the entire agreement between the parties and may not be modified or amended except by a writing duly executed by the party to be charged.

(g) In the event that any of the Cedar Group, for any reason whatsoever, shall deem it necessary to refer this Guaranty to an attorney for the enforcement thereof or of any rights hereunder, by suit or otherwise, there shall be immediately due from Guarantor to such Other Partner(s), in addition to the sums guaranteed by Guarantor under this Guaranty, reasonable attorneys' fees and actual disbursements, together with all costs and expenses of such action, which costs, expenses, fees and disbursement shall be deemed part of the obligation hereunder.

(h) In the event that any provision of this Guaranty or the application thereof to Guarantor or any circumstance in the jurisdiction governing this Guaranty shall, to any extent, be invalid or unenforceable under any applicable statute, regulation, or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute, regulation or rule of law, and the remainder of this Guaranty and the application of any such invalid or unenforceable provision to parties, jurisdictions, or circumstances other than to whom or to which it shall be held invalid or unenforceable, shall not be affected thereby nor shall same affect the validity or enforceability of any other provision of this Guaranty.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty as of the date first above set forth.

/s/ Bart Blatstein

Bart Blatstein

COMMONWEALTH OF PA)
) ss.:
COUNTY OF PHILADELPHIA)

On the 31st day of October 2003, before me, the undersigned, personally appeared Bart Blatstein, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

/s/

Notary Public

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AGREEMENT OF LIMITED PARTNERSHIP
OF
CEDAR-RIVERVIEW LP,
A PENNSYLVANIA LIMITED PARTNERSHIP

DATED: AS OF NOVEMBER 3, 2003

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TABLE OF CONTENTS

<TABLE>
<CAPTION>

</TABLE>

<TABLE>

</TABLE>

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OF
CEDAR-RIVERVIEW LP,
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THIS AGREEMENT OF LIMITED PARTNERSHIP (as the same may be amended from time to time, this "Agreement") of CEDAR-RIVERVIEW LP, A PENNSYLVANIA LIMITED PARTNERSHIP (the "Partnership") is made and entered into as of the ___ day of November, 2003 by and among Cedar-Riverview LLC, a Delaware limited liability company ("Cedar GP"), CSC-Riverview LLC, a Delaware limited liability company ("Cedar LP"), Firehouse Realty Corp. a Pennsylvania corporation ("Firehouse"), Reed Development Associates, Inc., a Pennsylvania corporation ("Reed"), South River View Plaza, Inc., a Pennsylvania corporation ("South"), River View Development Corp., a Pennsylvania corporation ("Development"), and Riverview Commons, Inc., a Pennsylvania corporation ("Commons"; and together with Firehouse, Reed, South and Development are sometimes collectively referred to herein as the "Preferred Holders").

W I T N E S S E T H

WHEREAS, on October 30, 2003, the Partnership was formed as a limited partnership pursuant to the Pennsylvania Revised Uniform Limited Partnership Act (as it may be amended from time to time, or any successor statute, the "Act") by the filing of the Certificate of Limited Partnership of the Partnership with the Pennsylvania Secretary of State (the "Certificate");

WHEREAS, the Preferred Owners (i) own in fee that certain real property located at 1100, 1300 and 1400 South Christopher Columbus Boulevard, Philadelphia, Pennsylvania and 1401 South Water Street, Philadelphia,

Pennsylvania (also collectively known as Riverview Shopping Center) all as more particularly described on EXHIBIT A annexed hereto (the "Land"), together with all improvements located thereon (the "Fee Property") and (b) have a leasehold estate in (A) the premises particularly described on EXHIBIT A-1, pursuant to the terms and conditions of that certain Lease dated October 16, 1991 by and between Interstate Land Management Corporation ("Interstate") and Commons, as amended by that certain First Amendment to Lease dated June 24, 1992, and (B) the premises particularly described on EXHIBIT A-2 annexed hereto (the leased property described on EXHIBIT A-1 and EXHIBIT A-2 together with all improvements located thereon collectively, the "Leasehold Property"; the Fee Property and the Leasehold Property collectively, the "Property"), pursuant to the terms and conditions of that certain Lease dated June 24, 1992 by and between Interstate and Commons, as amended by that certain First Amendment to Lease dated February 10, 1993;

WHEREAS, Preferred Holders and Cedar LP are parties to that certain Contribution Agreement (as that term is hereinafter defined);

WHEREAS, contemporaneously with the execution of this Agreement, Preferred Holders shall contribute the Property to the Partnership, and, in exchange therefor, each of the Preferred Holders shall become limited partners in the Partnership and acquire the Preferred Interests (as that term is hereinafter defined);

WHEREAS, contemporaneously with the execution of this Agreement, Cedar GP and Cedar LP shall make the capital contributions more particularly set forth herein, and, in consideration of the foregoing, Cedar GP shall become the managing general partner of the Partnership and acquire 1 % of the common interests of the Partnership and Cedar LP shall become a limited partner of the Partnership and acquire 99% of the common interests of the Partnership; and

WHEREAS, the parties hereto desire to set forth the agreement of the parties.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties agree as follows:

ARTICLE 1
FORMATION AND OFFICES

Section 1.1 Formation.

(a) The Partnership is being formed as a limited partnership under the provisions of the Act, and the parties hereto agree to conduct the Partnership under the Act on the terms and conditions set forth in this Agreement.

(b) The Partnership shall from time to time hereafter, as may be required by law, execute or cause to be executed all amendments of the Certificate, and do all filing, recording and other acts as may be appropriate under the Act and shall cause a copy of each such amendment to be distributed to the Partners.

Section 1.2 Name. All Partnership business shall be conducted in the name of the Partnership as set forth above or such other name as the Partners may select from time to time and which is in compliance with all applicable laws.

Section 1.3 Purposes.

(a) The Partnership's purpose shall be limited to owning, holding, managing, operating, leasing, mortgaging, pledging, selling, assigning, transferring and otherwise dealing with the Property. The Partnership shall exercise all powers enumerated in the Act necessary or convenient to the conduct, promotion or attainment of the business or purposes set forth herein.

(b) The Partnership shall not engage in any other business or activity without the prior unanimous written consent of the Common Partners.

Section 1.4 Powers. The Partnership shall have the power to do any and all acts reasonably necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the purposes and business described herein and for the protection and benefit of the Partnership.

Section 1.5 Term. The Partnership commenced on the date of the filing of the Certificate and shall continue in existence until December 31, 2053 or such earlier time as may be determined in accordance with the terms of this Agreement.

Section 1.6 Principal Office. The principal office of the Partnership shall be located at 44 South Bayles Avenue, Port Washington, New York 11050 (it being agreed, however, that Preferred Holders shall deliver to Cedar GP and

Cedar LP, in accordance with Section 10.1 hereof and promptly after receipt of same, copies of all Notices related to the Property that are received at their office), or at such other place as Cedar GP may determine from time to time, and the Partnership shall maintain records there as required by the Act.

Section 1.7 Agent for Service of Process. The Partnership shall maintain a registered agent and office in the Commonwealth of Pennsylvania. The name and address of the registered agent of the Partnership in the Commonwealth of Pennsylvania upon whom process may be served, and the address of the registered office of the Partnership in the Commonwealth of Pennsylvania, is c/o Cedar Shopping Centers Partnership, L.P., 524 Camp Hill Mall, 32nd Street and Trindle Road, Camp Hill, Pennsylvania 17011, Attention: T. Richey. At any time, the Partnership may designate another registered agent and/or office.

Section 1.8 Additional Covenants. The partnership shall comply with the "separateness covenants" set forth on Exhibit B.

ARTICLE 2
DEFINITIONS

Section 2.1 Definitions. Defined terms used in this Agreement shall, unless the context otherwise requires, have the following meanings:

"AAA" shall have the meaning set forth in Section 3.7(d) hereof.

"Acquisition Loan" shall have the meaning set forth in Section 3.2(c) hereof.

"Act" shall have the meaning set forth in the recitals.

"Additional Capital Contribution" shall mean any Capital Contribution made by a Partner, other than the Cedar Group Initial Capital.

"Adjusted Capital Account" shall mean, with respect to any Partner, the balance, if any, in such Partner's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Partner is obligated to restore pursuant to the terms of this Agreement or is deemed to be obligated to restore pursuant to Treasury Regulations Section 1.704-1(b)(2)(ii)(c) and the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in paragraphs (4), (5) and (6) of Treasury Regulations Section 1.704-1(b)(2)(ii)(d).

The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations to the extent relevant thereto and shall be interpreted consistently therewith.

"Adjusted Preferred Interests" shall mean the Preferred Interests, reduced by (i) the aggregate amount of distributions to Preferred Holders pursuant to Section 5.2(b)(1) hereof and (ii) distributions and other adjustment pursuant to Section 3.2 hereof.

"Adjustment Demand" shall have the meaning set forth in Section 5.5(b)(2).

"Affiliate" shall mean, when used with reference to a specified Person, (i) any Person directly or indirectly controlling, controlled by (as manager or otherwise), or under common control with the specified Person, (ii) a Person owning or controlling, directly or indirectly, ten percent (10%) or more of the outstanding voting securities of such specified Person, (iii) any person related by blood or by marriage (including relatives by adoption) to such Person, the estate of such Person and such Person's heirs and descendants, (iv) any officer or director of such specified Person and (v) if such other Person is an officer or director, any company for which such Person acts in such capacity.

"Agreement" shall mean this Agreement, as same may be amended from time to time.

"Available Net Cash Flow" shall have the meaning set forth in Section 5.1(a)

"Bankruptcy" or "Bankrupt" as to any Person shall mean the filing of a petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Code of 1978 or like provision of law (except if such petition is filed by a Person other than the Person that is the debtor or bankrupt, such filing is contested by the Person that is the debtor or bankrupt, and such petition has been dismissed within one hundred twenty (120) days); insolvency of such Person as finally determined by a court proceeding (except if such adjudication is stayed or dismissed within one hundred twenty (120) days);

filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of such Person's assets; or commencement of any proceedings relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates such Person's approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within one hundred twenty (120) days.

"Business Day" shall mean any day other than a Saturday, Sunday or any other day on which banks in New York or Pennsylvania are required or permitted to be closed.

"Capital Account" shall mean, with respect to any Partner, the Capital Account maintained for such Partner in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv) and the following provisions:

(a) To each Partner's Capital Account there shall be credited such Partner's Capital Contributions, such Partner's share of Profits, and any items in the nature of income or gain that are specially allocated to such Partner pursuant to Section 4.3 and Section 4.4 hereof,

and the amount of any Partnership liabilities that are assumed by such Partner (other than liabilities that are secured by any Partnership property distributed to such Partner).

(b) To each Partner's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Partnership property distributed to such Partner pursuant to any provision of this Agreement (net of liabilities secured by such distributed property that such Partner is considered to assume or take subject to under Code Section 752), such Partner's share of Losses, and any items in the nature of expenses or losses that are specially allocated to such Partner pursuant to Section 4.3 and Section 4.4 hereof, and the amount of any liabilities of such Partner that are assumed by the Partnership (other than liabilities that are secured by any property contributed by such Partner to the Partnership).

(c) In the event any interest in the Partnership is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest. In the case of a sale or exchange of an interest in the Partnership at a time when an election under Code Section 754 is in effect, the Capital Account of the transferee Partner shall not be adjusted to reflect the adjustments to the adjusted tax bases of Partnership property required under Code Sections 754 and 743, except as otherwise permitted by Treasury Regulations Section 1.704-1(b)(2)(iv)(m).

(d) In determining the amount of any liability for purposes of clauses (a) and (b) of this definition of Capital Account, there shall be taken into account Code Section 752(c) and the Treasury Regulations promulgated thereunder, and any other applicable provisions of the Code and Regulations.

(e) In the event the Gross Asset Values of Partnership assets are adjusted pursuant to clauses (b) and (d) of the definition of Gross Asset Value, the Capital Accounts of all Partners shall be adjusted simultaneously to reflect the manner in which unrealized income, gain, loss and deduction inherent in all Partnership assets (that has not been previously reflected in the Capital Accounts) would be allocated pursuant to Article 4 if there were a taxable disposition of Partnership property at fair market value. Similarly, in the event of a distribution of Partnership assets to a Partner (whether in connection with a liquidation or otherwise), the Capital Accounts shall be adjusted to reflect the manner in which unrealized income, gain, loss and deduction inherent in such distributed assets (not previously reflected in Capital Accounts) would be allocated pursuant to Article 4 if there were a taxable disposition of such distributed assets at fair market value.

(f) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Sections 1.704-1(b) and 1.704-2, and shall be interpreted and applied in a manner consistent with such Regulations. In the event that Cedar GP shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Regulations or to reflect the intention of the parties hereto, Cedar GP may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Partner upon the dissolution of the Partnership.

"Capital Contribution" shall mean, with respect to any Partner, the amount of money and the initial Gross Asset Value of any property contributed or

deemed contributed by such Partner to the Partnership (net of any liabilities secured by such property or to which such property is otherwise subject). Any reference in this Agreement to the Capital Contribution of a Partner shall include the Capital Contribution made by any predecessor of a Partner.

"Capital Event Proceeds" shall have the meaning set forth in Section 5.2(a) hereof.

"Cedar GP" shall have the meaning set forth in the preamble.

"Cedar Group" shall mean Cedar GP and Cedar LP and any party that shall acquire all or any portion of the Partnership Interests that were originally owned by Cedar GP and Cedar LP; provided, however, if Preferred Holders or a member of the Preferred Group shall acquire the Partnership Interest of a member of the Cedar Group, Preferred Holders or such member of the Preferred Group shall not become a member of the Cedar Group.

"Cedar LP" shall have the meaning set forth in the preamble.

"Cedar Group Initial Capital" shall mean $_____, said amount representing the sum of all legal fees, title insurance premiums and other closing costs and adjustments paid by Cedar Group in connection with the Closing, and any other amount deemed to be added to, and part of, the Cedar Group Initial Capital pursuant to Section 3.2 hereof.

"Certificate" shall have the meaning set forth in the recitals.

"Closing" shall have the meaning set forth in the Contribution Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any corresponding provision or provisions of succeeding law.

"Common Partners" shall mean, collectively, Cedar GP, Cedar LP and any Person or Persons who, at the time of reference thereto, has been admitted as a successor Common Partner or as an additional Common Partner and, in the case of any of the foregoing, has not withdrawn from the Partnership, in each such Person's capacity as a Common Partner. "Common Partner" shall mean any one of the Common Partners.

"Common Percentage Interest" shall mean the percentage of ownership interest in the Partnership of each Partner, excluding the Preferred Interests. The initial Common Percentage Interests are set forth in Section 3.3 hereof.

"Commons" shall have the meaning set forth in the preamble.

"Contribution Agreement" shall mean that certain agreement, dated as of October 2, 2003 between Preferred Holders and Cedar LP.

"Delivering Party" shall have the meaning set forth in Section 3.7(d) hereof.

"Depreciation" shall mean, for each Fiscal Year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other period bears to such beginning adjusted tax basis.

"Development" shall have the meaning set forth in the preamble.

"Dissolution Event" shall have the meaning set forth in Section 8.1 hereof.

"Distribution Sections" shall have the meaning set forth in Section 3.7(b) hereof.

"Entity" shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association.

"Fee Property" shall have the meaning set forth in the Recitals.

"Firehouse" shall have the meaning set forth in the preamble.

"Fiscal Year" shall mean the calendar year, except that the last Fiscal Year of the Partnership shall end on the date on which the Partnership shall terminate and commence on the January 1 immediately preceding such date of termination.

"Governmental Entity" shall mean the United States, the Commonwealth of Pennsylvania, any other state that shall have jurisdiction over the Partnership and any Partner, any municipality, and political subdivision of any of the foregoing, and any agency, authority, department, court, commission or other legal entity of any of the foregoing.

"Gross Asset Value" shall mean, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as determined by the Partners;

(b) The Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as reasonably determined by Cedar GP, as of the following times: (i) the acquisition of an interest or an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Partnership to a Partner of more than a de minimis amount of property or money as consideration for an interest in the Partnership; and (iii) the liquidation of the Partnership within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if Cedar GP shall reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners;

(c) The Gross Asset Value of any Partnership asset distributed to a Partner shall be adjusted to the gross fair market value of such asset on the date of distribution, as determined under Section 5.4 hereof;

(d) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this clause (d) to the extent Cedar GP determines that an adjustment pursuant to clause (b) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (d); and

(e) If the Gross Asset Value of an asset has been determined or adjusted pursuant to clauses (a), (b), or (d), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Group" shall mean the Preferred Group or the Cedar Group.

"Indirect Interest" shall mean an ownership interest (whether direct or indirect) in a Partner (as opposed to a Partner's ownership interest in the Partnership).

"Indirect Owner" shall mean a Person holding an Indirect Interest.

"Leasehold Property" shall have the meaning set forth in the Recitals.

"Lender" shall mean any unaffiliated lender that shall provide a loan to the Partnership.

"Liquidating Trustee" shall have the meaning set forth in Section 8.2 hereof.

"Loan" shall mean any loan or loans made to the Partnership, evidenced and/or contemplated by the Loan Documents.

"Loan Documents" shall mean the note(s), mortgage(s), loan agreement(s) and other documents delivered by the Partnership or a Guarantor to a Lender in connection with a Loan.

"Net Expenditures" shall mean the Partnership's total direct and indirect expenditures incurred in connection with the transaction to purchase the Redemption Property, including without limitation any down payments (until such time as such payments are either refunded or applied), brokers fees, transfer taxes, loan fees (to the extent not deducted from loan proceeds), legal fees of the counsel designated by Preferred Holders and the reasonable legal fees of the counsel designated by the Partnership to review the purchase transaction, less any amounts funded by Preferred Holders and any proceeds from any Acquisition Loans.

"Nonrecourse Deductions" shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(1). The amount of Nonrecourse Deductions for a Fiscal Year shall equal the excess, if any, of the net increase, if any, in the

amount of Partnership Minimum Gain during that Fiscal Year, over the aggregate amount of any distributions during that Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to an increase in Partnership Minimum Gain, determined according to the provisions of Treasury Regulations Section 1.704-2(c).

"Nonrecourse Liability" shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

"Notices" shall have the meaning set forth in Section 10.1 hereof.

"Operating Documents" shall mean all contracts and agreements of all kinds entered into by or on behalf of the Partnership in connection with the business purposes thereof.

"Outside Date" shall mean the tenth (10th) anniversary of the date of this Agreement.

"Partner Nonrecourse Debt" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Debt Minimum Gain" shall mean an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)(2) and (3).

"Partner Nonrecourse Deductions" shall have the meaning set forth in Treasury Regulations Section 1.704-2(i)(2). For any Fiscal Year, the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt equals the excess, if any, of the net increase, if any, in the amount of the Partner Nonrecourse Debt Minimum Gain over the aggregate amount of any distributions during such Year to the Partner that bears the economic risk of loss for such Partner Nonrecourse Debt to the extent such distributions are from proceeds of such Partner Nonrecourse Debt and are allocable to an increase in Partner Nonrecourse Debt Minimum Gain, determined according to the provisions of Treasury Regulations Section 1.704-2(i)(2)

"Partners" shall mean, collectively, Cedar GP, Cedar LP, the Preferred Holders, and any Person or Persons who, at the time of reference thereto, has been admitted as a successor Partner or as an additional Partner and, in the case of any of the foregoing, has not withdrawn from the Partnership, in each such Person's capacity as a Partner. "Partner" shall mean any one of the Partners.

"Partnership" shall mean Cedar-Riverview LP, a Pennsylvania limited partnership, as the same may from time to time be constituted, and any successor limited partnership.

"Partnership Accountants" shall mean such accountants that shall be selected by Cedar GP to be the accountants for the Partnership.

"Partnership Interest" shall mean the entire ownership interest of a Partner in the Partnership at any particular time, including the rights and obligations of such Partner under this Agreement.

"Partnership Minimum Gain" shall have the meaning set forth in Treasury Regulations Section 1.704-2(d).

"Person" shall mean any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits.

"Pre-Closing Claims" shall have the meaning set forth in Section 5.5(a) hereof.

"Preferred Group" shall mean Preferred Holders and any party that shall acquire all or any portion of the Partnership Interests that were originally owned by Preferred Holders; provided, however, if Cedar GP, Cedar LP or a member of the Cedar Group shall acquire the Partnership Interest of a member of the Preferred Group, Cedar GP, Cedar LP or such member of the Cedar Group shall not become a member of the Preferred Group.

"Preferred Holders" shall have the meaning set forth in the preamble.

"Preferred Interests" shall mean the preferred limited partnership interests in the Partnership of the Preferred Holders in an amount equal to Twenty Six Million Nine Hundred Ninety-Three Thousand ($26,993,000.00) Dollars.

"Preferred Priority Return" shall mean an amount equal to 6.5% per annum, cumulative, compounded annually (prorated for any partial year) of the Adjusted Preferred Interests existing from time to time during the period to which the Preferred Priority Return relates.

"Profits" and "Losses" shall mean, for each Fiscal Year or other period, an amount equal to the Partnership's taxable income or loss for such Fiscal Year or period (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss and each item of income, gain, expense, deduction and loss shall be allocable to the Partners in accordance herewith), with the following adjustments for purposes of adjusting Capital Accounts and maintaining the same in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv):

(a) Any income of the Partnership that is exempt from federal income tax (except for rental income accrued on the Partnership's financial statement on a straight line basis for GAAP purposes) and not otherwise taken into account in computing Profits or Losses pursuant to this definitional section shall be added to such taxable income or loss;

(b) Any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury

Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subsections (b), (c) or (d) of the definition of "Gross Asset Value", the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the definition of Depreciation; and

(f) Notwithstanding any other provision of this definitional section, any items which are specially allocated pursuant to Section 4.3 and Section 4.4 hereof shall not be taken into account in computing Profits or Losses.

"Property" shall have the meaning set forth in the recitals.

"Property Management Agreement" shall have the meaning set forth in Section 6.5(c) hereof.

"Recipient Party" shall have the meaning set forth in Section 3.7(d) hereof.

"Redemption Price" shall mean an amount equal to the balance of the Preferred Interests, including any accrued and unpaid Preferred Priority Return, immediately prior to the redemption of the Preferred Interests, less any Net Expenditures incurred by the Partnership not yet debited against the balance of the Preferred Interests.

"Redemption Property" shall have the meaning set forth in Section 3.2(c) hereof.

"Repayment Capital Contribution" shall have the meaning set forth in Section 3.2(b) hereof.

"Reserves" shall mean amounts allocated to reserves maintained for working capital or for contingencies of the Partnership.

"Sale" shall mean a sale or other disposition of all or any portion of the Property (other than pursuant to an involuntary conversion, foreclosure or deed in lieu of foreclosure given to an unrelated third party or a tax-free exchange that would not result in the recognition of gain by the Preferred Holders).

"SEC" shall have the meaning set forth in Section 9.2 hereof.

"South" shall have the meaning set forth in the preamble.

"Substituted Partner" shall mean a person who is admitted to the

Partnership as a Substituted Partner in accordance with Section 7.3 hereof.

"Tax Matters Partner" shall have the meaning set forth in Section 9.4 hereof.

"Transfer" shall have the meaning set forth in Section 7.1 (a) hereof.

ARTICLE 3
CAPITAL CONTRIBUTIONS

Section 3.1 Capital Contributions.

(a) Upon the execution of this Agreement, the Cedar Group shall be deemed to have contributed to the capital of the Partnership the Cedar Group Initial Capital.

(b) Following the payments set forth in Section 3.1(a):

(1) Cedar GP's Capital Account as of the date of this Agreement shall be equal to $_____, said amount representing 1% of the Cedar Group Initial Capital.

(2) Cedar LP's Capital Account as of the date of this Agreement shall be equal to $_____, said amount representing 99% of the Cedar Group Initial Capital.

(3) Preferred Holders' Capital Account as of the date of this Agreement shall be equal to Twenty Six Million Nine Hundred Ninety-Three Thousand ($26,993,000.00) Dollars.

(c) Except as set forth in this Agreement, no Partner shall be required or obligated to contribute any capital to the Partnership or to lend any funds to the Partnership. In no event shall Preferred Holders be required or entitled to contribute any capital to the Partnership or to lend any funds to the Partnership, and no event or action, other than pursuant to Section 3.2, shall cause the reduction or diminution of the Preferred Interests.

(d) Additional Capital Contributions. If available cash and available working capital are insufficient for the operation of the Partnership, Cedar GP shall have the right to request Additional Capital Contributions from the Common Partners, and the Common Partners agree that any such Additional Capital Contributions that shall be required by the Company shall be made by the Common Partners in proportion to their respective Common Percentage Interests. Any Additional Capital Contributions made by a Common Partner pursuant to this Section 3.1(d) shall not increase such Common Partner's Common Percentage Interest.

Section 3.2 Redemption of the Preferred Interests.

(a) The Partnership shall redeem the Preferred Interests for cash or property (or a combination thereof), at Preferred Holders' election at any time after the date of this Agreement, in an amount equal to the Redemption Price. Preferred Holders may elect to have the

Preferred Interests redeemed in part, provided that (i) Preferred Holders may elect a redemption of the Preferred Interests on no more than four (4) separate occasions, (ii) Preferred Holders must elect to have the Preferred Interests redeemed in full on the fourth (4th) election, if made, and (iii) the balance of the Preferred Interests (including any accrued and unpaid Preferred Priority Return) shall be decreased by (1) any cash paid by the Partnership in redemption of the Preferred Interests, (2) the Net Expenditures paid by the Partnership in connection with any property distributed by the Partnership in redemption of the Preferred Interests, and (3) any other reduction required pursuant to this Agreement. Any payments made pursuant to clause (iii) of this Section 3.2(a) shall be applied first in reduction of the Preferred Interests and then in reduction of the Preferred Priority Return.

(b) Upon Preferred Holders' election to redeem all or a portion of the Preferred Interests (and Preferred Holders having obtained the consent of the Cedar Group to the extent such consent is required pursuant to the terms of this Agreement), each member of the Cedar Group shall be required to contribute to the capital of the Partnership, pari passu in accordance with such member's Common Interest Percentage, an amount equal to the Preferred Interests being redeemed at such time (any such Capital Contribution, a "Repayment Capital Contribution"). The Repayment Capital Contribution that shall be made by Cedar Group shall be deemed to be added to, and be part of, the Cedar Group Initial Capital.

(c) If Preferred Holders shall elect to receive property (the "Redemption Property") in redemption of the Preferred Interests, the Partnership shall be obligated to purchase the Redemption Property designated by Preferred Holders and to borrow money in connection therewith, provided that (i) any loan is arranged for, or provided, by Preferred Holders (the "Acquisition Loan"),

(ii) either (x) the Partnership has no obligations under the Acquisition Loan, or (y) the Acquisition Loan is secured by the Redemption Property and is nonrecourse to the Partnership, (iii) the Partnership shall not be obligated to incur Net Expenditures in excess of the Redemption Price, unless Preferred Holders fund the balance of any difference, (iv) Preferred Holders shall deliver or cause to be delivered any and all guarantees or indemnities that may be required in connection with such Acquisition Loan, (v) Preferred Holders shall deliver an amount equal to the transfer, stamp or similar taxes payable in connection with the purchase of the Redemption Property by the Partnership and the subsequent distribution of the Redemption Property by the Partnership, and (vi) the Lender consents to, or has preapproved in accordance with Section 6.3, the acquisition by the Partnership of the Redemption Property. Preferred Holders may fund any additional monies needed to purchase the Redemption Property in any reasonable manner selected by Preferred Holders and reasonably approved by Cedar GP (e.g., through a third party escrow arrangement). In connection with the purchase of the Redemption Property, the Partnership shall help Preferred Holders to create a separate legal entity through which to purchase the Redemption Property, the Partnership shall retain counsel designated by Preferred Holders and reasonably satisfactory to the Partnership, and the Partners shall cooperate in obtaining from the Lender (in the event such transaction was not preapproved in accordance with Section 6.3) its consent to the acquisition by the Partnership of the Redemption Property.

(d) The Partnership shall not have (i) any unreimbursed liability with respect to the Redemption Property or the transaction pursuant to which such Redemption Property is acquired or attempted to be acquired if such transaction does not close for any reason (other than Net Expenditures not in excess of the Redemption Price), or (ii) any obligation to incur Net

Expenditures in excess of the Redemption Price. In the event the Redemption Property is not purchased for any reason, the balance of the Preferred Interests (including any accrued and unpaid Preferred Priority Return) shall be reduced by the amount of the Net Expenditures incurred in connection with the transaction to purchase such Redemption Property in lieu of any reimbursement pursuant to this Section 3.2(d). Such Net Expenditures shall be applied first in reduction of the Preferred Interests and then in reduction of the Preferred Priority Return.

(e) The Partnership may redeem the Preferred Interests (including any accrued but unpaid Preferred Priority Return) in full, but not in part, for an amount of cash equal to the Redemption Price at any time from and after (i) the Outside Date, or (ii) the date that Preferred Holders shall commence an action against any of the other Partners with respect to the Partnership or its assets, other than to enforce its rights under this Agreement.

Section 3.3 Common Percentage Interests of Partners.

(a) Upon the execution of this Agreement:

(1) Cedar GP's Common Percentage Interest shall be 1.0%; and

(2) Cedar LP's Common Percentage Interest shall be 99.0%.

(b) The Common Percentage Interests of the Partners shall be adjusted to account for admissions, transfers and conveyances pursuant to Article 7 hereof.

Section 3.4 Limitation on Liability of Limited Partners. The liability of each Partner, other than Cedar GP or any successor general partner of the Partnership, shall be limited to such Partner's Capital Contributions and Additional Capital Contributions, and no Partner, other than Cedar GP or any successor general partner of the Partnership, shall, subject to the provisions of the Act, have any personal liability in respect of any liabilities or obligations of the Partnership or the Partners, beyond the amount that it shall, in accordance with this Agreement, contribute (or be required to contribute) to the capital of the Partnership.

Section 3.5 No Withdrawal of Capital Contributions. Except upon dissolution and liquidation of the Partnership, no Partner shall have the right to withdraw, reduce or demand the return of its Capital Contribution, or any part thereof, or any distribution thereon. Except as otherwise provided herein, no Partner shall have the right to receive property other than cash in connection with a distribution or return of capital. Except as otherwise provided in this Agreement, no Partner shall be entitled to receive interest on such Partner's Capital Contributions to the Partnership.

Section 3.6 Return of Capital Contributions.

(a) Except upon dissolution and liquidation of the Partnership or as provided in Article 5 hereof, there is no agreement, nor time set, for the return of any Capital Contribution or Additional Capital Contribution of any Partner.

(b) None of the Partners, nor any of their respective Affiliates, nor any officer, director, shareholder, employee or agent of any of the Partners or their Affiliates, shall be

personally liable for the return or repayment of any Capital Contribution or Additional Capital Contribution.

Section 3.7 Intentionally Omitted.

Section 3.8 Termination of Affiliate Loans. As of the date hereof, Preferred Holders shall have caused any sums owed by the Partnership to any Affiliate of Preferred Holders to be repaid in full such that no balance is outstanding with respect to any such sums.

Section 3.9 Intentionally Omitted.

Section 3.10 Sums Paid Under Guarantees or Indemnities. If the Preferred Owners or any Affiliate of the Preferred Owners shall make a payment under any guaranty or indemnity on account of an event that occurred prior to the date of this Agreement, the party making such payment shall not be entitled to any reimbursement by any of the other Partners or the Partnership on account of such payment, and such payment shall not increase the Capital Account of the Preferred Owners, and such payment shall not be deemed to be a Capital Contribution.

ARTICLE 4
ALLOCATIONS OF PROFITS AND LOSSES

Section 4.1 Allocation of Profits. After giving effect to the special allocations set forth in Section 4.3 and Section 4.4 hereof, Profits for any Fiscal Year shall be allocated to the Common Partners in proportion to their respective Common Percentage Interests.

Section 4.2 Allocation of Losses. After giving effect to the special allocations set forth in Section 4.3 and Section 4.4 hereof, Losses for any Fiscal Year shall be allocated to the Common Partners in proportion to their respective Common Percentage Interests.

Section 4.3 Allocations to Reflect Priority Returns. For each Fiscal Year of the Partnership, before any allocations of Profits and Losses shall be made to the Partners pursuant to Section 4.1 or Section 4.2, items of gross income and gain of the Partnership shall be allocated to Preferred Holders in an amount equal to the excess, if any, of (i) the accrued Preferred Priority Return for the current Fiscal Year and all prior Fiscal Years, whether or not paid, over (ii) the cumulative amount of items of gross income or gain allocated to Preferred Holders pursuant to this Section 4.3 for the current Fiscal Year and all prior Fiscal Years.

Section 4.4 Special Allocations.

(a) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Article 4 and except as otherwise provided in Section 1.704-2(f) of the Treasury Regulations, if there is a net decrease in Partnership Minimum Gain during any Fiscal Year of the Partnership, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Treasury Regulations Section 1.704-(2)(g). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). This Section 4.4(a) is intended to comply with the

minimum gain chargeback requirement in such Section of the Treasury Regulations and shall be interpreted consistently therewith.

(b) Partner Minimum Gain Chargeback. Notwithstanding any other provision of this Article 4, if there is a net decrease in Partner Nonrecourse Debt Minimum Gain attributable to a Partner Nonrecourse Debt, then, except as otherwise provided in Treasury Regulations Section 1.704-2(i), each Partner who has a share of the Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and (j)(2). This Section 4.4(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Treasury Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, any deficit balance in such Partner's Adjusted Capital Account as quickly as possible, provided that an allocation pursuant to this Section 4.4(c) shall be made only if and to the extent that such Partner would have a deficit balance in its Adjusted Capital Account after all other allocations provided for in this Section have been tentatively made as if this Section 4.4(c) were not in the Agreement.

(d) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year or portion thereof shall be allocated solely to the Cedar Group.

(e) Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any Fiscal Year of the Company or portion thereof shall be allocated to the Partner who bears the economic risk of loss with respect to the nonrecourse debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Treasury Regulations Section 1.704-2(i)(1).

(f) Excess Non-Recourse Liabilities. The "excess non-recourse liabilities" of the Partnership within the meaning of Treasury Regulations Section 1.752-3(a)(3) shall be allocated to the Common Partners pro rata in accordance with their respective Common Percentage Interests.

(g) Deficit Restoration Obligation. Cedar LP shall have the right to provide the Partnership with an unconditional obligation to restore the deficit balance, if any, in its Adjusted Capital Account. Cedar LP shall have the right to satisfy such obligation by

contributing to the Partnership its right to receive any amounts owed to Cedar LP by any other Partner.

(h) Loss Allocation Limitation. Notwithstanding the provisions of Section 4.2 hereof, Losses (or items of loss) allocated pursuant to Section 4.2 hereof shall not exceed the maximum amount of Losses (or items of loss) that can be so allocated without causing any Partner to have a deficit balance in its Adjusted Capital Account at the end of any Fiscal Year. In the event some but not all of the Partners would have deficit balances in their Adjusted Capital Accounts as a result of an allocation of Losses (or items of loss) pursuant to Section 4.2 hereof, the limitation set forth in this Section 4.4(h) shall be applied on a Partner by Partner basis so as to allocate the maximum permissible Losses (or items of loss) to each Partner under Treasury Regulations Section 1.704-1(b)(2)(ii)(d). All Losses (or items of loss) in excess of the limitation set forth in this Section 4.4(h) shall be allocated to other Partners in accordance with the provisions of Section 4.2, provided that no Losses (or items of loss) shall be allocated to any Partners who are not permitted to be allocated any Losses (or items of loss) under this Section 4.4(h).

Section 4.5 Other Allocations.

(a) If the respective interests of the existing Partners in the Partnership change or if a Partnership Interest is transferred to any other Person, then, for the Fiscal Year of transfer, all income, gains, losses, deductions, tax credits and other tax incidents resulting from the operations of the Partnership shall be allocated between transferor and transferee, as reasonably determined by Cedar GP using any method permissible under Section 706 of the Code. A transferee of an interest in the Partnership shall succeed to the Capital Account of the transferor Partner to the extent it relates to the transferred interest.

(b) For each Fiscal Year, items of Partnership income, gain, loss, deduction and expenses shall be allocated for federal, state and local purposes among the Partners in the same manner as the Profits and Losses or other gains or losses to which such items relate were allocated pursuant to Section 4.1, Section 4.2, Section 4.3 and Section 4.4 hereof.

Section 4.6 Tax Allocations: Code Section 704(c).

(a) In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its initial Gross Asset Value.

(b) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to any provision of this Agreement in accordance with the definition of Gross Asset Value, subsequent allocations of income, gain, loss and deduction with respect to such Partnership asset shall take into account any variation between the adjusted basis of such Partnership asset for federal

income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

(c) Consistent with Section 4.6(b) hereof, immediately prior to the execution of this Agreement the Gross Asset Value of the Property has been adjusted to equal Forty Nine Million Three Hundred Eighty Three Thousand ($49,383,000) Dollars. For purposes of this Agreement, based on the Preferred Holder's tax basis as of the date of this Agreement, the tax basis of the Property is Thirteen Million Four Hundred Thousand $13,400,000 Dollars. The Partners agree to account for the resulting variation between the Gross Asset Value of the Property and its tax basis using "the traditional method with curative allocations" contemplated by Treasury Regulations Section 1.704-3(c)(3)(iii)(B). Thus, notwithstanding anything to the contrary in this Agreement, the Partners agree that upon a taxable disposition of the Property (i) to the extent of Forty Nine Million Three Hundred Eighty Three Thousand ($49,383,000) Dollars of consideration, the Cedar Group shall not be allocated taxable income or gain attributable to such disposition in an amount that exceeds the total amount of tax depreciation deductions allocated to the Cedar Group in the current Fiscal Year and all prior Fiscal Years from the Property (not including for this purpose any tax depreciation attributable to improvements made to the Property after the date this Agreement has been executed), and (ii) taxable income or gain attributable to such disposition on account of consideration in excess of Forty Nine Million Three Hundred Eighty Three Thousand ($49,383,000) Dollars, if any, shall be allocated to the Cedar Group.

(d) Any elections or other decisions relating to the allocations required under this Section 4.6 shall be made by Cedar GP; provided, however, that any such election or decision that is not otherwise contemplated by this Agreement and which increases, other than to a de minimis extent, the tax obligation of the Preferred Holders (as compared to what such obligations would have been absent such election) shall require the consent of the Preferred Holders (not to be unreasonably withheld, conditioned, or delayed). Allocations pursuant to this Section 4.6 are solely for purposes of Federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Profits and Losses, other items, or distributions pursuant to any provision of this Agreement.

ARTICLE 5
CASH DISTRIBUTIONS

Section 5.1 Distribution of Available Net Cash Flow.

(a) As used in this Agreement, the term "Available Net Cash Flow" means the gross cash proceeds from Partnership operations, including all refinancings of all or any portion of the Property and/or any other property of the Partnership and, in connection with a partial casualty or condemnation, the proceeds of condemnation proceedings or settlement of any insurance claims resulting in insurance proceeds not used in repair or restoration of the Property that, in each instance, shall not be required to be paid to a Lender, less (1) all costs incurred by the Partnership in connection with the refinancing or restoration of the Property and (2) any portion thereof used to establish Reserves, all as determined by Cedar GP, for certain expenses and liabilities of the Partnership, including, without limitation, debt payments (including interest and principal) on Loans, capital improvements, repairs, replacements, contingencies, real estate taxes and leasing commissions, all as determined in accordance with this Agreement. Available Net Cash Flow shall not be reduced by depreciation, cost recovery deductions or similar

allowances. Available Net Cash Flow shall not be deemed to include any Capital Event Proceeds or any expenses related thereto.

(b) Available Net Cash Flow, if any, shall be distributed or paid, as applicable, at such times as Cedar GP may determine, in the following order of priority:

(1) First, to Preferred Holders, until Preferred Holders have received an aggregate amount of distributions under this Section 5.1(b)(1) and Section 5.2(b)(2) below equal to the Preferred Priority Return (as adjusted for distributions and other adjustments under Section 3.2 above);

(2) Second, pari passu to the Common Partners in proportion to their respective Common Percentage Interests.

Section 5.2 Distribution of Capital Event Proceeds.

(a) As used in this Agreement, the term "Capital Event Proceeds" shall mean the net cash proceeds from all sales and other dispositions (other than in the ordinary course of business) including, in connection with a total casualty or condemnation in which no repair or restoration is contemplated, the proceeds of condemnation proceedings or settlement of any insurance claims

resulting in insurance proceeds shall not be required to be paid to a Lender, less, in each instance, (1) all costs incurred by the Partnership in connection with the sale, refinancing or restoration of the Property and (2) any portion thereof used to establish Reserves, all as determined by Cedar GP. Capital Event Proceeds shall include all principal and interest payments with respect to any note or other obligation received by the Partnership in connection with sales and other dispositions (other than in the ordinary course of business) of Partnership property.

(b) Any Capital Event Proceeds shall be distributed promptly after the receipt thereof, in the following order of priority:

(1) First, to Preferred Holders until Preferred Holders have received an amount of distributions under this Section 5.2(b)(1) equal to the Adjusted Preferred Interests;

(2) Second, to Preferred Holders, until Preferred Holders have received an aggregate amount of distributions under this Section 5.2(b)(2) and Section 5.1(b)(1) above equal to the Preferred Priority Return (as adjusted for distributions and other adjustments under Section 3.2 above);

(3) Third, pari passu to the Common Partners in proportion to their respective Common Percentage Interests.

Section 5.3 Excess Reserves. Any Reserves established by the Partnership, which were established from Available Net Cash Flow, and which Cedar GP determines shall no longer be required by the Partnership, shall be distributed to the Partners pursuant to the provisions of Section 5.1(b) hereof, and any Reserves established by the Partnership which were established from Capital Event Proceeds, and which Cedar GP determines shall no longer be required by the

Partnership, shall be distributed to the Partners pursuant to the provisions of Section 5.2(b) hereof.

Section 5.4 Restrictions on Distributions. A Partner shall have no right to demand and receive any distribution from the Partnership in any form other than cash. No Partner may be compelled to accept a distribution of an asset in kind from the Partnership to the extent that the percentage of the asset distributed to such Partner exceeds the percentage in which such Partner is then entitled to share in distributions from the Partnership. Any in-kind distributions of Partnership property shall be valued by an established, reputable, independent and qualified appraiser.

Section 5.5 Pre-Closing Claims. The Partnership may pursue (including the commencement of a plenary action) or defend any claims relating to the period prior to the date of this Agreement (collectively, the "Pre-Closing Claims"). The Preferred Holders shall cooperate in the prosecution of any such Pre-Closing Claims. Subject to Preferred Holder's rights to contest a Pre-Closing Claim as hereinafter set forth, in the event that the Partnership shall owe money on account of a Pre-Closing Claim and Cedar GP shall give notice thereof on or before the date which is one (1) year after the date of this Agreement, Preferred Holders shall make such payment within Ten (10) Business days after receipt of notice from Cedar GP. Any payment by Preferred Holders made pursuant to this Section 5.5(b)(1) shall not increase the Capital Account of Preferred Holders, such payment shall not be deemed to be a Capital Contribution, and any expense to which such payments relate shall be deemed to be expenses of Preferred Holders. Upon prior notice to the Cedar GP (given within Ten (10) business days after such notice from Cedar GP), the Preferred Holders shall be entitled, at their sole cost and expense, to contest any such Pre-Closing Claim, provided, however, that during the pendency of such Pre-Closing Claim (A) neither the Property nor any portion thereof or interest therein would be in imminent danger of being sold, forfeited or lost, and (B) neither Property nor any interest therein would be subject to the imposition of any lien as a result of the failure to comply with a requirement prior to and while such contest is proceeding, unless Preferred Holders shall cause any such lien, promptly after obtaining knowledge of the existence of the lien, to be discharged of record by payment, deposit, bond or otherwise.

Section 5.6 Transfer Taxes.

(a) To the extent Preferred Holders elect to receive Redemption Property in redemption of their interests, all transfer, stamp or other similar taxes in connection with the purchase and subsequent distribution of the Redemption Property, if any, including any tax that is imposed on Transfers by any Partner or by any Indirect Owner that is aggregated with the purchase and distribution of the Redemption Property, shall be the obligation of Preferred Holders, without regard to whether same is assessed against Preferred Holders, the Partnership or any other Partner.

(b) Each Partner shall be solely liable for any real property and controlling interest transfer taxes that result from a Transfer of such Partner's interest in the Partnership (or of the interest of an Indirect Owner

of such Partner), including any tax that is imposed on Transfers that are aggregated with such Transfers, without regard to whether same is assessed against such Partner, the Partnership or any other Partner.

ARTICLE 6
RIGHTS, OBLIGATIONS AND POWERS OF THE MEMBERS

Section 6.1 Management by Cedar GP; Duties and Powers of the Partners.

(a) Subject to the provisions of this Article 6, Cedar GP shall have the right and power to conduct the business and affairs of the Partnership and to do all things necessary to carry on the business of the Partnership, and is hereby authorized to take any action of any kind and to do anything and everything Cedar GP deems necessary or appropriate in accordance with the provisions of this Agreement and applicable law. Subject to the provisions of this Article 6, Cedar GP will have full power and authority to execute and deliver in the name of and on behalf of the Partnership such documents or instruments as Cedar GP deems appropriate for the conduct of the Partnership's business in accordance with this Agreement. No person, firm or corporation dealing with the Partnership will be required to inquire into the authority of Cedar GP to take any action or make any decision. Cedar GP shall be required to devote to the conduct of the operations of the Partnership only such time and attention as shall be necessary to accomplish the purposes, and to conduct properly the operations, of the Partnership. In performing its obligations under this Section 6.1, Cedar GP shall not be required at any time to expend funds other than those of the Partnership.

(b) Without limiting the generality of the foregoing, but subject to the specific limitations of this Agreement, Cedar GP is authorized on behalf of the Partnership, without the consent of any Partner, to:

(1) expend the capital and revenues of the Partnership in furtherance of the Partnership's operations and pay in accordance with the provisions of this Agreement all debts and obligations of the Partnership, to the extent that funds of the Partnership are available therefor;

(2) take such actions as shall be required for the Partnership to comply with the Loan Documents;

(3) execute, deliver and thereafter amend the Loan Documents;

(4) lease the Property (other than pursuant to a lease which would constitute a taxable sale for federal income tax purposes);

(5) establish and maintain separate bank accounts in the name of, and on behalf of, the Partnership;

(6) bring and defend, actions at law or in equity;

(7) make investments in United States treasury securities and certificates of deposit in federally insured banks, pending disbursement of the Partnership's funds or to provide a source from which to meet contingencies;

(8) enter into and/or terminate agreements and contracts with third parties, and give receipts, releases and discharges with respect to all of the foregoing and any matters incident thereto;

(9) maintain, at the expense of the Partnership, adequate records and accounts of all operations and expenditures;

(10) purchase, at the expense of the Partnership, liability, casualty and other insurance and bonds to protect the Partnership's properties, operations, members and employees and to protect (to the extent required thereby, and as customary and reasonable) Cedar GP and its respective control persons, officers, directors and employees;

(11) execute and deliver any and all agreements, documents and other instruments necessary or incidental to the conduct of the operations of the Partnership and of the Property; and

(12) do and perform all such other things as may be in furtherance of the Partnership's business purposes described in Section 1.3 hereof subject to the limitations set forth herein.

Section 6.2 Restrictions on Powers of the Cedar GP. Notwithstanding anything to the contrary contained in Section 6.1 above, the Partnership shall not consummate a Sale prior to the Outside Date, without the consent of Preferred Holders.

Section 6.3 Refinancing. In connection with any financing of the

Property, Cedar Group shall undertake in good faith to obtain from the prospective Lender its preapproval to the acquisition by the Partnership, or an affiliate thereof, of Replacement Property in connection with a redemption of the Preferred Interests. Preferred Holders, in cooperation with Cedar Group, shall have the right to endeavor to obtain such preapproval from the such prospective Lender; provided, however, if such prospective Lender shall not grant such preapproval, the Partnership may, nevertheless, accept financing from such prospective Lender.

Section 6.4 Exculpation. No Partner or any of its Affiliates, nor any of their respective officers, directors, partners, shareholders, members, employees or agents, shall be liable, in damages or otherwise, to the Partnership or to any of the other Partners, for any act or omission performed or omitted by such Partner pursuant to the authority granted by this Agreement, except if such act or omission results from (a) the negligence, misconduct or bad faith of a Partner, its Affiliates or their respective officers, directors, partners, shareholders, members, employees or agents or (b) a Partner acting beyond the scope of authority granted by this Agreement. To the extent permitted by the Act, the Partnership shall indemnify, defend and hold harmless each Partner, its Affiliates and their respective officers, directors, partners, shareholders, members, employees and agents, from and against any and all claims or liabilities of any nature whatsoever, including reasonable attorneys' fees, arising out of or in connection with any action taken or omitted by such Partner pursuant to the authority granted by this Agreement, except where attributable to (i) the negligence, misconduct or bad faith of such Partner, its Affiliates or their respective officers, directors, partners, shareholders, members, employees or agents or (ii) a Partner acting beyond the scope of authority granted by this

Agreement. Each Partner shall be entitled to rely in good faith on the advice of counsel, public accountants or other independent experts experienced in the matter at issue, and any act or omission of a Partner pursuant to such advice shall in no event subject the Partner to liability to the Partnership or any Partner. Any indemnity provided under this Section 6.4 shall be paid out of and to the extent of the assets of the Partnership only, and no Partner shall have any personal obligation with respect thereto.

Section 6.5 Employment of Agents, Affiliate Transactions.

(a) Cedar GP may employ or cause to be employed, on behalf of the Partnership, such firms or corporations as it shall deem advisable for the operation of the Partnership and on such terms and for such compensation as Cedar GP shall determine, provided such terms and services are reasonably necessary and customary.

(b) Except as expressly provided in this Agreement, no Partner or any Affiliate of a Partner shall enter into any agreement or other arrangement for the furnishing to or by the Partnership, of goods or services (including any construction work) with any Person which is an Affiliate of such Partner or any partner, shareholder or other owner of an equity interest in such Partner unless such agreement or arrangement has been approved by Cedar GP after the nature of the relationship or affiliation and the terms of such agreement or arrangement have been disclosed in writing.

(c) The Partners hereby acknowledge and confirm that, contemporaneously with the execution of this Agreement, Cedar Shopping Centers Partnership, L.P., is entering into a property management and leasing agreement with the Partnership, in substantially the form set forth in Exhibit 6.4(c) attached hereto and made a part hereof (the "Property Management Agreement"), with Cedar Shopping Centers Partnership, L.P., as the managing and leasing agent for the Property.

Section 6.6 Compensation of Partner. Except as otherwise expressly provided herein, the Partners shall not be entitled to any salary or other compensation from the Partnership except for their respective cash distributions as set forth in the Distribution Sections.

Section 6.7 Other Activities. Any Partner (including any Affiliate of the Partners) may engage in or possess an interest in other business ventures of any nature or description, independently or with others, whether presently existing or hereafter created, including those in competition with the operations of the Partnership, and neither the Partnership nor any Partner (including any of the Partners or any Affiliate of the Partners) shall have any rights in or to such independent ventures or the income or profits derived therefrom.

ARTICLE 7
TRANSFERABILITY OF MEMBERS' INTERESTS

Section 7.1 Prohibited Transfers of Preferred Holders.

(a) Preferred Holders may not, directly or indirectly, sell, assign, transfer or otherwise dispose of (collectively, "Transfer") all or any part of

its Partnership Interest, whether voluntarily or by foreclosure, assignment in lieu thereof or other enforcement of a pledge,

hypothecation or collateral assignment, without the prior written consent of Cedar GP, which consent can be withheld in Cedar GP's sole discretion. There shall be no restriction on the ability of any member of the Cedar Group to, directly or indirectly, Transfer all or any part of its Partnership Interest.

(b) Notwithstanding the foregoing or any other provisions of this Article 7, Preferred Holders may not, directly or indirectly, pledge, hypothecate or collaterally assign all or any portion of its Partnership Interest, or the proceeds thereof or distributions on account thereof, without the prior written consent of Cedar GP, which consent can be withheld in Cedar GP's sole discretion. Subject to the terms of Section 7.2 below, there shall be no restriction on the ability of any member of the Cedar Group to, directly or indirectly, pledge, hypothecate or collaterally assign all or any portion of its Partnership Interest, or the proceeds thereof or distributions on account thereof, and a foreclosure resulting from any such pledge, hypothecation or assignment shall be permitted under the terms of this Agreement. Notwithstanding the foregoing, in no event shall any member of the Cedar Group, without the consent of the Preferred Holders (which consent shall not be unreasonably withheld, conditioned, or delayed), transfer its entire Partnership Interests, if the assignee is not at least as qualified as the Cedar Group, both with respect to its financial capabilities and its operational expertise.

(c) For purposes of this Agreement, any sale, assignment, transfer or other disposition of the capital stock or other equity interest in any Partner or the issuance of capital stock or additional partnership interests or membership interests shall constitute a Transfer.

Section 7.2 Certain Transfers Prohibited. Notwithstanding the provisions of Section 7.1 hereof to the contrary, no Transfer by a Partner shall be permitted which would result in (i) the violation of the terms of any Loan Document or other agreement to which the Partnership is a party or by which its assets are affected, including, without limitation, the Operating Documents, or (ii) the termination of the Partnership as a limited partnership pursuant to the terms of the Act or, unless otherwise agreed, within the meaning of Section 708 of the Code, or (iii) the violation of any applicable law.

Section 7.3 Admission of a Substituted Partner.

In the event that a Partner shall Transfer its Partnership Interest pursuant to, and in accordance with, the terms of this Agreement, the transferee thereof shall become a substituted partner ("Substituted Partner") only upon receipt by the Partnership of all of the following (as determined by Cedar GP):

(i) the transferee's acceptance of, and agreement to pay all costs of such Transfer and to be bound by, all of the terms and provisions of this Agreement, in form and substance satisfactory to the Partnership;

(ii) evidence reasonably satisfactory to Cedar GP of the authority of such Substituted Partner to become a Partner and to be bound by all of the terms and conditions of this Agreement;

(iii) the written agreement of the Substituted Partner to continue the business of the Partnership in accordance with the terms and provisions of this Agreement;

(iv) such other documents or instruments as may reasonably be required under the Act or otherwise in order to effect the admission of the Substituted Partner as a Partner under this Agreement; and

(v) evidence reasonably satisfactory to Cedar GP that such Transfer (A) would not violate (1) any Federal and state securities laws and rules and regulations of the Securities and Exchange Commission, state securities commissions, and any other Governmental Entity with jurisdiction over such disposition, (2) any of the Operating Documents or (3) any Loan Documents, (B) would not jeopardize the Partnership's classification for Federal income tax purposes as a partnership, and (C) would not affect the Partnership's existence as a limited partnership under the Act.

Section 7.4 Withdrawal of a Partner. A Partner may not voluntarily withdraw or resign from the Partnership, retire or dissolve, except pursuant to a Transfer of all of such Partner's Partnership Interest as a Partner in accordance with this Article 7. Resignation from the Partnership shall not entitle a Partner to receive the fair value of his Partnership Interest or any other distributions from the Partnership.

ARTICLE 8
DISSOLUTION AND LIQUIDATION OF THE COMPANY

Section 8.1 Events Causing Dissolution.

The Partnership shall dissolve and its affairs wound up upon the happening of any of the following events (each of the following being herein reference to as a "Dissolution Event"):

(a) the sale or disposition of all or substantially all of the Property (unless replacement property is acquired by the Partnership in connection with a tax-free exchange);

(b) the dissolution of the Partnership by the unanimous written agreement of the Partners;

(c) December 31, 2053;

(d) the entry of a decree of judicial dissolution under the Act;

(e) the happening of any event which makes it unlawful for the Partnership business to be continued; and

(f) the occurrence of any event which requires dissolution of a limited partnership under the Act.

Section 8.2 Liquidating Trustee. Upon dissolution of the Partnership, Cedar GP will act as the "Liquidating Trustee."

Section 8.3 Liquidation. As soon as possible after dissolution of the Partnership, the Liquidating Trustee will wind up the Partnership's business and affairs as follows:

(a) The Liquidating Trustee will prepare or cause to be prepared and delivered to each Partner an accounting with respect to all Partnership accounts and the Capital Account of each Partner and with respect to the Partnership's assets and liabilities and its operations from the date of the last previous audit of the Partnership delivered to the Partners to the date of dissolution.

(b) The Liquidating Trustee will liquidate all Partnership assets which, in its sole discretion, it determines may be sold for such assets' fair market value or where it determines such liquidation is otherwise in the best interests of the Partners.

(c) In settling accounts after dissolution, the assets of the Partnership shall be distributed as follows:

(i) to creditors, including, to the extent not prohibited by law, Partners who are creditors, in satisfaction of liabilities of the Partnership;

(ii) pay all expenses incurred in connection with the termination, liquidation and dissolution of the Partnership and distribution of its assets as herein provided;

(iii) to the establishment of Reserves for contingencies or unforeseen liabilities and obligations of the Partnership, which Reserves shall be paid over to a bank or other party chosen by the Partners, to be held in escrow for payment of such contingent or unforeseen liabilities; and

(iv) to the Partners in accordance with the provisions of Section 5.2(b) hereof.

At the expiration of such time period as the Partners shall deem advisable, the remaining balance of any Reserve established in accordance with clause (iii) shall be distributed in the manner set forth in clause (iv).

(d) If the Liquidating Trustee and all of the Partners shall determine that it is in the best interest of the Partners to distribute certain Partnership assets in kind, such assets will be distributed subject to such liens, encumbrances, restrictions, contracts, obligations, commitments or undertakings as existed with respect to such asset prior to the dissolution of the Partnership and have not been discharged by payments made pursuant to Section 8.3(c)(i) hereof.

Section 8.4 Termination. Upon completion of the distribution of the Partnership property as provided in this Article 8, the Partnership shall be terminated, and Cedar GP or other agent appointed as set forth in Section 8.2 hereof in charge of winding-up the Partnership's business (or such other persons as the Act may require) shall file articles of dissolution with the Secretary of State of the Commonwealth of Pennsylvania, cancel any applications to do business or similar filings made in foreign jurisdictions and take such other actions as may be necessary to terminate the Partnership.

ARTICLE 9
BOOKS AND RECORDS, ACCOUNTING, REPORTS, TAX ELECTIONS

Section 9.1 Books of Account; Records. At all times during the continuance of the Partnership, Cedar GP shall keep, or cause to be kept, full and true books of account in which shall be entered, fully and accurately, all transactions of the Partnership. All of said books of account, together with a certified copy of the Certificate, any amendments thereto, and an executed copy of such other instruments as the Partners may execute to carry out and give effect to the provisions of this Agreement shall at all times be maintained at the principal office of the Partnership, or at such other office of the Partnership as may be designated for such purpose by Cedar GP, and each Partner may, at any time during reasonable business hours, at its own expense, inspect, examine and make photocopies of the books and records of the Partnership or cause them to be examined by its representative, or by an attorney and/or a certified public accountant designated by such Partner.

Section 9.2 Annual Financial Reports. Cedar GP shall cause to be delivered to the Partners, (A) within one hundred twenty (120) days after the expiration of each Fiscal Year of the Partnership, annual reports of the Partnership, including (i) an annual balance sheet and profit and loss statement and statement regarding sources and uses of funds, which statements shall be audited by the Partnership Accountants if so required by the Loan Documents, (ii) a statement showing the distributions to the Partners and the allocation among the Capital Accounts of the Partners of taxable income, gains, losses, deductions, credits and other relevant items of the Partnership for such Fiscal Year, and (iii) a statement setting forth the amount of Available Net Cash Flow and Capital Event Proceeds for the just completed Fiscal Year, which statement shall be audited by the Partnership Accountants if so required by the Loan Documents, and (B) such other financial statements as may be prepared by the Partnership to fulfill Securities and Exchange Commission ("SEC") requirements if, as and when such financial statements may be required by the SEC.

Section 9.3 Tax Returns and Advances. Cedar GP shall cause all income tax and information returns for the Partnership to be prepared by the Partnership Accountants. Cedar GP shall cause such tax and information returns to be timely filed with the appropriate authorities, shall use reasonable efforts to provide such tax returns in a timely manner to the Partners with the necessary information with respect to the operation of the Partnership (including K-1 Information Returns for the respective Partners) to allow the Partners to file their respective tax returns, and shall provide to the Partners such other tax information as may be prepared by the Partnership to fulfill SEC requirements if, as and when such tax information may be required by the SEC. Copies of such tax and information returns (including K-1 Information Returns for the respective Partners) shall also be kept at the principal office of the Partnership where they shall be available for inspection by the Partners and their representatives during normal business hours.

Section 9.4 Tax Elections. Cedar GP shall make any and all elections for Federal, state, and local tax purposes, including, without limitation, an election under Section 754 of the Code upon a redemption of all or a portion of the Preferred Interests; provided, however, in connection with any Transfer of a Partnership Interest, Cedar GP shall cause the Partnership, at the written request of the transferor or the transferee, on behalf of the Partnership and at the time

and in the manner provided in Treasury Regulations Section 1.754-1(b), to make an election to adjust the basis of the Partnership's property in the manner provided in Sections 734(b) and 743(b) of the Code, and, provided further, that any such election to be made by Cedar GP that is not otherwise contemplated by this Agreement and which increases the tax obligation, other than to a de minimis extent, of the Preferred Holders (as compared to what such obligation would have been absent such election), shall require the consent of the Preferred Holders (not to be unreasonably withheld, conditioned, or delayed). Cedar GP is designated as the "Tax Matters Partner" (as defined in the Code) of the Partnership and is authorized and required to represent the Partnership (at the expense of the Partnership) in connection with all examinations of the affairs of the Partnership by any Federal, state, or local tax authorities, including any resulting administrative and judicial proceedings, and to expend funds of the Partnership for professional services and costs associated therewith.

Section 9.5 Bank Accounts. The funds of the Partnership (other than those deposited in non-interest bearing checking accounts to pay current expenses of the Partnership) shall be invested or deposited in interest bearing accounts in such banks as Cedar GP shall determine, which investments and accounts shall be in the name of the Partnership, and withdrawals from such accounts shall only be made by such persons as Cedar GP may designate.

Section 9.6 Partnership Expenses. The Partnership shall pay all usual and customary expenses incurred in connection with the conduct of the Partnership's business and the administration of its affairs.

ARTICLE 10
MISCELLANEOUS PROVISIONS

Section 10.1 Notices. All notices, demands, requests or other communications (collectively, "Notices") which may be or are required to be given, served, or sent by any party to any other party pursuant to this Agreement shall be in writing and shall be hand delivered or mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by facsimile (with the original to be sent the same day by Federal Express or other recognized overnight delivery service) or by Federal Express or other recognized overnight delivery service addressed to the recipient at its address set forth below (or at such other address as the recipient may theretofore have designated in writing). Each Notice which shall be hand delivered or mailed in the manner described shall be deemed sufficiently given, served, sent, received, or delivered for all purposes on the first Business Day following the day the Notice is delivered to the addressee (with the return receipt, the delivery receipt, or the affidavit of messenger being deemed conclusive (but not exclusive) evidence of such delivery) or the first Business Day following the day that delivery of the Notice is refused by the addressee upon presentation. Each Notice which shall be faxed in the manner described above shall be deemed sufficiently given, served, sent, received, or delivered for all purposes on the first Business Day following the date of such facsimile. Subject to the above, all Notices shall be addressed as follows:

TO THE PARTNERSHIP OR GENERAL PARTNER OR LIMITED PARTNER:	c/o Cedar Bay Realty Advisors, Inc. 44 South Bayles Avenue Port Washington, New York 11050

	Attention: Mr. Leo S. Ullman Telecopier: (516) 767-6497
with a copy to:	Stroock & Stroock & Lavan LLP 180 Maiden Lane New York, New York 10038 Attention: Mark A. Levy, Esq. Telecopier: (212) 806-6006
TO PREFERRED HOLDERS:	c/o Tower Investments, Inc. One Reed Street Philadelphia, Pennsylvania 19147 Attention: Mr. Bart Blatstein and Brian K. Friedman, Esq. Telecopier: (215) 755-8666
with a copy to:	Mr. Robert C. Jacobs 1700 Walnut Street, Suite 200 Philadelphia, Pennsylvania 19103 Telecopier: (215) 545-1559

Section 10.2 Signatures; Amendments. No amendment, change or alteration of this Agreement will be binding unless it is in writing and signed by Cedar GP and Cedar LP. Notwithstanding, no amendment, change or alteration of this Agreement that would result in any negative tax or other financial consequence to Preferred Holders (other than consequences of a de minimis nature) will be binding upon Preferred Holders, unless it is in writing and signed by Cedar GP, Cedar LP and Preferred Holders. Any amendment of this Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

Section 10.3 Binding Provisions. The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, executors, administrators, personal representatives, and permitted successors and assigns of the respective parties hereto.

Section 10.4 Applicable Law. This Agreement shall be construed according to and governed by the laws of the Commonwealth of Pennsylvania, excluding any conflict of laws rules. To the extent permitted by applicable law, the provisions of this Agreement shall override the provisions of the Act to the extent of any inconsistency or contradiction between them. It is the intent of the Partners upon execution hereof that this Agreement shall be deemed to have been prepared by all of the parties to the end that no Partner shall be entitled to the benefit of any favorable interpretation or construction of any term or provision hereof under any rule or law.

Section 10.5 Waiver of Trial by Jury. THE PARTNERS HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY ANY PARTNER AGAINST ANOTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

Section 10.6 Counterparts. This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on

all parties hereto, notwithstanding that all the parties have not signed the same counterpart.

Section 10.7 Separability of Provisions. Each provision of this Agreement shall be considered separable and if, for any reason, any provision or provisions hereof are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

Section 10.8 Captions. Article and Section titles and any table of contents are for convenience of reference only and shall not control or alter the meaning of this Agreement as set forth in this text.

Section 10.9 Partnership Property; No Partition. No Partner or successor in interest to any Partner may have any property of the Partnership partitioned, or file a complaint or institute any proceeding at law or in equity to have the property partitioned, and each Partner for itself, its successors, representatives, and assigns, hereby waives any right to proceed under any applicable law or otherwise to partition any Partnership property. Any creditor of a Partner shall have recourse only against such Partner's interest in the Partnership, but such creditor shall not have any recourse against the property of the Partnership. A Partner's Partnership Interest shall be personal property for all purposes.

Section 10.10 No Benefit to Third Parties. It is the intention of the Partners that no Person other than the Partners and the Partnership is or shall be entitled to bring any action to enforce any provision of this Agreement against any Partner or the Partnership and that the covenants, undertakings and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the Partners (or their respectively successors and assigns as permitted hereunder) and the Partnership.

Section 10.11 Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, and neuter, singular and plural, as the identity of the party or parties may require.

[Signature Page Follows]

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

CEDAR-RIVERVIEW LLC

By: CEDAR SHOPPING CENTERS
PARTNERSHIP, L.P.,
ITS MEMBER

By: CEDAR SHOPPING CENTERS, INC.,
ITS GENERAL PARTNER

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

CSC-RIVERVIEW LLC

By: CEDAR SHOPPING CENTERS
PARTNERSHIP, L.P.,
ITS MEMBER

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

FIREHOUSE REALTY CORP.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

REED DEVELOPMENT ASSOCIATES, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

SOUTH RIVER PLAZA, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

RIVER VIEW DEVELOPMENT CORP.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

RIVER VIEW COMMONS, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

RECAPITALIZATION AGREEMENT

AGREEMENT (this "Agreement") made as of this 2nd day of October, 2003 by and among DELAWARE 1851 ASSOCIATES, LP, a Pennsylvania limited partnership (the "Partnership"), INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998, a Pennsylvania trust ("1998 Trust"), IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED JULY 13, 1999, a Pennsylvania trust ("1999 Trust"; and together with 1998 Trust, "Original LPs"), WELSH-SQUARE, INC., a Pennsylvania corporation ("Original GP"; Original LPs and Original GP are sometimes collectively referred to herein as the "Owners", or each individually, an "Owner") and CSC-COLUMBUS LLC ("Cedar").

W I T N E S S E T H

WHEREAS, pursuant to that certain Limited Partners Agreement of the Partnership, dated April 21, 1999, by and between Original GP and The Blatstein Family Trust II; as amended and corrected by that certain Amendment to Limited Partners Agreement of the Partnership dated as of December 19, 2000 and that certain Limited Partners Agreement of the Partnership executed on December 19, 2000 to be effective as of April 21, 1999; as further amended by that certain Assignment, Assumption and Modification Agreement dated as of December 19, 2000; and as further amended by that certain Amendment to Limited Partnership of the Partnership, dated June 24, 2002 (as so amended, the "Partnership Agreement"); Original GP is the general partner and Original LPs are limited partners in the Partnership which owns the Property (as hereinafter defined);

WHEREAS, the Owners desire to recapitalize their interests in and to the Partnership; and

WHEREAS, Cedar desires that the Partnership issue to Cedar interests in and to the Partnership in exchange for the payments by Cedar (in the form of capital contributions and loans, as more particularly set forth herein) of an initial funding amount as determined and governed by the terms and provisions of this Agreement (such recapitalization and issuance being herein referred to as the "Recapitalization").

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
Issuance of Interests

1.1 Interests. The Owners hereby agree to cause the Partnership to recapitalize the existing Partnership interests of the Owners and to issue interests in and to the Partnership to Cedar (and to an affiliate of Cedar) so that said recapitalization and issuance will result in:

A. Said affiliate of Cedar becoming the general partner of the Partnership, owning one percent (1%) of the common interests in and to the Partnership ("Cedar GP Interests");

B. Cedar becoming a limited partner of the Partnership, owning ninety-nine percent (99%) of the common interests in and to the Partnership ("Cedar LP Interests" and, together with Cedar GP Interests, the "Interests"); and

C. All of the Owners' interests in the Partnership being recapitalized into a preferred interest (the "Preferred Interest").

1.2 Permitted Exceptions. Upon the issuance of the Interests, the Property shall be subject only to those matters set forth on EXHIBIT A annexed hereto (collectively, the "Permitted Exceptions").

1.3 Other Agreement.

The parties acknowledge that, pursuant to the terms of that certain Contribution Agreement (the "Other Agreement"), among Firehouse Realty Corp. ("Firehouse"), Reed Development Associates, Inc. ("Reed"), South River View Plaza, Inc. ("South"), Riverview Development Corp. ("Development"), Riverview Commons, Inc. ("Commons"; and together with Firehouse, Reed, South and Development, the "Other Agreement Owners"), and CSC-Riverview LLC (the "Other Agreement Buyer"), the Other Agreement Owners have agreed to consummate the transaction more particularly described in the Other Agreement (the closing of such other transaction, the "Other Agreement Closing"). Notwithstanding anything to the contrary contained herein or in the Other Agreement, the Closing under this Agreement is specifically contingent, as set forth in Sections 7.2.1(H) and 7.2.2(C) hereof, upon the Other Agreement Closing (which shall include, without limitation, the making of the loan contemplated by the Other Agreement (the "Other Agreement Owners Loan")). It is expressly understood and agreed that the Closing and the Other Agreement Closing shall occur simultaneously and that, if the Other Agreement is terminated in accordance with its terms, then this Agreement shall similarly terminate and, in connection with any such

termination, if (i) the Other Agreement Owners are entitled to the downpayment under the Other Agreement in connection with such termination, then, in such case, the Owners shall be entitled to the Downpayment in connection with such a termination under this Agreement, and (ii) the Other Agreement Buyer is entitled to a refund of the downpayment under the Other Agreement in connection with such termination, then, in such case, Cedar shall be entitled to a refund of the Downpayment. A default by the Other Agreement Owners under the Other Agreement shall be deemed to be a default by Owners under this Agreement and a default by the Other Agreement Buyer under the Other Agreement shall be deemed to be a default by Cedar under this Agreement.

ARTICLE II
Initial Funding Amount

2.1 Initial Funding Amount. In consideration for the issuance of the Interests to Cedar, Cedar shall (i) loan to Owners an amount equal to Six Million Three Hundred Sixty Seven Thousand ($6,367,000) Dollars (the "Owners Loan"), on a nonrecourse basis, secured by the Preferred Interest, and (ii) contribute to the Partnership an initial capital amount equal to the sum of all legal fees, title insurance premiums and other closing costs to be paid by Cedar in connection with the Closing (as hereinafter defined), as the same may be adjusted pursuant to the

terms of this Agreement (the "Initial Capital Amount"). The Owners Loan and the Initial Capital Amount are sometimes collectively referred to herein as the "Initial Funding Amount".

2.2 Method of Payment. The Initial Funding Amount shall be disbursed as follows: (a) simultaneously with the execution and delivery of this Agreement, Five Hundred Thousand and 00/100 Dollars ($500,000.00) (the "Downpayment") by wire transfer of immediately available federal funds to the account of Escrow Agent (as hereinafter defined) in accordance with the wire instructions set forth on EXHIBIT B annexed hereto to be held in escrow pursuant to the provisions of Article IX hereof; and (b) at the closing of the transactions contemplated hereby (the "Closing"), the balance of the Owners Loan in the sum of Five Million Eight Hundred Sixty Seven Thousand ($5,867,000) Dollars, subject to a credit to Cedar for the interest earned on the Downpayment and subject to other apportionments and other adjustments required to be made pursuant to this Agreement (the "Balance of the Initial Funding Amount") by wire transfer of immediately available federal funds to the bank account designated in writing by the Owners prior to the Closing. Except as otherwise expressly provided in this Agreement, the Downpayment is fully non-refundable.

2.3 Downpayment. The party or parties hereunder that shall be entitled to receive the Downpayment shall receive all interest that shall have accrued thereon; provided, however, that if the Closing shall occur, the amount of any interest earned on the Downpayment shall be credited in favor of Cedar against the Balance of the Initial Funding Amount. The Downpayment, together with all interest thereon, shall be held by Escrow Agent in accordance with Article IX hereof.

ARTICLE III
Disclaimer

3.1 Disclaimer of Warranties. Cedar is acquiring the Interests with the Property being "AS IS" with all faults and defects. Except as specifically stated in this Agreement, the Owners hereby specifically disclaim any representation or warranty, oral or written, including, but not limited to, those concerning (i) the nature and condition of the Property, (ii) the manner, construction, condition and state of repair or lack of repair of any improvements located on the Property, (iii) the compliance of the Property or its operation with any laws, rules, ordinances, or regulations of any government or other body, it being specifically understood that Cedar has had the full opportunity to determine for itself the condition of the Property, and (iv) the income and expenses of the Property. The issuance of the Interests as provided for herein is made with the understanding that Cedar has inspected the Property, is aware of the condition thereof, and has apprised itself of all information with respect to the Property and that, except as otherwise provided herein, the issuance is made with the Property in an "as is" condition. Cedar expressly acknowledges that in consideration of the agreements of the Owners herein, except as otherwise specified herein, THE OWNERS MAKE NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY DECLARATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF QUANTITY, QUALITY, CONDITION, HABITABILITY, MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, THE INTERESTS, ANY IMPROVEMENTS, THE PERSONALTY OR SOIL CONDITIONS. The Owners are not liable

or bound in any manner by expressed or implied warranties, guarantees, promises, statements, representations or information pertaining to the Interests or the Property made or furnished by any real estate broker, agent, employee, servant or other Person (as hereinafter defined) representing or purporting to represent

the Owners unless such representations are expressly and specifically set forth herein. For purposes of this Agreement, the term "Person" shall mean any individual, partnership, corporation, limited liability company, trust or other entity.

ARTICLE IV
The Owners' Representations and Covenants

4.1 The Owners jointly and severally represent as follows:

A. Original GP is a corporation duly organized and validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania and is in good standing in the Commonwealth of Pennsylvania. Original GP has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Annexed hereto as EXHIBIT C is a true, correct and complete copy of the Certificate of Incorporation of Original GP, which Certificate of Incorporation has not been amended or modified, except as set forth on EXHIBIT C. True, correct and complete copies of all minute books, stock books and stock transfer records of Original GP have been delivered to Cedar. The sole asset of Original GP is Original GP's partnership interest in the Partnership.

B. 1998 Trust is a trust validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania. 1998 Trust has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Annexed hereto as EXHIBIT D is a true, correct and complete copy of the Indenture of Trust of 1998 Trust, which Indenture of Trust has not been amended or modified. The trustees presently serving are Jil Blatstein, Brian K. Friedman and Joseph W. Seidle. Jil Blatstein, Brian K. Friedman and Joseph W. Seidle are duly authorized to execute and deliver this Agreement on behalf of 1998 Trust.

C. 1999 Trust is a trust validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania. 1999 Trust has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby. Annexed hereto as EXHIBIT E is a true, correct and complete copy of the Irrevocable Indenture of Trust of 1999 Trust, which Irrevocable Indenture of Trust has not been amended or modified. The trustees presently serving are Brian K. Friedman and Joseph W. Seidle. Brian K. Friedman and Joseph W. Seidle are duly authorized to execute and deliver this Agreement on behalf of 1999 Trust.

D. The Partnership has been and continues to be treated as a "partnership" for all federal, state and local income tax purposes.

E. The Partnership is the owner in fee of certain real property located at 1851 South Christopher Columbus Boulevard, Philadelphia, Pennsylvania 19148 (also known as Columbus Crossing Shopping Center) together with all improvements located thereon (the "Fee Property"), more particularly described in EXHIBIT F annexed hereto, subject only to the

Permitted Exceptions. The Fee Property, together with (a) the Personal Property (as that term is hereinafter defined), (b) the Leases (as that term is hereinafter defined), (c) all easements and rights appurtenant to the Fee Property, if any, (d) to the extent assignable, the Permits, and (e) all Records and Plans in the possession or control of the Owners or the Partnership, are collectively referred to as the "Property").

F. The Partnership is duly organized and validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania and is in good standing in the Commonwealth of Pennsylvania. A true, correct and complete copy of the Certificate of Limited Partnership of the Partnership, which Certificate of Limited Partnership has not been amended or modified, is annexed hereto as EXHIBIT G. A true, correct and complete copy of the Partnership Agreement, which Partnership Agreement has not been further amended or modified, is annexed hereto as EXHIBIT G. The Owners are the legal and beneficial owners of 100% of the partnership interests in the Partnership, Original GP is the sole general partner of the Partnership, and Original LPs are the sole limited partners of the Partnership. The Owners own their interests in the Partnership free and clear of any liens other than as created pursuant to the Mortgage Loan. No portion of such partnership interests is subject to any warrant to acquire, option, call, put or other right issued or outstanding pursuant to which such partnership interests may be purchased or additional partnership interests may be issued, and no Person other than the Owners has any voting rights in respect of the Partnership. The Partnership has the full power and authority to own the Property. The sole assets of the Partnership are the Property and any cash, certificates of deposit and other assets customarily held in connection with the Partnership, or the use or management of the Property.

G. This Agreement (i) has been duly authorized, executed and delivered by the Owners and no other proceedings on the part of the Owners are necessary to authorize this Agreement or to consummate the transactions contemplated hereby, and (ii) is the legal, valid and binding obligation of the

Owners enforceable against the Owners in accordance with its terms (subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally).

H. The execution, delivery, observance and performance by the Owners of this Agreement and the transactions contemplated hereby will not (i) result in any violation of the organizational documents of any of the Owners or the Partnership, (ii) violate any material contractual provision, law, statute, ordinance, rule, regulation, judgment, decree or order applicable to any of the Owners or the Partnership, (iii) conflict with, or cause a breach of, or a default under, or result in a termination, modification, or acceleration of, any material obligation of any of the Owners or the Partnership.

I. The Property is encumbered by a first mortgage (the "Mortgage") securing a loan in the original principal amount of Seventeen Million Five Hundred Thousand and 00/100 Dollars ($17,500,000.00) (the "Mortgage Loan"), made by General Electric Capital Corporation ("Mortgagee") to the Partnership on June 27, 2002. A true, correct and complete schedule of the documents evidencing the Mortgage Loan (the "Mortgage Loan Documents") is annexed hereto as EXHIBIT H. True, accurate and complete copies of the Mortgage Loan Documents in all material respects have been delivered to Cedar. The Mortgage Loan Documents are in full force

and effect and have not been amended. As of the date hereof, no default exists under any of the Mortgage Loan Documents. The outstanding principal balance of the Mortgage Loan as of the date of this Agreement is Seventeen Million Five Hundred Thousand and 00/100 Dollars ($17,500,000.00). There is no prepayment penalty or other fee payable in connection with a voluntary prepayment of the Mortgage Loan other than an exit fee equal to 1% of the outstanding principal balance of the Mortgage Loan.

J. The Property is not subject to any mortgages, liens or encumbrances other than the Mortgage Loan and the other Permitted Exceptions (upon Closing).

K. No consent, approval, waiver, license, authorization or declaration of, or filing or registration with, any Person is or will be required in connection with the execution, delivery and performance of this Agreement by the Owners.

L. There are no material contracts or agreements, written or oral, which affect any of the Owners, the Partnership or the Property, except those described either in this Agreement or set forth in Exhibits to this Agreement.

M. There are no takings, condemnations, betterments, assessments, actions, suits, arbitrations, claims, attachments, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings, actual or proposed, pending or, to the best of the Owners' knowledge, threatened against the Property, the Owners or the Partnership except for claims covered under applicable insurance policies.

N. No tax certiorari proceeds with respect to the Property are presently pending or remain outstanding other than that certain Real Estate Market Value Appeal for Tax Year 2004, dated September 24, 2003, filed on September 24, 2003 based upon failure of tax abatement with respect to the Property to be properly reflected in Board of Revision of Taxes Notice of Proposed Changes in Market Value for Real Estate Taxes in 2004, dated August 1, 2003.

O. True, correct and complete copies (in all material respects) of the leases, licenses or other occupancy agreements affecting the Property (collectively, the "Leases") and subleases affecting the Property (collectively, the "Subleases") have been delivered to Cedar. The information set forth on EXHIBIT I annexed hereto (the "Schedule of Leases") is true, complete and correct in all material respects, and the Leases and the Subleases are in full force and effect and have not been amended, except as set forth in the Schedule of Leases. None of the Leases require any security deposits to have been made by any of the respective tenants under said Leases (the "Tenants"). The rent roll (the "Rent Roll") annexed hereto as EXHIBIT J is true, correct and complete in all material respects based upon the current operation of the Property and the rents set forth on the Rent Roll are the rents currently being collected. All of the landlord's obligations under the Leases which the landlord is obligated to perform in all material respects prior to the Closing have or will have been performed.

P. Except as set forth on the Schedule of Leases:

(a) there are no Leases or Subleases and no Person, other than the Partnership and the Tenants and subtenants under the Subleases (the

"Subtenants"), has any right of possession of the Property;

(b) there are no unsatisfied "Take-Over" space obligations or "Take-Back" space obligations ("Take-Over" space obligations mean rent obligations of the Tenant in other buildings assumed by the landlord, and "Take-Back" space obligations mean obligations imposed upon the landlord to sublet or otherwise be responsible for the obligations of a Tenant under a Lease);

(c) to the Owners' knowledge there are no disputes with Tenants as to the amount of their rental obligations;

(d) the rents set forth on the Rent Roll were actually collected for the month of September, 2003;

(e) there are no arrearages under any of the Leases;

(f) no Tenant or Subtenant has any option to purchase the Property;

(g) neither the Owners nor the Partnership have received from any Tenant any written notice claiming any material default by the landlord under its Lease which has not been complied with, and neither the Owners nor the Partnership has delivered to Tenant any written notice claiming a default by Tenant under a Lease which has not been complied with, and, to the best knowledge of the Owners, there are no circumstances which, after notice and the expiration of any applicable grace period, would constitute a default by either the landlord or any Tenant under the Leases in any material respects;

(h) no Tenant has any right of first offer, right of first refusal, option or other preferential right to expand its premises; and

(i) no Tenant has asserted offsets or claims against, or has any defense to, rental payable or obligations under the Leases.

Q. No guarantor of any of the Leases has been released or discharged voluntarily (or, to the best of the Owners' knowledge either involuntarily or by operation of law) from any obligation related to the Lease. All of the improvements to be constructed by the landlord, if any, contemplated under the Leases or as required therein and in all collateral agreements and plans and specifications respecting same have been completed as so required in all material respects, and any fees, costs, allowances, advances or other expenses to be paid by the landlord for tenant improvements or tenant finish work have been paid in full. Neither the Partnership's interest in the Leases nor any of the rentals due or to become due under the Leases

has been or will be, at the closing, assigned, encumbered or subject to any liens, except pursuant to the Mortgage Loan Documents.

R. There are no management, service, supply, equipment rental, and similar agreements affecting the Property, and there are no month-to-month service arrangements on expired or automatic renewable contracts (collectively, the "Service Contracts") which will bind the Property, the Partnership, Cedar or the Owners after the Closing.

S. All federal, state and local tax returns required to be filed by the Owners and the Partnership have been timely, duly and accurately completed and filed, and all federal, state and local taxes required to be paid by the Owners and the Partnership have been paid in full in connection with all filed returns.

T. The Owners and the Partnership have no material liabilities or obligations of any nature (whether known or unknown and whether absolute, accrued, contingent or otherwise) except for the Mortgage Loan, and, in the case of the Partnership only, current liabilities incurred in the ordinary course of business in an amount not greater than Twenty Five Thousand ($25,000.00) Dollars. Except in connection with the Mortgage Loan, the interests of the Owners in the Partnership and the Property have not been pledged or transferred.

U. Other than as contemplated by this Agreement, there are no outstanding options to purchase, rights of first offer, rights of first refusal, warrants, calls, commitments, conversion rights, rights of exchange, plans or other agreements of any character, absolute or contingent, to acquire all, or any portion of, the Property or the Interests.

V. As of the date hereof, neither the Owners nor the Partnership have entered into any brokerage agreements or lease commission agreements. No leasing commission is now or will hereafter become due or owing in connection with any of the Leases, including, without limitation, in connection with any renewals or extensions of the term thereof.

W. The Personal Property has not been assigned or conveyed to any other party (other than as security for the Mortgage Loan). For purposes of this Agreement, the term "Personal Property" shall mean all equipment, appliances, tools, machinery, supplies, building materials and other personal property of every kind and character owned by the Owners or the Partnership and attached to, appurtenant to, located in or used in connection with the operation of the Property.

X. Neither the Owners, nor the Partnership, have received any written notice of any violation or any alleged violation of any Environmental Laws has been issued or given by any Governmental Authority (as hereinafter defined) which remains uncured. For purposes of this Agreement, the term "Hazardous Materials" shall mean (a) any toxic substance, hazardous waste, hazardous substance or related hazardous material; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls in excess of presently existing federal, state or local safety guidelines, whichever are more stringent; and (c) any substance, material or chemical which is defined as or included in the definition of "hazardous substances", "toxic substances", "hazardous materials", "hazardous wastes" or words

of similar import under any federal, state or local statute, law, code, or ordinance or under the regulations adopted or guidelines promulgated pursuant thereto, including, but not limited to, the Environmental Laws. For purposes of this Agreement, the term "Environmental Laws" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9061, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, et seq.; and the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251, et seq., as any of the foregoing may be amended from time to time, and any other federal, state and local laws and regulations, codes, statutes, orders, decrees, guidance documents, judgments or injunctions, now or hereafter issued, promulgated, approved or entered thereunder, relating to pollution, contamination or protection of the environment, including, without limitation, laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes into the environment or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials. For purposes of this Agreement, the term "Governmental Authority" shall mean the United States government, any state, regional, local or any other political subdivision of any of the foregoing, and any agency, department, commission, board, court bureau or instrumentality of any of them having jurisdiction over the Property, any of the Owners or the Partnership.

Y. The Owners have delivered to Cedar a true, correct and complete copy of that certain Phase I Environmental Site Assessment Report, dated December 7, 2001, prepared by U.S. Inspect Commercial Real Estate Services, as updated by that certain Phase I Environmental Site Assessment, dated August 8, 2003, prepared by ConTech Services, Inc. directly for Cedar.

Z. [intentionally omitted]

AA. There are, and at the Closing there will be, no employees and no employment contracts, operating agreements, management contracts, listing agreements, consulting agreements, union contracts, labor agreements, pension plans, profit sharing plans or employee benefit plans which relate to any of the Owners, the Partnership or the Property (collectively, "Operating Agreements").

BB. The Partnership maintains insurance with respect to the Property as set forth on EXHIBIT K annexed hereto. True, correct, and complete copies of these policies have been delivered to Cedar and are in full force and effect. True, correct, and complete copies of all policies of liability insurance held in connection with the Property during the Partnership's tenure of ownership of the Property have been delivered by the Owners to Cedar. Neither the Owners nor the Partnership has received any written notice from any insurance company which has issued a policy with respect to the Property or from Mortgagee requesting or requiring performance of any structural or other major repair or alteration to the Property which has not been complied with.

CC. Neither the Partnership nor any of the Owners is a "foreign person" defined pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended.

DD. All Records and Plans in the possession or control of the Owners or the Partnership have been made available to Cedar. For purposes of this Agreement the term "Records and Plans" shall mean all of the following items which are in the possession of or under the control of the Owners or the Partnership: (A) all accounting, tax, financial, and other books and records (including tax returns) maintained in connection with the renovation, construction, use, maintenance, repair, leasing and operation of the Property and the formation, existence and operation of the Partnership, (B) all building plans and specifications (including "as-built" drawings) with respect to the improvements and (C) all structural reviews, architectural drawings and engineering, soil, seismic, geologic and architectural reports, studies and certificates and other documents pertaining to the Property. Records and Plans also means such additional books, records, plans, specifications, reports, studies and other documents maintained or prepared after the date of this Agreement. Except as expressly provided herein, no representations are given regarding the accuracy or completeness of the Records and Plans.

The representations and warranties made in this Section 4.1 shall survive the Closing shall survive the Closing and remain in full force and effect for a period of four (4) months after the date of the Closing. The Owners shall have no liability to Cedar in respect of said representations and warranties unless Cedar shall have delivered to the Owners, within such four (4) month period, a claim specifying the alleged breach of any one or more of such representations, in which case the Owner's liability shall survive with respect to the matters alleged in such claim until resolution thereof. For purposes of this Agreement the term "material" shall mean (unless the context clearly indicates otherwise) any fact or condition, the presence or absence of which, has or could have a significant adverse effect on the financial condition or value of the Property or the continued use and enjoyment thereof.

4.2 Cedar represents as follows:

A. Cedar is a limited liability company duly organized and validly existing under and by virtue of the laws of the State of Delaware and is in good standing in the State of Delaware. Cedar has all requisite power and authority to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby.

B. This Agreement (i) has been duly authorized, executed and delivered by Cedar and no other proceedings on the part of Cedar are necessary to authorize this Agreement or to consummate the transactions contemplated hereby, and (ii) is the legal, valid and binding obligation of Cedar enforceable against Cedar in accordance with its terms (subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally).

C. The execution, delivery, observance and performance by Cedar of this Agreement and the transactions contemplated hereby will not (i) result in any violation of the organizational documents of Cedar, (ii) violate any contractual provision, law, statute, ordinance, rule, regulation, judgment, decree or order applicable to Cedar, (iii) conflict with, or cause a breach of, or a default under, or result in a termination, modification, or acceleration of, any obligation of Cedar, or (iv) permit any other party to terminate or modify any agreement or instrument to which Cedar is a party or by which any of them is bound.

4.3 The Owners hereby covenant and agree with Cedar as follows:

A. At all times up to the Closing Date, the Owners shall maintain or cause to be maintained insurance upon the Property in the same coverages and amounts as the insurance policies on the Property on the date hereof.

B. At all times up to the Closing Date, the Owners shall, and shall cause the Partnership to, operate and maintain the Property in substantially the same manner as it is now operated and maintained, and the Owners shall, and shall cause the Partnership to, use reasonable efforts to maintain the physical condition of the Property in its current condition, reasonable and ordinary wear and tear and damage by fire and casualty excepted.

C. The Owners shall neither transfer nor remove, and shall not permit the Partnership to transfer or remove, any Personal Property or fixtures from the Property subsequent to the date hereof, unless the same are no longer needed for the maintenance and operation of the Property or except for purposes of replacement thereof, in which case such replacements shall be promptly installed prior to Closing and shall be comparable in quality to the

items being replaced.

D. The Owners shall not, and shall not permit the Partnership, without the prior written consent of Cedar, which consent may be granted or withheld in Cedar's sole discretion, to (i) enter into any Lease nor modify, renew, extend, replace, terminate or otherwise change any of the terms, conditions or covenants of any existing Lease, or (ii) consent to any Sublease or any modification, renewal, replacement, termination or other change of any of the terms, conditions or covenants of any existing Sublease.

E. The Owners shall not, and shall not permit the Partnership to, enter into any new Service Contract after the date hereof without the prior written consent of Cedar, which consent may be granted or withheld in Cedar's sole discretion.

F. The Owners shall not enter into any Operating Agreement after the date hereof without the prior written consent of Cedar, which consent may be granted or withheld in Cedar's sole discretion.

G. The Owners shall not, and shall not permit the Partnership to, amend or modify any Permits with respect to the Property, and shall cause the Partnership to, keep in full force and effect and/or renew all Permits. For purposes of this Agreement, the term "Permits" shall mean all approvals, consents, registrations, franchises, permits, licenses, variances, certificates of occupancy and other authorizations with regard to zoning, landmark, ecological, environmental, air quality, subdivision, planning, building or land use required by any Governmental Authority for the construction, lawful occupancy and operation of the Improvements and the actual use thereof.

H. The Owners shall, and shall cause the Partnership to, timely comply with all Legal Requirements in all material respects. For purposes of this Agreement, the term "Legal Requirements" shall mean any law, statute, ordinance, order, rule, regulation, decree or other requirement of a Governmental Authority, and all conditions of any Permit.

I. The Owners shall, and shall cause the Partnership to, pay all obligations and trade creditors in the normal course of business and not defer any expenses or costs which would be paid or incurred in the normal course of business.

J. The Owners shall not, and shall not permit the Partnership to, without the written consent of Cedar, convey any interest, directly or indirectly, in the Interests or the Property.

K. The Owners shall not, and shall not permit the Partnership to, withdraw, settle or otherwise compromise any protest or reduction proceeding affecting real estate taxes assessed against the Property for any fiscal period in which the Closing is to occur or any subsequent fiscal period without the consent of Cedar, which consent may be granted or withheld in Cedar's sole discretion.

L. The Owners shall not, and shall not permit the Partnership to, create, assume, incur or suffer to exist any lien (other than the Permitted Exceptions).

M. The Owners shall, and shall cause the Partnership to, use good faith efforts to obtain the Tenant Estoppel Certificates. Additionally, if Cedar shall elect not to prepay the Mortgage Loan in connection with the Closing, the Owners shall, and shall cause the Partnership to, use good faith efforts to obtain (provided the Owners shall not be obligated to obtain as a condition of Closing): (i) an estoppel certificate ("Mortgagee Estoppel") duly executed by Mortgagee to be dated not more than thirty (30) days prior to the Closing Date, certifying as to the outstanding principal balance of the loan, the date through which interest on the loan has been paid and that the Mortgagee (A) has not delivered any notice of default under the Mortgage Loan Documents that remains uncured, and (B) does not have knowledge of any default under the Mortgage Loan Documents, and (ii) a consent duly executed by Mortgagee (the "Mortgagee Consent"), to be dated not more than thirty (30) days prior to the Closing Date, authorizing the issuance by the Partnership of the Interests to Cedar and all other action required to be taken by the Owners and the Partnership at the Closing. The Owners shall deliver the original executed Mortgagee Estoppel and the Mortgagee Consent to Cedar if and when the same is received by the Owners. Cedar shall, at its own cost and expense, cooperate with the Owners by providing Mortgagee information and documents required by Mortgagee in connection with the Mortgagee Consent and Mortgagee Estoppel.

N. The Owners shall not, and shall not permit the Partnership to, bring (or permit to be brought) any Hazardous Materials in, upon, under, over or from the Property in violation of Environmental Laws.

O. The Owners shall not, and shall not permit the Partnership to, remove or dispose of (or permit to be removed or disposed of)

any Hazardous Materials in, upon, under, over or from the Property in violation of Environmental Laws.

P. The Owners shall not, and shall not permit the Partnership to, hereafter engage any new employees for any of the Owners, the Partnership or the Property.

Q. The Owners shall, and shall cause the Partnership to, make all interest payments as required by the Mortgage Loan, but, shall not, without Purchaser's prior written consent, cause any prepayments of principal to occur prior to the Closing Date.

R. The Owners shall, at Cedar's sole cost and expense, cooperate with Cedar with regard to any financing that is arranged for by Cedar in connection with the transactions contemplated by this Agreement, and the Owners will execute all documents reasonably required pursuant to such financing, provided same do not impose cost or liability on the Owners.

S. The Owners shall not, and shall not permit the Partnership to, collect any rent under any Lease more than one (1) month in advance.

T. The Owners shall not, and shall not permit the Partnership to, make any material alterations to the Property.

ARTICLE V
Brokerage

5.1 The parties agree that Michael Salove Company (the "Broker") is the broker in connection with this transaction. The Owners agree to pay any commission payable to the Broker in connection with this transaction by separate agreement. Provided the Closing occurs, Cedar shall, at the Closing, reimburse the Owners for a portion of the fee paid to the Broker in the amount of Two Hundred Fifty Thousand ($250,000.00) Dollars.

5.2 Cedar hereby agrees to indemnify, defend and hold the Owners harmless from and against any and all claims, losses, liability, costs and expenses (including reasonable attorneys' fees) resulting from any claim that may be made against the Owners by any broker (other than the Broker), or any other person claiming a commission fee or other compensation by reason of this transaction, if the same shall arise by, through or on account of any alleged act of Cedar or Cedar's representatives.

5.3 The Owners hereby agree to jointly and severally indemnify, defend and hold Cedar harmless from and against any and all claims, losses, liability, costs and expenses (including reasonable attorneys' fees) resulting from any claim that may be made against Cedar by any broker (including the Broker), or any other person, claiming a commission fee or other compensation by reason of this transaction, if the same shall arise by, through or on account of any alleged act of the Owners or the Owners' representatives.

5.4 The obligations under this Article V shall survive the Closing or a termination of this Agreement.

ARTICLE VI
Title and Due Diligence

6.1 Title.

6.1.1. Title Commitment; Title Objections. The Owners have ordered and have caused to be delivered to Cedar, a title insurance report and commitment (the "Commitment") for the Title Policy (as hereinafter defined) from Legal Abstract Co., 2200 Walnut Street, Philadelphia, Pennsylvania 19103 (the "Title Company"). Upon receipt of any updates or revisions to the Commitment, Cedar shall furnish copies thereof to the Owners' attorneys. The parties acknowledge and agree that the Commitment contains certain objections to title which are not Permitted Exceptions (the "Title Objections"). If any supplement, amendment or modification of the Commitment contains any additional Title Objections not contained in the original Commitment, Cedar shall give notice to the Owners, within ten (10) days of its receipt of such supplement, amendment or modification, setting forth such additional Title Objections contained therein. In the event Cedar fails to give notice within such ten (10) days following its receipt of such supplement, amendment or modification, Cedar shall be deemed to have waived its right to object thereto.

6.1.2. Encumbrances to Eliminate. The Owners shall be required to eliminate (a) all mortgages (other than the Mortgage, in the event Cedar shall elect to assume the Mortgage Loan in connection with the Closing), (b) unpaid water charges and assessments, (c) any other Title Objections which are in a liquidated amount and which may be satisfied by the payment of money, and (d) any other Title Objections that were contained in the original Commitment.

6.1.3. Other Exceptions. Except as set forth in Section 6.1.2 above, the Owners shall not be required to bring any action or institute any proceeding, or to otherwise incur any costs or expenses in order to attempt to eliminate any Title Objections. If the Owners fail to eliminate any and all Title Objections (other than those encumbrances set forth in Section 6.1.2 above which the Owners shall be obligated to remove), then, Cedar may elect, as its sole right and remedy, to either (i) proceed with the transactions contemplated hereby subject to such exceptions, and Cedar shall close hereunder, without reduction of the Initial Capital Amount, notwithstanding the existence of same, and the Owners shall have no obligations whatsoever after the Closing Date with respect to the Owners' failure to eliminate such exceptions, or (ii) terminate this Agreement by notice given to Owners, in which event Cedar shall be entitled to a return of, and Escrow Agent shall promptly deliver, the Downpayment to Cedar. Upon such return and delivery, this Agreement shall terminate and neither party hereto shall have any further obligations hereunder other than pursuant to those provisions that expressly survive a termination of this Agreement.

6.2 Liens, Judgments and Encumbrances. If, at the Closing, the Property is subject to any mortgage or mortgages (other than the Mortgage), unpaid taxes, water charges and assessments, or any other liens, judgments and monetary encumbrances, the existence thereof shall not constitute a Title Objection provided that such mortgage(s), unpaid taxes, water charges and assessments, or any other liens, judgments and encumbrances are paid by the Owners to the Title Company and the Title Company shall omit the same from the Title Policy.

6.3 Affidavits. If the Commitment, or any supplement, amendment or modification thereof, discloses judgments, bankruptcies or other returns against other persons having names the same as, or similar to, that of any of the Owners or the Partnership, the Owners shall, or shall cause the Partnership to, deliver to the Title Company affidavits showing that such judgments, bankruptcies or other returns are not against the Owners or the Partnership in order to induce the Title Company to omit exceptions with respect to such judgments, bankruptcies or other returns. In addition, the Owners shall deliver to the Title Company an affidavit required to cause the Title Company to issue a non-imputation endorsement to the Title Policy and all other affidavits customarily required of sellers of property similar to the Property.

6.4 Violations. Notwithstanding anything to the contrary contained herein, Owners shall cure and eliminate (and pay all related fines and penalties and any accrued interest thereon), at Owners' cost and expense, any violations assessed against the Property as of the Closing Date.

6.5 [intentionally omitted]

6.6 [intentionally omitted]

6.7 Ongoing Site Visits. Cedar and its employees, agents, contractors, consultants and representatives ("Consultants") shall have reasonable access to the Property on at least one (1) Business Day's (as that term is hereinafter defined) prior notice to Owners (which notice may be delivered by telephone to Brian Friedman of Tower Investments, Inc. at (215) 467-4600), during reasonable times as mutually agreed upon by Owners and Cedar solely for the purpose of (i) inspecting the physical and structural condition of the Property and conducting non-intrusive physical inspections and tests (non-intrusive physical inspections and tests shall include, for example, taking de minimis samples of building materials), and (ii) monitoring the ongoing operations of the Property (including, without limitation, the performance by Tenants of their respective obligations under the Leases). If Cedar desires to conduct any intrusive physical inspections and tests, including a Phase II environmental inspection of the Property, Cedar shall identify in writing the procedures Cedar desires to perform and request Owner's consent. If Owners object to the inspections and tests requested by Cedar, Owners shall describe the basis for their objection to Cedar and propose to Cedar a reasonable alternative for resolving the issue giving rise to Cedar's request for intrusive physical inspections or tests. If Owners consent to the inspections and tests requested by Cedar, Cedar and Consultants shall, in performing intrusive physical inspections or tests, (a) comply with any and all statutes, laws, ordinances, rules and regulations applicable to the Property, and (b) restore the Property to the condition, in all material respects, in which the same was found before inspection or testing was undertaken, but in no event later than two (2) Business Days after such inspection or testing occurs.

6.8 Interviews. Cedar may communicate or conduct interviews with any Tenant without the requirement of having received the prior consent of Owners; provided, however, that with respect to any interview to be conducted at the Property, Cedar shall notify Owners (which notice may be delivered by telephone to Brian Friedman of Tower Investments, Inc. at (215) 467-4600) at least one (1) Business Day in advance of any such interview. With respect to interviews conducted at the Property, any such interview shall not unreasonably disrupt or disturb (i) the on-going operation of the Property, or (ii) the quiet possession of Tenants.

6.9 Access to Books and Records. Cedar and the Consultants shall, on at least one (1) Business Day's prior notice to Owners (which notice may be delivered by telephone to Brian Friedman of Tower Investments, Inc. at (215) 467-4600), during reasonable times as mutually agreed upon by Owners and Cedar, have access to all books and records of the Partnership as Cedar reasonably requires, and Owners shall lend their reasonable assistance to Cedar and the Consultants in connection with any such examination or audit.

ARTICLE VII
The Closing

7.1 Closing Date.

7.1.1. The transaction contemplated herein shall be consummated at the Closing which shall take place at the offices of the Title Company or at such other place as shall be mutually agreed upon by the Owners and Cedar on the earlier of (i) five (5) Business Days after the receipt by Cedar Income Fund Partnership, L.P. or any related entity of the proceeds of a new public offering of common stock or shares of beneficial interest (the "Offering Receipt Date"), and (ii) October 31, 2003 (the actual date of the Closing being herein referred to as the "Closing Date").

7.1.2. The parties acknowledge and agree that, it is a condition precedent to Cedar's obligations to consummate the transactions contemplated by this Agreement that Cedar (i) shall have received certain Tenant Estoppel Certificates, as more particularly set forth in Section 7.2.1 (B) (such condition, the "Tenant Estoppel Condition"), and (ii) shall receive at Closing either the Good Standing Certificates or the Service Company Affidavits (as those terms are hereinafter defined). If the day which is five (5) Business Days after the Scheduled Receipts Date occurs prior to October 31, 2003, and, as of such date, the Tenant Estoppel Condition has not yet been fully satisfied and/or either the Good Standing Certificates or the Service Company Affidavits shall not have yet been obtained by the Owners, then, in such event, the Closing shall be adjourned until October 31, 2003 (or such earlier date upon which the Tenant Estoppel Condition shall have been fully satisfied and either the Good Standing Certificates or the Service Company Affidavits obtained by the Owners).

7.2 Conditions to the Closing.

7.2.1. Conditions Precedent to Cedar's Obligations. The Closing and Cedar's obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the following conditions and the obligations of the parties with respect to such conditions are as follows:

A. Title.

(a) Cedar shall not have exercised its rights, pursuant to Section 6.1.3 hereof, to terminate this Agreement.

(b) Upon payment of all premiums by the party responsible for such cost pursuant to the terms of Section 8.6 hereof, the Title Company

shall be willing to issue a title insurance policy insuring in the Partnership good and marketable fee title to the Property (subject only to the Permitted Exceptions), which policy shall include a non-imputation endorsement, and otherwise be in accordance with the provisions of Article VI hereof (the "Title Policy").

B. Tenant Estoppel Certificates. The Owners shall request, or shall cause the Partnership to request, and Cedar shall have received estoppel certificates certified to the Partnership and dated not more than thirty (30) days prior to the Closing Date ("Tenant Estoppel Certificates") duly executed by (i) each Major Tenant and (ii) such other Tenants so that Tenant Estoppel Certificates shall have been received from Tenants occupying, in the aggregate (including the space demised to Major Tenants), at least 80% of the rentable square footage of the Property (the foregoing condition, the "Estoppel Condition"). "Major Tenants" mean those Tenants set forth on EXHIBIT L annexed hereto. The Tenant Estoppel Certificates shall be substantially in the form of and substantially upon the terms set forth on EXHIBIT M annexed hereto. The Owners shall deliver the original executed Tenant Estoppel Certificates to Cedar as and when the same shall be delivered to the Owners, but in no event later than ten (10) Business Days prior to the Closing Date. If any Tenant Estoppel Certificate shall have been modified or qualified in any fashion that, individually or in connection with other Tenant Estoppel Certificates, reveals facts, conditions or circumstances which result or may result in a material adverse change in the financial condition of the Property, or are inconsistent

in any material respect with the representations of the Owners set forth in Section 4.1 above, then Cedar may disapprove the same (such disapproved Tenant Estoppel Certificates, the "Unacceptable Certificates") by notice delivered to the Owners promptly following Cedar's receipt of such Unacceptable Certificate, and, for purposes of establishing whether the Estoppel Condition has been satisfied, any Unacceptable Certificates shall be deemed not to have been received.

C. Casualty or Condemnation Event. No Material Loss shall have occurred pursuant to which Cedar shall have exercised its rights, pursuant to the provisions of Section 7.5 hereof, to termination this Agreement.

D. Termination of Affiliate Loans. The Owners shall have caused any and all sums owed by the Partnership to any affiliate of each of the Owners to be repaid in full such that no balance is outstanding with respect to such sums as of the Closing Date.

E. Representations, Warranties and Covenants of the Owners. The Owners shall have duly performed in all material respects each and every agreement to be performed by the Owners under this Agreement and the Owners' representations, warranties and covenants set forth in this Agreement shall be true and correct as of the Closing Date.

F. No Material Changes. On the Closing Date, there shall have been no material adverse changes in the physical condition of the Property and there shall have been no material adverse change in the financial condition of any of the Owners or the Partnership.

G. The Owners' Deliveries. The Owners shall have delivered the items described in Section 7.3 below.

H. The Other Agreement. Without modifying the provisions of Section 1.3, the transactions contemplated by the Other Agreement shall occur simultaneously with the Closing and the proceeds of the Other Agreement Owners Loan shall have been fully disbursed in accordance with the terms of the Other Agreement.

The conditions set forth in this Section 7.2.1 are solely for the benefit of Cedar and may be waived only by Cedar. Cedar shall at all times have the right to waive any condition. Such waiver or waivers shall be in writing. The waiver by Cedar of any condition shall not relieve the Owners of any liability or obligation as respects any representation, warranty or covenant of the Owners unless Cedar shall so agree in writing. Neither the Owners nor Cedar shall act or fail to act for the purpose of permitting or causing any condition to fail (except to the extent Cedar, in its own discretion, exercises its right to disapprove or not to waive any such items or matters). The occurrence of the Closing shall constitute approval by Cedar of all matters to which Cedar has a right of approval under this Agreement and a waiver of all conditions precedent under this Agreement.

7.2.2. Conditions Precedent to the Owners' Obligations. The Closing and the Owners' obligations with respect to the transaction contemplated by this Agreement are subject to the satisfaction of the following conditions and the obligations of the parties with respect to such conditions are as follows:

A. Cedar's Deliveries. Cedar shall have delivered the items described in Section 7.4 below.

B. Covenants of Cedar. Cedar shall have duly performed each and every agreement to be performed by Cedar under this Agreement.

C. The Other Agreement. Without modifying the provisions of Section 1.3, the transactions contemplated by the Other Agreement shall occur simultaneously with the Closing and the proceeds of the Other Agreement Owners Loan shall have been disbursed in accordance with the terms thereof.

The conditions set forth in this Section 7.2.2 are solely for the benefit of the Owners and may be waived only by the Owners. The Owners shall at all times have the right to waive any condition. Such waiver or waivers shall be in writing. The waiver by the Owners of any condition shall not relieve Cedar of any liability or obligation as respects any covenant of Cedar unless the Owners shall so agree in writing. Neither the Owners nor Cedar shall act or fail to act for the purpose of permitting or causing any condition under this Section 7.2.2 to fail (except to the extent the Owners, in its own discretion, exercise its right not to waive any such items or matters). The occurrence of the Closing shall constitute approval by the Owners of all matters to which the Owners has a right of approval under this Agreement and a waiver of all conditions precedent under this Agreement.

7.3 At the Closing, the Owners shall deliver or cause to be delivered each of the following items to Cedar:

A. A counterpart of the Amended and Restated Agreement of Limited Partnership (the "Amended Partnership Agreement"), in the form annexed hereto as EXHIBIT N duly executed by the Owners, it being understood that any remaining blanks and bracketed provisions in the Amended Partnership Agreement shall be accurately completed, together with evidence satisfactory to Cedar that the books of the Partnership have been amended to reflect the Interests.

B. Affidavits executed by each of the Owners in accordance with the provisions of Section 1445 of the Internal Revenue Code of 1986, as amended, if required.

C. A Certificate of Good Standing of each of the Owners issued by the Secretary of State of the state of organization for each such entity, dated not more than thirty (30) days prior to the Closing, and Certificates of Good Standing of the Partnership issued by the Secretaries of State of the state in which the Property is located and of the state that the Partnership is organized, dated not more than thirty (30) days prior to the Closing ("Good Standing Certificates"). Notwithstanding the foregoing, provided the Owners shall have diligently attempted to obtain Good Standing Certificates, if same shall not have been timely issued by the Secretary of State, in lieu of the Good Standing Certificates, Owners shall deliver affidavits or certifications with respect to each entity (collectively "Service Company Affidavits") from a reputable legal information services company (i) stating that it has received oral confirmation from the Secretary of State that such entities are in good standing, and (ii) agreeing to promptly forward to Cedar the Good Standing Certificates when same are received.

D. Requisite affidavits and consents that each of the Owners and the Partnership is authorized to complete the transaction contemplated by this Agreement and to issue the Interests and take all other action contemplated by this Agreement, including, without limitation, an incumbency certificate for each of the individuals executing a document on behalf of the Partnership and each of the Owners, and resolutions of the board of directors or of the members, as applicable, for the Partnership and each of the Owners.

E. The Tenant Estoppel Certificates.

F. The Title Policy in the form required by Section 7.2.1 (A) hereof, together with all customary affidavits required by the Title Company in connection with the issuance of the policy.

G. The Owners shall execute and deliver to Cedar the documents evidencing and securing the Owners Loan, including, without limitation, a note, a pledge agreement and UCC-1 financing statements (the "Owners Loan Documents") in accordance with the documents attached hereto as EXHIBIT O.

H. The shareholders of Original GP shall deliver a consent to the Owners Loan Documents.

I. The trustees of each Original LP shall deliver a consent to the Owners Loan Documents.

J. Bart Blatstein shall deliver a "bad boy" guaranty to Cedar in the form of EXHIBIT P annexed hereto.

K. A fee agreement (the "Administrative Services Agreement"), in form reasonably satisfactory to the Owners and Cedar, which shall provide for an annual fee, in the amount of Eight Thousand Seven Hundred Fifty and 00/100 Dollars ($8,750.00) per year, to be made by the Owners to the Cedar GP, on account of administrative services rendered by the Cedar GP, duly executed by the Owners.

L. A certificate of the Owners, dated as of the Closing Date, certifying that all of the representations and warranties of the Owners set forth in Section 4.1 hereof are true and correct in all material respects as of the Closing Date.

M. All applicable transfer tax forms, if any, duly executed by the Owners.

N. Notices to each of the Tenants (the "Tenant Notices"), in form reasonably satisfactory to the Owners and Cedar, duly executed by the Owners, directing the Tenants to make all payments under the Leases to Cedar, or as Cedar may direct.

O. The Records and Plans, in the possession or control of the Owners or the Partnership.

P. Original counterparts of the Leases, any Service

Contract or Operating Agreement entered into after the date hereof (and approved by Cedar pursuant to Section 4.3 hereof), the Permits that shall be in the Owners' possession or control (other than those Permits that must remain at the Premises), and original counterparts of all other documents and materials in the Owners' possession or control relating to the Property, including, without limitation, all leasing and property files and keys.

Q. A certificate from the City of Philadelphia confirming that there are no outstanding violations and that the present uses of the Property are in conformity with applicable zoning requirements.

R. An Right of First Refusal Agreement (the "Right of First Refusal", is substantially the form of EXHIBIT Q annexed hereto, between the Owners and the Partnership, duly executed by the Owners and in form suitable for recording.

S. All documents and moneys required pursuant to the terms of the Other Agreement to be delivered by the Other Agreement Owners at the Other Agreement Closing.

T. All sums required to be paid by the Owners under this Agreement.

7.4 At the Closing, Cedar shall deliver or cause to be delivered each of the following items:

A. The Balance of the Owners Loan Amount and all other sums required to be paid by Cedar under this Agreement.

B. Requisite affidavits and consents that Cedar is authorized to complete the transaction, become a member of the Partnership owning the Interests and take all other action contemplated by this Agreement.

C. A counterpart of the Amended Partnership Agreement, it being understood that any remaining blanks and bracketed provisions in the Amended Partnership Agreement shall be accurately completed.

D. The management agreement with respect to the management of the Property, substantially in the form annexed hereto as EXHIBIT R, duly executed by Cedar, or its affiliate, on behalf of the Partnership and on behalf of the property manager.

E. The Administrative Services Agreement, duly executed by Cedar GP.

F. In the event Bart Blatstein is not released by Mortgagee from liability from and after the Closing under that certain Hazardous Materials Indemnity Agreement, dated as of June 27, 2002 made by the Partnership and Bart Blatstein to the Mortgagee (the "Environmental Indemnity"), and, unless Cedar shall elect that the Mortgage Loan is repaid in connection with the Closing, Cedar shall deliver an agreement pursuant to which it agrees to indemnify, defend and hold Bart Blatstein harmless from and against any and all claims, losses, liability, costs and expenses (including reasonable attorneys' fees) resulting from any claim that may be made against him, pursuant to the Environmental Indemnity, if any such claim shall arise by, through or on account of hazardous substances first disposed of or released in, on or under the Property after the Closing Date.

G. A certificate of Cedar, dated as of the Closing Date, certifying that all of the representations and warranties of Cedar set forth in Section 4.2 hereof are true and correct in all material respects as of the Closing Date.

H. The Tenant Notices, duly executed by Cedar.

I. A counterpart of the Right of first Refusal, duly executed by the Partnership.

J. All applicable transfer tax forms, if any, duly executed by Cedar.

K. All documents and moneys required pursuant to the terms of the Other Agreement to be delivered by Other Agreement Buyer at the Other Agreement Closing.

7.5 Casualty and Condemnation. If, prior to the Closing, either any portion of the Property is taken pursuant to eminent domain proceedings or condemnation or any of the improvements on the Property are damaged or destroyed by fire or other casualty, such that the casualty or taking affects in excess of ten (10%) percent of the rentable square feet of the Property or materially adversely affects ingress to or egress from the Property (if either of such events occurs, the affect or result is a "Material Loss"), Cedar may elect in its sole discretion to (x) terminate this Agreement by notice to the Owners, or

(y) proceed with the Closing. In the event of a termination of this Agreement pursuant to clause (x) of this Section 7.5, the Owners

and Cedar shall promptly so notify the Escrow Agent and make written request that the Downpayment be returned to Cedar, and this Agreement, upon such return, shall be of no further force and effect, except for those provisions which expressly survive the termination of this Agreement. If (i) Cedar does not elect to terminate this Agreement pursuant to clause (x) of this Section 7.5 or (ii) a casualty or condemnation occurs which does not result in a Material Loss, any net awards or net proceeds received by the Owners or the Partnership in connection with a condemnation, or the net proceeds of any insurance collected by the Owners or the Partnership in connection with a casualty and not previously applied to restoration, shall be paid at the Closing by the Owners to the Partnership (and the Owners shall not receive any capital account credit on account thereof) or retained by the Partnership, as the case may be, and shall be applied only towards the cost or repairs or rebuilding required by such condemnation or casualty.

ARTICLE VIII
Prorations and Adjustments

8.1 Prior to Closing, the Owners and Cedar shall prepare a schedule of (i) those expenses that shall have been paid by the Partnership prior to the Closing Date but are attributable to a period from and after the Closing Date (the "Prepaid Expenses"), and (ii) those revenues that shall have been received by the Partnership prior to the Closing Date but are attributable to a period from and after the Closing Date (the "Prepaid Revenues").

8.2 To the extent that the Prepaid Expenses shall exceed the Prepaid Revenues (such excess, the "Prepaid Expense Excess"), (i) at Closing Cedar shall pay to the Owners an amount equal to the Prepaid Expense Excess, and (ii) Cedar shall be deemed to have made a capital contribution to the Partnership (the "Closing Adjustment Capital Contribution") equal to the amount of the Prepaid Expense Excess.

8.3 To the extent that the Prepaid Revenues shall exceed the Prepaid Expenses, such excess shall be contributed by the Owners to the Partnership, and the Owners shall not receive capital account credit on account thereof.

8.4 The following prorations and adjustments shall be made between the parties as of 11:59 p.m. on the day preceding the Closing Date (the "Proration Date") on the basis of the actual number of days elapsed over the applicable period:

A. (i) All fixed rents under Leases which are collected on or prior to the Proration Date in respect of the month (or other applicable collection period) in which the Closing occurs (the "Current Month"), shall be adjusted on a per diem basis based upon the number of days in the Current Month prior to the Proration Date and the number of days in the Current Month on and after the Proration Date. Any such rents that are allocable to the period from and after the Proration Date shall be deemed to be Prepaid Revenues.

(ii) If, on the Proration Date, any fixed rents are past due by any Tenant, and provided the Owners have delivered to Cedar, in reasonable detail, a breakdown of all such past due amounts as of the Proration Date, Cedar agrees that the first moneys received by the Partnership from each such Tenant shall be disbursed as follows:

(1) first, such moneys shall be applied to fixed rents in respect of the Current Month, it being agreed that one hundred percent (100%) of the fixed rent that is attributable to the portion of the Current Month prior to the Proration Date shall be paid to the Owners and the balance shall be retained by the Partnership;

(2) second, to the Partnership until all fixed rents owing by all such Tenants for any period after the Current Month through the month in which payment is received have been paid in full;

(3) third, to the Owners until all fixed rents owing by all such Tenants for periods prior to the Current Month have been paid in full; and

(4) fourth, the balance, if any, shall be paid to the Partnership.

Each party agrees to remit reasonably promptly to the other the amount of such rents to which such party is so entitled and to account to the other party monthly in respect of same. The fixed rents received by the Partnership after the Proration Date shall be apportioned and remitted, if applicable, as hereinabove provided.

(iii) If the Proration Date shall occur prior to the time when any rental payments for fuel pass-alongs, so-called escalation rent or charges based upon real estate taxes, operating expenses, labor costs, cost of living increases, electrical charges, water and sewer charges or like items (collectively, "Overage Rent") are payable, then such Overage Rent for the applicable accounting period in which the Proration Date occurs shall be apportioned subsequent to the Closing, based upon the portion of such accounting period which occurs prior to the Proration Date (to the extent not theretofore collected by the Partnership, on account of such Overage Rent prior to the Proration Date), it being agreed that one hundred percent (100%) of the Overage Rent that is attributable to the portion of such accounting period that shall occur prior to the Proration Date shall be paid to the Owners and the balance shall be retained by the Partnership. In addition, the Partnership shall pay to the Owners one hundred percent (100%) of all Overage Rent that is paid subsequent to the Proration Date with respect to an accounting period which expired prior to the Proration Date, within thirty (30) days after receipt thereof by the Partnership. If, prior to the Closing, the Partnership shall collect any sums on account of Overage Rent or fixed rent for a year or other period, or any portion of such year or other period, beginning prior to but ending on or after the Proration Date, the portion of such sum allocable to the period from and after the Proration Date shall be deemed to be a Prepaid Revenue.

(iv) Overage Rent payable by Tenants based on an estimated amount and subject to adjustment or reconciliation pursuant to the related Leases subsequent to the Proration Date shall be apportioned as provided in subsection (iii) above and shall be reapportioned as and when the applicable Tenant's actual obligation for such Overage Rent is reconciled pursuant to the applicable Lease.

(v) Without duplication of any adjustment made pursuant to Section 8.4(A)(i) above, all prepaid fixed rent and Overage Rent that shall be received by the Partnership as of the Proration Date for periods on and after the Proration Date shall be deemed to be Prepaid Revenues.

B. All real estate taxes, BID taxes, unmetered water and sewer charges, elevator inspection fees, pest control charges and vault charges, if any, and any and all other municipal or governmental assessments of any and every nature levied or imposed upon the Property (collectively, "Taxes") in respect of the current fiscal year of the applicable taxing authority in which the Closing occurs (the "Current Tax Year") (other than real estate taxes, water and sewer charges and any other municipal or governmental assessments payable by any Tenant directly to the taxing authority under any Lease), shall be allocated on a per diem basis based upon the number of days in the Current Tax Year prior to the Proration Date and the number of days in the Current Tax Year on and after the Proration Date. If, as of the Proration Date, Taxes for the Current Tax Year shall not have been paid with respect to the period prior to the Proration Date, the amount equal to the unpaid Taxes for the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. If, as of the Proration Date, Taxes with respect to any period from and after the Proration Date shall have been paid, the amount equal to the prepaid Taxes shall be deemed to be a Prepaid Expense. If the Closing shall occur before the tax rate for the Current Tax Year is fixed, the apportionment of Taxes shall be upon the basis of the tax rate for the next preceding fiscal period applied to the latest assessed valuation. Promptly after the new tax rate is fixed for the fiscal period in which the Closing takes place, the apportionment of Taxes shall be recomputed. In the event that any assessments levied or imposed upon the Property are payable in installments, the installment for the Current Tax Year shall be prorated in the manner set forth above.

C. All charges and fees due under contracts for the supply to the Property of heat, steam, electric power, gas and light and telephone (collectively, "Charges"), if any, in respect of the billing period of the related service provider in which the Closing occurs (the "Current Billing Period") shall be allocated on a per diem basis based upon the number of days in the Current Billing Period prior to the Proration Date and the number of days in the Current Billing Period on and after the Proration Date and assuming that all charges are incurred uniformly during the Current Billing Period. If, as of the Proration Date, Charges for the Current Billing Period shall not have been paid with respect to the period prior to the Proration Date, the amount equal to the unpaid Charges for the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. If, as of the Proration Date, Charges with respect to any period from and after the Proration Date shall have been paid, the amount of such prepaid Charges shall be deemed to be a Prepaid Expense.

D. Any charges or fees for transferable licenses and permits relating to the Property (but without duplication of items apportioned pursuant to any other provision of this Article VIII) (collectively, "Permit Charges") in respect of the Current Billing Period shall be allocated on a per diem basis based upon the number of days in the Current Billing Period prior to

the Proration Date and the number of days in the Current Billing Period on and after the Proration Date and assuming that all charges are incurred uniformly during the Current Billing Period. If, as of the Proration Date, Permit Charges for the Current Billing Period shall not have been paid with respect to the period prior to the Proration Date, the unpaid Permit Charges for the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. If on the

Proration Date, Permit Charges with respect to any period from and after the Proration Date shall have been paid, the amount equal to such prepaid Permit Charges shall be deemed to be a Prepaid Expense.

E. To the extent same are executed after the date hereof and approved by Cedar pursuant to Section 4.3 hereof, any charges payable under Service Contracts, Operating Agreements and other contracts relating to the Property (but without duplication of items apportioned pursuant to any other provision of this Article VIII), including, without limitation, charges in connection with any employees of the Partnership (collectively, "Service Contract Charges"), as applicable (including, without limitation, salary, bonuses, vacation and sick day allowances and pension or other benefit fund contributions), in respect of the Current Billing Period shall be allocated on a per diem basis based upon the number of days in the Current Billing Period prior to the Proration Date and the number of days in the Current Billing Period on and after the Proration Date and assuming that all charges are incurred uniformly during the Current Billing Period. If, as of the Proration Date, Service Contract Charges for the Current Billing Period shall not have been paid with respect to the period prior to the Proration Date, an amount equal to the unpaid Service Contract Charges for the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. If, as of the Proration Date, Service Contract Charges with respect to any period from and after the Proration Date shall have been paid, the amount equal to such prepaid Service Contract Charges shall be deemed to be a Prepaid Expense.

F. If there is a fuel meter or meters on the Property (other than meters measuring consumption costs which are the obligation of any Tenants), the Owners shall endeavor to furnish a reading to a date not more than thirty (30) days prior to the Proration Date, and the unfixed meter charges, if any, based thereon for the intervening time shall be apportioned on the basis of such last reading. If the Owners fail or are unable to obtain such reading, the amount equal to the value of all fuel, if any, then stored at the Property shall be calculated on the basis of the Partnership's last costs therefor, including sales tax, as evidenced by written statements of the fuel oil supplier(s) for the Property, which statements shall be conclusive as to quantity and cost, absent fraud. Any unpaid fuel charges attributable to the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof, and the value of any prepaid fuel stored on the property shall be deemed to be a Prepaid Expense.

G. If there is a water meter or meters on the Property (other than meters measuring consumption costs which are the obligation of any Tenants), the Owners shall endeavor to furnish a reading to a date not more than thirty (30) days prior to the Proration Date, and the unfixed meter charges and the unfixed sewer rents, if any, based thereon for the intervening time shall be apportioned on the basis of such last reading. If the Owners fail or are unable to obtain such reading, the amount of the meter charges and sewer rents shall be determined on the basis of the last readings and bills received by the Partnership, and the same shall be appropriately readjusted after the Closing on the basis of the next subsequent bills. Any unpaid water or sewer charges attributable to the period prior to the Proration Date shall be paid

by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof.

H. Any premiums payable under any policy of insurance maintained in connection with the Property (but without duplication of items apportioned pursuant to any other provision of this Article VIII) (collectively, "Insurance Charges") in respect of the Current Billing Period shall be allocated on a per diem basis based upon the number of days in the Current Billing Period prior to the Proration Date and the number of days in the Current Billing Period on and after the Proration Date and assuming that all charges are incurred uniformly during the Current Billing Period. If, as of the Proration Date, Insurance Charges for the Current Billing Period shall not have been paid with respect to the period prior to the Proration Date, an amount equal to the unpaid Insurance Charges for the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. If, as of the Proration Date, Insurance Charges with respect to any period from and after the Proration Date shall have been paid, an amount equal to such prepaid Insurance Charges shall be

deemed to be a Prepaid Expense.

I. All brokerage commissions and expenses for work to be done for tenant improvements in connection with any leases entered into on or prior to the Proration Date which commissions and expenses were not paid prior to the Proration Date shall be paid, by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof.

J. To the extent that the Partnership shall have any unpaid liabilities on the Proration Date other than the Mortgage Loan, such unpaid liabilities shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof.

K. Any principal and interest payable under the Mortgage Loan (but without duplication of items apportioned pursuant to any other provision of this Article VIII) (collectively, "Loan Charges"), as applicable, in respect of the Current Billing Period shall be allocated on a per diem basis based upon the number of days in the Current Billing Period prior to the Proration Date and the number of days in the Current Billing Period on and after the Proration Date and assuming that all charges are incurred uniformly during the Current Billing Period. If, as of the Proration Date, Loan Charges for the Current Billing Period shall not have been paid with respect to the period prior to the Proration Date, an amount equal to the unpaid Loan Charges for the period prior to the Proration Date shall be paid by the Owners to the Partnership at the Closing, but the Owners shall not receive any capital account credit on account thereof. If on the Proration Date, Loan Charges with respect to any period from and after the Proration Date shall have been paid, the amount equal to such prepaid Loan Charges shall be deemed to be a Prepaid Expense.

L. All accrued fees pursuant to the Existing Property Management Agreement shall be paid by the Owners at or prior to Closing, but the Owners shall not receive any capital account credit on account thereof.

M. All fees payable to the Mortgagee in connection with its granting of its consent to the transactions contemplated by this Agreement, including, without limitation, any application or assumption fees contemplated by the Mortgage Loan Documents, shall be paid by Cedar. In the event the Mortgagee fails to issue the Mortgagee Consent (notwithstanding that Cedar shall have diligently cooperated with the Owners in providing Mortgagee information and documents required by Mortgagee in connection with issuing such consent), the Owners shall, at the Closing, pay any and all termination or other fees payable to the Mortgagee in connection with the repayment of the Mortgage Loan. In the event the Mortgagee issues the Mortgagee Consent, but Cedar, nevertheless elects to cause the Mortgage Loan to be repaid in connection with the Closing, Cedar shall pay any and all termination or other fees payable to the Mortgagee in connection with such repayment.

N. All security deposits under the Leases held by the Owners (rather than by the Partnership), shall be paid by the Owners to the Partnership, but the Owners shall not receive any capital account credit on account thereof.

O. The amount of deposits held at the time of the Closing by the Mortgagee in connection with the Mortgage Loan, including reserves for capital improvements, tenant improvements or otherwise, and/or impounds for taxes and insurance (with respect to periods after the Closing), shall be deemed to be a Prepaid Expense.

P. Any other items customarily apportioned in connection with sales of similar property in the Commonwealth of Pennsylvania shall be so apportioned.

8.5 Post Closing Prorations.

8.5.1. If any of the items described in this Article VIII cannot be apportioned at the Closing because of the unavailability of information as to the amounts which are to be apportioned or otherwise, or are incorrectly apportioned at Closing or subsequent thereto, such items shall be apportioned or reapportioned, as the case may be, as soon as practicable after the Proration Date or the date such error is discovered, as applicable. The parties shall make the appropriate adjusting payment between them within thirty (30) days after presentment of the calculation. All books and records of the Partnership which relate to the Property, and particularly to any items to be prorated or allocated under this Agreement in connection with the Closing, shall be made available to both the Owners and Cedar and their respective Consultants. Any such inspection shall be at reasonable intervals, during business hours, upon reasonable notice, and at the inspecting party's sole cost and expense.

8.5.2. In the event that Owners shall owe money to Cedar on account of postclosing adjustments, the Owners shall within thirty (30) days after Cedar shall have delivered to the Owners a written demand indicating the amount of money owed on account of such postclosing adjustments and containing

reasonable back-up documentation with respect thereto (an "Adjustment Demand"), subject to the rights of the Owners to contest such obligation, as hereinafter set forth, make such payments to Cedar. The Owners shall not receive capital account credit on account of any payment by the Owners pursuant to this Section 8.5.2. Notwithstanding the foregoing, in the event that, within ten (10) Business Days after receipt of an Adjustment Demand, the Owners shall deliver written notice to Cedar disputing the accuracy of the

Adjustment Demand (which notice shall contain a reasonably detailed basis for such dispute), then the Owners and Cedar shall, in good faith, attempt to promptly resolve any such dispute and, if such attempt is unsuccessful, each of the Owners and Cedar shall have the right to submit such dispute to binding arbitration in accordance with Section 10.3.3 hereof.

8.5.3. In the event that Cedar shall owe money to the Owners on account of postclosing adjustments, Cedar shall, within thirty days after the Owners shall have delivered to Cedar an Adjustment Demand, make such payments to the Owners. Cedar shall be entitled to capital account credit on account of any payment made by Cedar pursuant to this Section 8.5.3 hereof. Notwithstanding the foregoing, in the event that, within ten (10) Business Days after receipt of an Adjustment Demand, Cedar shall deliver written notice to the Owners disputing the accuracy of the Adjustment Demand (which notice shall contain a reasonably detailed basis for such dispute), then the Owners and Cedar shall, in good faith, attempt to promptly resolve any such dispute and, if such attempt is unsuccessful, each of the Owners and Cedar shall have the right to submit such dispute to binding arbitration in accordance with Section 10.3.3 hereof.

8.5.4. The provisions of this Section 8.5 shall survive the Closing and shall remain in full force and effect for a period of twelve (12) months after the date of the Closing, unless, within such twelve (12) month period, an Adjustment Demand shall have been delivered, in which case, liability with respect to the matters addressed in the Adjustment Demand shall survive until resolution thereof.

8.6 Closing Costs. Cedar shall pay the title insurance premium for the Title Policy and the cost of all endorsements to the Title Policy including, without limitation, the nonimputation endorsement. The Owners and Cedar shall pay their respective legal, consulting and professional fees and expenses incurred in connection with this Agreement and the transaction contemplated hereby.

8.7 Tax Certiorari Proceedings. The Owners shall not hereafter institute any proceedings for the reduction of the assessed valuation of the Property without the prior written consent of Cedar. The net refund of taxes received in connection with any tax certiorari proceedings shall be apportioned to provide that the net refund (as hereinafter defined) of taxes for a period prior to the Proration Date shall be the property of the Owners and that any refund for any period after the Proration Date shall be the property of the Partnership. The "net refund" is the amount of the tax refund after deducting therefrom any refunds due to tenants pursuant to their leases, a pro rata share of all expenses, including counsel fees necessarily incurred in obtaining such refund, the allocation of such expenses to be based upon the total refund obtained in the proceeding and in any other proceeding simultaneously involved in the trial or settlement. All of same shall be apportioned as of the Proration Date and the apportionment made as herein set forth.

8.8 Transfer Tax. All transfer, stamp or other similar taxes attributable to the Recapitalization shall be shared equally between the Owners and Cedar and shall be paid contemporaneously with the Closing.

ARTICLE IX
Escrow Terms

9.1 Depository. The Downpayment shall be held in escrow by Legal Abstract Co. ("Escrow Agent"), in a special interest bearing commercial bank account, designated as a "trust account" or an "escrow account", at Royal Bank of Pennsylvania (or its successor) located at 732 Montgomery Avenue, Narberth, PA 19072.

9.2 Escrow Instructions. If the Closing takes place, then Escrow Agent shall deliver the Downpayment to, or upon the instructions of, the Owners at the Closing. If this Agreement is terminated in accordance with the terms hereof, then, subject to Section 9.4 hereof, Escrow Agent shall pay the Downpayment to, or upon the instructions of, the party entitled thereto in accordance with the provisions of this Agreement. If the Closing does not occur by reason of the failure of either party to comply with such party's obligations hereunder, then, subject to Section 9.4 hereof, Escrow Agent shall pay the Downpayment to, or upon the instructions of, the party entitled thereto in accordance with the provisions of this Agreement.

9.3 Scope of Duties. The duties of Escrow Agent shall be only as

herein specifically provided, and are purely ministerial in nature. Escrow Agent shall incur no liability whatever except for willful misconduct or gross negligence, as long as Escrow Agent has acted in good faith. The Owners and Cedar acknowledge that Escrow Agent is serving without compensation and solely as an accommodation to the parties hereto. Escrow Agent shall not be liable or responsible for the funds being held in escrow or for the collection of the proceeds of the check for the Downpayment or for the interest earned thereon. In the performance of its duties hereunder, Escrow Agent shall be entitled to rely upon the authenticity of any signature and the genuineness and validity of any writing received by Escrow Agent pursuant to or otherwise relating to this Agreement. Escrow Agent may assume that any Person purporting to give any notice or instructions in accordance with the provisions hereof has been duly authorized to do so. Escrow Agent shall not be bound by any modification, cancellation or rescission of this Agreement unless (i) such modification, cancellation or rescission is in writing and signed by the Owners and Cedar, and (ii) a copy of such modification, cancellation or rescission is delivered to Escrow Agent. Escrow Agent shall not be bound in any way by any other contract or understanding between the parties hereto, whether or not Escrow Agent has knowledge thereof or consents thereto, unless such consent is given in writing.

9.4 Dispute. Escrow Agent is acting as a stakeholder only with respect to the Downpayment and the interest earned thereon. If a party requests disbursement of the Downpayment for any reason other than the Closing having occurred, then Escrow Agent shall give written notice to the other party of such request. Such other party shall have the right to dispute the disbursement of the Downpayment to the requesting party only by delivering notice thereof to Escrow Agent (a "Dispute Notice") on or prior to the fifth (5th) day after the date when Escrow Agent gives such notice. Cedar acknowledges and agrees that Cedar shall not deliver a Dispute Notice unless (i) any of the conditions precedent to Cedar's obligation to consummate the transactions contemplated by this Agreement (as set forth in Section 7.2.1) or (ii) any of the conditions precedent to the Other Agreement Buyer's obligation to consummate the transactions contemplated by the Other Agreement (as set forth in Section 7.2.1 thereof),

shall not have occurred or been satisfied. Notwithstanding anything to the contrary contained herein, Escrow Agent shall not disburse the Downpayment until the day immediately following the last day of such five (5) day period. If there is any dispute as to whether Escrow Agent is obligated to deliver the Downpayment or as to whom said Downpayment is to be delivered, then Escrow Agent shall not make any delivery, but in such event Escrow Agent shall hold the same until Escrow Agent receives (a) notice from the objecting party withdrawing the objection, or (b) a notice signed by both parties directing disposition of the Downpayment, or (c) a nonappealable judgment or order of a court of competent jurisdiction. If such notice is not received, or proceedings for such determination are not begun, within thirty (30) calendar days after the date set forth herein for the Closing (as the same may have been changed by agreement of the parties) and diligently continued, then Escrow Agent shall have the right to (w) hold and retain all or any part of the Downpayment until such dispute is settled or finally determined by litigation, arbitration or otherwise, or (x) deposit the Downpayment, together with the interest earned thereon, in an appropriate court of law, following which Escrow Agent shall thereby and thereafter be relieved and released from any liability or obligation under this Agreement, or (y) institute an action in interpleader or other similar action permitted by stakeholders in the Commonwealth of Pennsylvania, or (z) interplead any of the parties in any action or proceeding which may be brought to determine the rights of the parties to all or any part of the Downpayment.

9.5 Indemnity. The Owners and Cedar hereby agree to, jointly and severally, indemnify, defend and hold Escrow Agent harmless from and against any liabilities, damages, losses, costs or expenses incurred by, or claims or charges made against, Escrow Agent (including reasonable counsel fees and court costs) by reason of Escrow Agent's acting or failing to act in connection with any of the matters contemplated by this Agreement or in carrying out the terms of this Agreement, except as a result of Escrow Agent's bad faith, gross negligence or willful misconduct. This Section 9.5 shall not limit the right of Cedar and the Owners to assert claims against each other with respect to said indemnity.

9.6 Release from Liability. Upon the disbursement of the Downpayment, together with the interest earned thereon, in accordance with this Agreement, Escrow Agent shall be relieved and released from any liability hereunder.

9.7 Resignation. Escrow Agent may resign at any time upon at least ten (10) days prior written notice to the parties hereto. If, prior to the effective date of such resignation, the parties hereto shall all have approved, in writing, a successor escrow agent, then upon the resignation of Escrow Agent, Escrow Agent shall deliver the Downpayment, together with the interest earned thereon, to such successor escrow agent. From and after such resignation and the delivery of the Downpayment, together with the interest earned thereon, to such successor escrow agent, Escrow Agent shall be fully relieved of all of its duties, responsibilities and obligations under this Agreement, all of which

duties, responsibilities and obligations shall be performed by the appointed successor escrow agent. If for any reason the parties hereto shall not approve a successor escrow agent within such period, Escrow Agent may bring any appropriate action or proceeding for leave to deposit the Downpayment, together with the interest earned thereon, with a court of competent jurisdiction, pending the approval of a successor escrow

agent, and upon such deposit Escrow Agent shall be fully relieved of all of its duties, responsibilities and obligations under this Agreement.

9.8 Execution of Agreement by Escrow Agent. Escrow Agent has executed this Agreement solely to confirm that Escrow Agent has received a check (subject to collection) or a wire transfer for the Downpayment and shall hold the Downpayment in escrow, pursuant to the provisions of this Agreement.

9.9 Loss of Downpayment. Escrow Agent shall not have any liability or obligation for loss of all or any portion of the Downpayment by reason of the insolvency or failure of the institution of depository with whom the escrow account is maintained.

9.10 Taxpayer Identification Numbers. Each the Owners and Cedar represents that its respective taxpayer identification number is as set forth on EXHIBIT S annexed hereto.

ARTICLE X
Remedies

10.1 If Cedar shall default in the payment of the Balance of the Initial Funding Amount, the Owners may terminate this Agreement and retain the Downpayment. Cedar acknowledges that, if Cedar shall default under this Agreement as aforesaid, the Owners will suffer substantial adverse financial consequences as a result thereof. Accordingly, the Owners' sole and exclusive remedy against Cedar shall be the right to retain the Downpayment, as and for its sole and full and complete liquidated damages, it being agreed that the Owners' damages are difficult, if not impossible, to ascertain, and Cedar and the Owners shall have no further rights or obligations under this Agreement, except those expressly provided herein to survive the termination of this Agreement.

10.2 If the Owners shall fail to satisfy one or more of the conditions precedent to Cedar's obligation to consummate the transactions contemplated by this Agreement (as set forth in Section 7.2.1) or if the Other Agreement Owners shall fail to satisfy one of the conditions precedent to the Other Agreement Buyer's obligations to consummate the transactions contemplated by the other Agreement (as set forth in Section 7.2.1 thereof), Cedar may elect, as its sole and exclusive remedy, to either (x) prosecute an action for specific performance of this Agreement, or (y) terminate this Agreement, in which event, Cedar shall be entitled to receive from the Escrow Agent, a return of the Downpayment, and thereupon neither party shall have any further rights or obligations under this Agreement, except with respect to those provisions provided herein to survive the termination of this Agreement. It is acknowledged and agreed that each of Cedar and the Other Agreement Buyer shall both be obligated to elect the same option as its remedy.

10.3 Surviving Representations.

10.3.1. In the event after the Closing, Cedar (subject to the survival periods provided in Article IV), alleges that the Owners breached a representation made in Article IV hereof that survives the Closing (a "Surviving Representation"), as indicated in a written notice delivered by Cedar to the Owners, which notice shall indicate the amount of loss, cost, expense

or damage suffered by Cedar, Owners shall, subject to their rights pursuant to Section 10.3.3, promptly pay to Cedar (without any capital account credit on account thereof), the amount of the loss, cost, expense or damage (other than consequential, incidental, exemplary, or punitive damage) suffered as a result of such breach by the Owners.

10.3.2. In the event after the Closing, the Owners (subject to the survival periods provided in Article IV) allege that Cedar shall have breached a Surviving Representation, as indicated in a written notice delivered by the Owners to Cedar, which notice shall indicate the amount of loss, cost, expense or damage suffered by the Owners as a result thereof, then, in such case, Cedar shall, subject to its rights pursuant to Section 10.3.3, promptly pay to the Owners (without any capital account credit to Cedar on account thereof), the amount of the loss, cost, expense or damage (other than consequential, incidental, exemplary, or punitive damage) suffered as a result of such breach by Cedar.

10.3.3. In the event that, within ten (10) Business Days after receipt of notice pursuant to Sections 10.3.1 or 10.3.2 hereof, the party in

receipt of such notice (the "Recipient Party") shall dispute whether such Recipient Party shall have breached a Surviving Representation, or the amount of the damage suffered by the party delivering such notice (the "Delivering Party") as a result thereof, then either the Recipient Party or the Delivering Party shall have the right to submit such dispute to binding arbitration under the Expedited Procedures provisions (Rules E-1 through E-10 in the current edition) of the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). In cases where the parties utilize such arbitration: (i) the dispute shall be heard by three (rather than one) arbitrators in Philadelphia, Pennsylvania, (ii) all of the arbitrators on the list submitted by the AAA shall have reasonable expertise and experience with respect to the commercial real estate market in the Philadelphia, Pennsylvania area, (iii) the parties will have no right to object if the appointed arbitrators were on the list submitted by the AAA and were not objected to in accordance with Rule E-5, (iv) the arbitrators shall be selected within three (3) Business Days following submission of such dispute to arbitration, (v) the arbitrators shall render their final decision not later than three (3) Business Days after the last hearing, (vi) the first hearing shall be held within five (5) Business Days after the completion of discovery, and the last hearing shall be held within fifteen (15) Business Days after the appointment of the arbitrators, (v) any finding or determination of the arbitrators shall be deemed final and binding (except that the arbitrators shall not have the power to add to, modify or change any of the provisions of this Agreement), and (vi) the losing party in such arbitration shall pay the arbitration costs charged by AAA and/or the arbitrators.

10.3.4. The provisions of this Section 10.3 shall survive the Closing and remain in full force and effect for a period of four (4) months after the date of the Closing, unless, within such four (4) month period, Cedar shall have delivered notice to the Owners of the existence of a mechanics' lien of the nature contemplated by this Section 10.3, in which case, the Owner's liability with respect to such lien shall survive with respect to the matters alleged in such claim until resolution thereof.

ARTICLE XI
Miscellaneous

11.1 Survival. Except as expressly provided herein, all representations, warranties, covenants and agreements of Cedar and the Owners contained in this Agreement shall merge into the documents executed at Closing and shall not, survive the Closing.

11.2 Notices. Any notice required or permitted to be delivered herein shall be deemed to be delivered (a) when received by the addressee if delivered by courier service, (b) if mailed, two days after deposit in the United States Mail, postage prepaid, certified mail, return receipt requested, (c) if sent by recognized overnight service (such as US Express Mail, Federal Express, UPS, Airborne, etc.), then one day after delivery of same to an authorized representative or agency of the said overnight service or (d) if sent by a telecopier, when transmission is received by the addressee with electronic or telephonic confirmation, in each such case addressed or telecopied to the Owners or Cedar, as the case may be, at the address or telecopy number set forth opposite the signature of such party hereto. Notifications are as follows:

TO OWNERS:
Welsh-Square, Inc.
Indenture of Trust of Bart Blatstein dated as of June 9, 1998 Irrevocable Indenture of Trust of Barton Blatstein dated July 13, 1999 c/o Tower Investments, Inc.
One Reed Street
Philadelphia, Pennsylvania 19147
Attention: Mr. Bart Blatstein and
Brian K. Friedman, Esq.
Telecopier: (215) 755-8666

with a copy to:
Mr. Robert C. Jacobs
1700 Walnut Street, Suite 200
Philadelphia, Pennsylvania 19103
Telecopier: (215) 545-1559

TO CEDAR:
CSC-Columbus LLC
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Leo S. Ullman
Telecopier: (516) 767-6497

with a copy to:
Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038
Attention: Mark A. Levy, Esq.
Telecopier: (212) 806-6006

TO ESCROW AGENT: Legal Abstract Co.
2200 Walnut Street
Philadelphia, Pennsylvania 19103
Attention: Mr. Ellis Cook
Telecopier: (215) 985-1926

11.3 Gender: Numbers. Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural and vice versa unless the context requires otherwise.

11.4 Headings. The captions used in connection with the articles and sections of this Agreement are for convenience only and shall not be deemed to construe or limit the meaning of the language of this Agreement.

11.5 Days. Except where business days are expressly referred to, references in this Agreement to days are to calendar days, not business days. "Business Day" means any calendar day except a Saturday, Sunday or banking holiday.

11.6 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE.

11.7 Waiver of Trial by Jury. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY ANY PARTY AGAINST ANOTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

11.8 Holidays. If the final date of any period provided for herein for the performance of an obligation or for the taking of any action falls on a Saturday, Sunday or banking holiday, then the time of such period shall be deemed extended to the next day which is not a Saturday, Sunday or banking holiday.

11.9 Interpretation. The parties acknowledge that each party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

11.10 Severability. If any provisions of this Agreement are held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement, provided that both parties may still effectively realize the complete benefit of the transaction contemplated hereby.

11.11 Amendments. No modification or amendment of this Agreement shall be effective unless made in writing and executed by both the Owners and Cedar. In the event any approval or consent is required pursuant to any provision of this Agreement, such approval or consent shall be deemed given only if it is in writing, executed by the party whose approval or consent is required.

11.12 Confidentiality. Neither the Owners nor Cedar shall, without the prior consent of the other party, take out any advertisement to publicize the transaction contemplated by this Agreement. Both prior to and following the Closing, each party shall keep the terms and conditions of this Agreement confidential. The foregoing shall not be interpreted as intending to prevent Cedar from disclosing the terms and conditions of this Agreement to its attorneys, prospective lenders, or accountants or from making such other disclosures as may be required by law or by the rules and regulations of any regulatory body having jurisdiction with respect to Cedar, the Partnership, or the Property or from describing the transactions contemplated by this Agreement in any registration statement submitted by any affiliate of Cedar or from filing this Agreement as an exhibit to such registration statement. The provisions of this Section shall survive the Closing or earlier termination of this Agreement.

11.13 Entire Agreement. This Agreement embodies the entire agreement between the parties and cannot be varied except by the written agreement of the parties. The Owners make no representations, warranties or agreements with respect to Property, the Partnership or the Interests, except as set forth in this Agreement.

11.14 Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by the Owners to Cedar at Closing, the Owners agree to perform, execute and/or deliver or cause to be delivered, executed and/or delivered, but without any obligation to

incur any additional liability or expense, on or after the Closing any and all further acts, deeds and assurances as may be reasonably necessary to consummate the transactions contemplated hereby.

11.15 Joint and Several. The liability of the Owners under this Agreement shall be joint and several.

ARTICLE XII
Assignment of Contract

12.1 Assignment. Cedar may assign Cedar's rights or delegate Cedar's duties under this Agreement but only to one or more entities which are majority owned and controlled by Cedar Shopping Centers, Inc. The said assignee shall assume all obligations of Cedar under this Agreement by a written instrument approved in form and substance by the Owners which approval shall not be unreasonably withheld or delayed. Except as hereinbefore set forth, this Agreement may not be assigned by Cedar.

[Signature Page Follows]

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

DELAWARE 1851 ASSOCIATES, LP
By: Welsh-Square, Inc., its general partner

By: /s/ Bart Blatstein
Name: Bart Blatstein
Title: President

WELSH-SQUARE, INC.

By: /s/ Bart Blatstein
Name: Bart Blatstein
Title: President

INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998

By: /s/ Jil Blatsttein
Name: Jil Blatstein
Title: Co-Trustee

By: /s/ Brian K. Friedman
Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle
Name: Joseph W. Seidle
Title: Co-Trustee

IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED JULY 13, 1999

By: /s/ Brian K. Friedman
Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle
Name: Joseph W. Seidle
Title: Co-Trustee

CSC-COLUMBUS LLC

By: CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., ITS MEMBER

By: CEDAR SHOPPING CENTERS, INC., ITS GENERAL PARTNER

By: /s/ Leo S. Ullman
Name: Leo S. Ullman
Title: President

ESCROW AGENT (and to acknowledge agreement
with Article IX)
LEGAL ABSTRACT CO.

By: /s/ Ellis Cook

Name: Ellis Cook
Title: Vice President

AMENDMENT TO RECAPITALIZATION AGREEMENT

AMENDMENT TO AGREEMENT (this "Amendment") made as of this 3rd day of November, 2003 by and among DELAWARE 1851 ASSOCIATES, LP, a Pennsylvania limited partnership (the "Partnership"), INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998, a Pennsylvania trust ("1998 Trust"), IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED JULY 13, 1999, a Pennsylvania trust ("1999 Trust"; and together with 1998 Trust, "Original LPs"), WELSH-SQUARE, INC., a Pennsylvania corporation ("Original GP"; Original LPs and Original GP are sometimes collectively referred to herein as the "Owners", or each individually, an "Owner") and CSC-COLUMBUS LLC ("Cedar").

W I T N E S S E T H

WHEREAS, the Owners and Cedar entered into that certain Recapitalization Agreement (the "Recap Agreement"), dated as of October 2, 2003.

WHEREAS, the Owners and Cedar desire to modify the Recap Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

A. Capitalized terms used, and not otherwise defined herein, shall have the respective meanings set forth in the Recap Agreement.

B. Section 1.3 of the Recap Agreement is deemed to be omitted in its entirety as are any references in the Recap Agreement to that Section.

C. Section 7.1.1 of the Recap Agreement is deemed to be modified to provide that the date upon which the Closing is scheduled to occur shall be November 21, 2003.

D. Section 2.1 of the Agreement shall be deemed to be modified to provide that the Owners Loan shall be made by Cedar Lender LLC, an affiliate of Cedar, rather than by Cedar itself.

E. Except as expressly modified or amended by this Amendment, all of the terms, covenants and conditions of the Recap Agreement are hereby ratified and confirmed.

F. Except insofar as reference to the contrary is made in any such instrument, all references to the "Recapitalization Agreement" in any future correspondence or notice shall be deemed to refer to the Recap Agreement as modified by this Amendment.

G. This Amendment may be signed in any number of counterparts, each of which shall be deemed to be an original, with the same effect as if the signatures thereto and hereto were on the same instrument.

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

DELAWARE 1851 ASSOCIATES, LP
By: Welsh-Square, Inc., its general partner

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

WELSH-SQUARE, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998

By: /s/ Jil Blatstein

Name: Jil Blatstein
Title: Co-Trustee

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED AS OF JULY 13, 1999

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

CSC-COLUMBUS LLC

By: CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.,
ITS MEMBER

By: CEDAR SHOPPING CENTERS, INC.,
ITS GENERAL PARTNER

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

SECOND AMENDMENT TO RECAPITALIZATION AGREEMENT

SECOND AMENDMENT TO AGREEMENT (this "Second Amendment") made as of this 9th day of December, 2003, by and among DELAWARE 1851 ASSOCIATES, LP, a Pennsylvania limited partnership (the "Partnership"), INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998, a Pennsylvania trust ("1998 Trust"), IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED JULY 13, 1999, a Pennsylvania trust ("1999 Trust"; and together with 1998 Trust, "Original LPs"), WELSH-SQUARE, INC., a Pennsylvania corporation ("Original GP"; Original LPs and Original GP are sometimes collectively referred to herein as the "Owners", or each individually, an "Owner") and CSC-COLUMBUS LLC ("Cedar").

W I T N E S S E T H

WHEREAS, the Owners and Cedar entered into that certain Recapitalization Agreement, dated as of October 2, 2003 (the "Original Agreement"), which was amended by that certain Amendment to Recapitalization Agreement, between the Owners and Cedar, dated as of November 3, 2003 (the Original Agreement, as so amended, the "Recap Agreement")

WHEREAS, the Owners and Cedar desire to further modify the Recap Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

A. Capitalized terms used, and not otherwise defined herein, shall have the respective meanings set forth in the Recap Agreement.

B. Section 7.1.1 of the Original Agreement is deemed to be modified to provide that the date upon which the Closing is scheduled to occur shall be December 10, 2003 (the "Scheduled Closing Date"), provided, however, either party shall have the right to adjourn the Closing to a date no later than December 22, 2003 (the "Outside Date"), by notice to the other party given at any time prior to the Scheduled Closing Date, time being of the essence with respect to the Outside Date.

C. Except as expressly modified or amended by this Second Amendment, all of the terms, covenants and conditions of the Recap Agreement are hereby ratified and confirmed.

D. Except insofar as reference to the contrary is made in any such instrument, all references to the "Recapitalization Agreement" in any future correspondence or notice shall be deemed to refer to the Recap Agreement as modified by this Second Amendment.

E. This Second Amendment may be signed in any number of counterparts, each of which shall be deemed to be an original, with the same effect as if the signatures thereto and hereto were on the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Second Amendment as of the date first above written.

DELAWARE 1851 ASSOCIATES, LP
By: Welsh-Square, Inc., its general partner

BY: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

WELSH-SQUARE, INC.

BY: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998

BY: /s/ Jil Blatstein

Name: Jil Blatstein
Title: Co-Trustee

BY: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

BY: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED AS OF JULY 13, 1999

BY: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

BY: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

CSC-COLUMBUS LLC

By: CEDAR SHOPPING CENTERS PARTNERSHIP, L.P.,
ITS MEMBER

BY: CEDAR SHOPPING CENTERS
PARTNERSHIP, L.P.,
ITS GENERAL PARTNER

BY: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

RIGHT OF FIRST REFUSAL AGREEMENT

RIGHT OF FIRST REFUSAL AGREEMENT (this "Agreement") executed on this 19th day of November, 2003, and effective as of this 9th day of December, 2003, by and among Welsh-Square, Inc., a Pennsylvania corporation ("WSI"), Indenture of Trust of Bart Blatstein dated as of June 9, 1998, a Pennsylvania trust ("1998 Trust") and Irrevocable Indenture of Trust of Barton Blatstein dated July 13, 1999, a Pennsylvania trust ("1999 Trust"; and together with WSI and 1998 Trust, collectively, the "Owners") and Delaware 1851 Associates, L.P., a Pennsylvania Limited Partnership (the "Partnership").

WITNESSETH

WHEREAS, the Partnership is the owner of the property described in Exhibit A annexed hereto.

WHEREAS, the Owners desire that the Partnership grant the First Refusal Option (as that term is hereinafter defined).

WHEREAS, the Partnership is willing to grant to the Owners the First Refusal Option.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

1. Subject to the terms of this Agreement, the Partnership agrees that if any time the Partnership shall receive a bona fide written offer (an "Offer") for the purchase of all or any portion of the Property which the Partnership proposes to accept, the Partnership shall, within five (5) days of the date of receipt of such Offer, give prompt written notice thereof to the Owners (the "First Refusal Notice"). The First Refusal Notice shall set forth the material terms and conditions of the Offer, including, the closing date, the sales price, the down payment, the timing of payment, any financing contingency, and any due diligence period, together with the permitted encumbrances which the proposed purchaser is required to accept. The Owners shall have the option (the "First Refusal Option") to purchase the Property strictly on the same terms and conditions set forth in the First Refusal Notice. Such First Refusal Option shall be exercisable by the Owner's (a "First Refusal Exercise Notice") delivered to the Partnership not later than the tenth (10th) Business Day (the "First Refusal Exercise Notice Date") following the date that such First Refusal Notice is received by the Owners. Time is of the essence with respect to the Owner's giving of the First Refusal Exercise Notice to the Partnership. The First Refusal Option shall be exercisable by the Owners in accordance with, and shall be subject to and governed by, the terms, covenants and conditions contained in this Paragraph 1. The closing of any sale to the Owners shall occur on the date (the "First Refusal Closing Date") that is the later to occur of (x) the closing date set forth in the First Refusal Notice and (y) thirty (30) days after the date of delivery by the Owners of the First Refusal Exercise Notice. If the Owners shall timely and properly give a First Refusal Exercise Notice to the Partnership, the parties shall proceed in good faith and with due diligence to enter into documentation necessary to consummate the sale of the Property which shall reflect the terms of the Offer set forth in such First Refusal Notice, together with other commercially reasonable terms. If the parties shall fail

to enter into such documentation by the First Refusal Closing Date, the Owners' First Refusal Exercise Notice shall be deemed to be revoked.

2. If the Owners fail to give a First Refusal Exercise Notice to the Partnership on or before the respective First Refusal Exercise Notice Date or the Owners shall elect not to accept the Offer set forth in the respective First Refusal Notice on or before such First Refusal Exercise Notice Date or the Owners' First Refusal Exercise Notice shall be deemed to be revoked (as contemplated by the last sentence of Paragraph 1), then the First Refusal Option shall be deemed revoked, null and void, and of no further force and effect, and the Partnership may thereafter proceed with the sale of the Property so long as the purchase price for such sale is at least ninety fie (95%) percent of the purchase price set forth in the First Refusal Notice; provided however, if the Partnership shall fail to close such transaction within ten (10) months after the respective First Refusal Exercise Notice Date, then the Owners' First Refusal Option shall continue to apply to any subsequent availability for sale of the Property.

3. If the Owners shall timely and properly give a First Refusal Exercise Notice to the Partnership, and the parties shall timely enter into documentation necessary to consummate the sale of the Property, but the closing shall fail to occur due to a default by the Owners, then the First Refusal Option shall be deemed permanently revoked, null and void, and of no further force or effect.

4. This Agreement shall automatically terminate upon the earlier of (i) the date which is ten (10) years from the date hereof, and (ii) the

nullification of the First Refusal Option pursuant to Section 3. Notwithstanding such automatic termination, the Owners shall, upon the termination of this Agreement, execute and deliver a document, in form suitable for recording, terminating all of its right, title, and interest in and to the First Refusal Option, and, if the Owners fail to do so within twenty (20) days following the date of such termination, the Owners shall be deemed to have designated a power of attorney to the Partnership to execute such termination on the Owners behalf.

5. Notices. Any notice required or permitted to be delivered herein shall be deemed to be delivered (a) when received by the addressee if delivered by courier service, (b) if mailed, two days after deposit in the United States Mail, postage prepaid, certified mail, return receipt requested, (c) if sent by recognized overnight service (such as US Express Mail, Federal Express, UPS, Airborne, etc.), then one day after delivery of same to an authorized representative or agency of the said overnight service or (d) if sent by a telecopier, when transmission is received by the addressee with electronic or telephonic confirmation, in each such case addressed or telecopied to the Owners or the Partnership, as the case may be, at the address or telecopy number set forth opposite the signature of such party hereto. Notifications are as follows:

TO OWNERS: c/o Tower Investments, Inc.
One Reed Street
Philadelphia, Pennsylvania 19147
Attention: Mr. Bart Blatstein and Brian K. Friedman, Esq.

Telecopier: (215) 755-8666

with a copy to: Mr. Robert C. Jacobs
1700 Walnut Street, Suite 200
Philadelphia, Pennsylvania 19103
Telecopier: (215) 545-1559

TO THE PARTNERSHIP: c/o Cedar-Columbus LLC
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Leo S. Ullman
Telecopier: (516) 767-6497

with a copy to: Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038
Attention: Mark A. Levy, Esq.
Telecopier: (212) 806-6006

6. Subordination. Notwithstanding anything to the contrary contained in this Agreement, both this Agreement and the Owners' right, title, and interest in and to the First Refusal Option are and shall hereafter be subject and subordinate to any mortgage now or hereafter encumbering the Property or any portion thereof. The Owners rights with the First Refusal Option shall not apply in connection with any foreclosure of the property or deed in lieu thereof.

7. Days. Except where business days are expressly referred to, references in this Agreement to days are to calendar days, not business days. "Business Day" means any calendar day except a Saturday, Sunday or banking holiday.

8. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE.

9. Partnership Agreement. Nothing contained herein shall be deemed to modify or amend the terms and conditions of that certain Amended and Restated Agreement of Limited Partnership of Delaware 1851 Associates, LP, of even date herewith, between Cedar-Columbus LLC, a Delaware limited liability company, CSC-Columbus LLC, a Delaware limited liability company, and Owners.

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

WELSH-SQUARE, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

INDENTURE OF TRUST OF BART BLATSTEIN
DATED AS OF JUNE 9, 1998

By: /s/ Jil Blatstein

Name: Jil Blatstein
Title: Co-Trustee

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

IRREVOCABLE INDENTURE OF TRUST OF
BARTON BLATSTEIN DATED JULY 13, 1999

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

DELAWARE 1851 ASSOCIATES, LP

By: CEDAR-COLUMBUS LLC
its general partner

By: CEDAR SHOPPING CENTERS
PARTNERSHIP, L.P.,
its member

By: CEDAR SHOPPING CENTERS, INC.
its general partner

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003 before me, the undersigned Notary Public, personally appeared BART BLATSTEIN, who acknowledged himself to be the President of WELSH-SQUARE, INC., a Pennsylvania corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ---
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003, before me, the undersigned Notary Public, personally appeared JIL BLATSTEIN known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ---
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
) ss:

COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003, before me, the undersigned Notary Public, personally appeared BRIAN K. FRIEDMAN known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ------------------------
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003, before me, the undersigned Notary Public, personally appeared JOSEPH W. SEIDLE known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ------------------------
Notary Public

My commission expires:

STATE OF NEW YORK)
) ss:
COUNTY OF NASSAU)

AND NOW, this 19th day of November, 2003, before me, the undersigned Notary Public, personally appeared BRENDA J. WALKER, who acknowledged herself to be the Vice President of the CEDAR SHOPPING CENTERS, INC., a Pennsylvania corporation, and that she, as such Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by herself as Vice President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ------------------------
Notary Public

My commission expires:

LOAN AGREEMENT

THIS LOAN AGREEMENT (this "Agreement") made as of the 9th day of December, 2003, between WELSH-SQUARE, INC., a Pennsylvania corporation having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania 19147 ("WSI"), INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998, a Pennsylvania trust having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania ("1998 Trust") and IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED JULY 13, 1999, a Pennsylvania trust having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania ("1999 Trust"; WSI, 1998 Trust and 1999 Trust are collectively referred to herein as "Borrower"), and CEDAR LENDER LLC, a Delaware limited liability company having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Lender").

W I T N E S S E T H :

WHEREAS, Lender has agreed to fund a Loan to Borrower in the principal amount of Six Million Three Hundred Sixty Seven Thousand ($6,367,000) Dollars (the "Loan") pursuant to the terms and conditions of this Agreement; and

WHEREAS, the Loan is evidenced by a promissory note of even date herewith made by Borrower to Lender, in the principal amount of Six Million Three Hundred Sixty Seven Thousand ($6,367,000) Dollars (the "Note") and is secured by, among other things, a pledge and security agreement of even date herewith made by Borrower to or for the benefit of Lender (the "Security Agreement") (this Agreement, the Note and the Security Agreement and any other documents delivered by Borrower to Lender in connection with the Loan are sometimes collectively referred to herein as the "Loan Documents").

NOW, THEREFORE, in consideration of ten dollars ($10) and other good and valuable consideration, the receipt of which is hereby acknowledged, Lender and Borrower hereby covenant and agree as follows:

1. Capitalized Terms. Any undefined capitalized terms used in this Agreement shall have the meanings ascribed to them in that certain Amended and Restated Agreement of Limited Partnership of Delaware 1851 Associates, LP, dated as of the date hereof (the "Partnership Agreement").

2. Loan Terms. Subject to the terms and conditions of this Agreement and the other Loan Documents, Lender agrees to make the Loan to Borrower, such borrowing to be evidenced by the Note and secured by the Security Agreement.

3. Term.

(A) The Loan shall be due and payable in full, unless accelerated sooner pursuant to the terms of this Loan Agreement, on the tenth (10th) anniversary of the date hereof (the "Maturity Date"); provided, however, that all unpaid principal and accrued and unpaid interest on the Loan shall become immediately due and payable prior to such time upon the redemption of the Preferred Interests in full. If the Preferred Interests are redeemed in part for cash, a portion of the unpaid principal and accrued and unpaid interest on the Loan shall become immediately due and payable in an amount equal to such cash payment.

4. Disbursement to Borrower. The Loan is being fully disbursed on the date hereof, and any amount borrowed hereunder in respect of the Loan may not be reborrowed.

5. Interest. The outstanding principal balance of the Loan which is not past due shall (i) bear interest at a basic rate of 6.755% per annum, compounded annually (the "Basic Rate"), and (ii) accrue interest at the rate of 0.393%, per annum, compounded annually (the "Special Rate"). Interest at the Basic Rate shall, subject to Borrower's right to defer payments pursuant to Section 6(D) below, be paid on each Payment Date (as that term is hereinafter defined). Interest at the Special Rate shall be deferred until the Maturity Date or earlier repayment of the Loan. Subject to Borrower's right to defer payments pursuant to Section 6(D) below, any principal and, to the extent permitted by applicable law, any interest at the Basic Rate on the Note, which is not paid when due shall bear interest, from the date due and payable until paid, payable on demand, at a rate per annum equal to the lesser of (i) four percent (4%) in excess of the Basic Rate (the "Default Rate"), and (ii) the maximum rate permitted under applicable law.

6. Payments.

(A) "Applicable Period" shall mean (i) with respect to the first Payment Date, the period commencing on the date hereof and ending on the day immediately preceding the first Payment Date, and (ii) with respect to each Payment Date thereafter (a "Subsequent Payment Date"), the period commencing on the Payment Date immediately preceding the Subsequent Payment Date and ending on

the day immediately preceding such Subsequent Payment Date.

(B) "Payment Date" shall mean the date that the Partnership shall make distributions pursuant to Section 5.1 or Section 5.2 of the Partnership Agreement.

(C) Subject to the terms of Section 6(D) below, Borrower shall make payments of interest at the Basic Rate on each Payment Date, with each such payment to be applied to the interest which has accrued at the Basic Rate during the Applicable Period with respect to such Payment Date.

(D) Notwithstanding the provisions of Section 6(C) above, Borrower shall have the right to defer the payment of interest on the Loan that shall have accrued at the Basic Rate in any Applicable Period to the extent that the interest at the Basic Rate for such Applicable Period exceeds the amount of distributions made to the Preferred Group pursuant to Section 5.1(b)(1) and Section 5.2(b)(2) of the Partnership Agreement for such Applicable Period. To the extent that the payment of interest at the Basic Rate shall be deferred pursuant to the immediately preceding sentence, such deferred interest shall accrue interest at the Basic Rate and same shall be payable in each subsequent Applicable Period, to the extent of the excess, if any, of (x) the distributions made pursuant to Section 5.1(b)(1) and Section 5.2(b)(2) of the Partnership Agreement for such subsequent Applicable Period, over (y) the interest at the Basic Rate on the Loan for such Applicable Period.

(E) If and to the extent that the Preferred Group shall receive distributions under Section 5.2(b)(1) of the Partnership Agreement, such distributions shall be applied first to

any accrued and unpaid interest at the Basic Rate, and then to the payment of (i) accrued and unpaid interest at the Special Rate, (ii) the Exit Fee (as that term is hereinafter defined), and (iii) the repayment of principal under the Loan (with each such distribution being allocated between such items (i), (ii) and (iii) in the same proportions as if such distribution was a complete distribution of the Borrower's Preferred Interests).

7. Events of Default. If any of the following events has occurred, an "Event of Default" shall be deemed to exist:

(A) Borrower fails to make any payment (subject to Borrower's right to defer payments pursuant to Section 6(D) above) under the Note or under any other Loan Document when due and payable, and such failure shall not have been cured by the date which is five (5) business days after Lender shall have given Borrower notice thereof;

(B) Borrower shall take any action that acts to revocate the direction to the Partnership pursuant to that certain letter agreement dated the date hereof among the Partnership and each of the Partners to pay directly to Lender, for so long as the Loan is outstanding, all cash distributions on the Preferred Interest distributed pursuant to Section 5.1(b)(1), Section 5.2(b)(1), and Section 5.2(b)(2) of the Partnership Agreement and any cash distributed in redemption of the Preferred Interest in an amount equal to the amount distributed, and such default shall not have been cured by the date which is five (5) business days after Lender shall have given Borrower notice thereof;

(C) Any of the representations or warranties made by Borrower in any Loan Document shall be, or at any time shall become, false or inaccurate in any material respect, and such default shall not have been cured by the date which is five (5) business days after Lender shall have given Borrower notice thereof, provided that if same cannot reasonably be cured within such five (5) day period and Borrower shall have commenced to cure same within such five (5) day period and thereafter diligently and expeditiously proceeds to cure the same, such five (5) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such breach, it being agreed that no such extension shall be for a period in excess of twenty (20) days;

(D) If Borrower shall continue to be in default under any other term, covenant or condition of any Loan Document in the case of any default which can be cured by the payment of a sum of money for more than ten (10) days after notice from Lender, or in the case of any other default ("Non-Monetary Default") for thirty (30) days after notice from Lender, provided that if such Non-Monetary Default cannot reasonably be cured within such thirty (30) day period and Borrower shall have commenced to cure such Non-Monetary Default within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Borrower in the exercise of due diligence to cure such Non-Monetary Default, it being agreed that no such extension shall be for a period in excess of sixty (60) days;

(E) If any event of default by the Riverview Borrowers (as that term is hereinafter defined), occurs under any of the documents evidencing, securing, guaranteeing or otherwise related to that certain loan, dated as of

November 3, 2003, in the principal amount of

$26,743,000 extended by Lender to Firehouse Realty Corp. ("Firehouse"), Reed Development Associates, Inc. ("Reed"), South River View Plaza, Inc. ("South"), Riverview Development Corp. ("Development"), Riverview Commons, Inc. ("Commons"; and together with Firehouse, Reed, South and Development, the "Riverview Borrowers"), after the expiration of any applicable notice and cure period provided in such documents.

(F) If a default by Borrower occurs under that certain Administrative Fee Agreement, of even date herewith, between Borrower and Cedar GP, and such default shall not have been cured by the date which is five (5) business days after Lender shall have given Borrower notice thereof; and

(G) If a default by Borrower shall have occurred and be continuing under Sections 8.5, 10.3, and 10.4 of the Recap Agreement (subject to Borrower's rights to the extent provided in the Recap Agreement, to dispute or contest same) or Sections 5.5 (subject to Borrower's rights to the extent provided in the Partnership Agreement, to dispute or contest same) or 5.6 of the Partnership Agreement.

8. Remedies.

(A) Upon the occurrence of an Event of Default described in Sections 7(A)-(E), Lender may, at its option:

(i) Declare immediately due and payable and accelerate the entire unpaid principal balance of the Loan and all accrued interest thereon without advance notice to Borrower, the same becoming immediately due and payable; and

(ii) Invoke any other remedies set forth in any of the other Loan Documents.

(B) Upon the occurrence of an Event of Default described in Section 7(G), Lender may, at its option, take one or more of the following actions: (i) declare immediately due and payable and accelerate a portion of the Loan equal to the amount of the loss, cost, expense or damage suffered by the Partnership or any member of the Cedar Group as a result thereof (the "Lender Loss") and all accrued interest thereon without advance notice to Borrower, the same becoming immediately due and payable, and/or (ii) treat Borrower as having transferred to Lender a portion of its Preferred Interest in an amount equal to the Lender Loss and Lender as having assumed (and Borrower as having been relieved of) the amount of the Company's liabilities allocated to the Borrower prior to the exercise of the rights contained in this Section 8(B)(ii) multiplied by a fraction the numerator of which is the Lender Loss and the denominator of which is the balance of the Preferred Interest prior to such Event of Default. Notwithstanding anything to the contrary contained in this Section 8(B), Borrower shall not have satisfied its obligations with respect to the Sections 8.5, 10.3; or 10.4 of the Recap Agreement or Sections 5.5 or 5.6 of the Partnership Agreement unless and until such time as it shall have made a cash payment to the Lender in the amount of the Lender Loss. Nothing contained in this Section 8(B) shall affect any rights of the parties pursuant to the Recap Agreement.

9. Transfer by Lender.

(A) Borrower shall not be permitted to transfer the Loan or its obligations thereunder, without the consent of Lender.

(B) Lender shall be permitted to transfer its interest in the Loan without the consent of Borrower, provided, that CSC-Columbus LLC makes a corresponding transfer of its interests in the Partnership Agreement to an affiliate of the entity to which the Loan is transferred.

(C) Upon the transfer of Lender's interest in the Loan, Lender may deliver all the collateral mortgaged, granted, pledged or assigned pursuant to the Loan Documents, or any part thereof, to the transferee who shall thereupon become vested with all the rights herein or under applicable law given to Lender with respect thereof, and Lender shall thereafter forever be relieved and fully discharged from any liability or responsibility in the matter; but Lender shall retain all rights hereby given to it with respect to the liabilities and the collateral not so transferred.

10. Prepayment. Borrower shall have the right to prepay all or any portion of the unpaid principal balance of the Loan at any time; provided in connection with any such prepayment, Borrower shall be obligated to pay to Lender the Exit Fee (as that term is hereinafter provided). In the event the Borrower makes such prepayment, in addition to the Exit Fee, Borrower shall pay all accrued and unpaid interest (in the manner provided in Section 6(E) above) on the amount of principal prepaid and payment of all other sums then due under

this Agreement and the other Loan Documents. The "Exit Fee" shall be a sum equal to the product of $250,000.00 times (i) a fraction, the numerator of which is the principal amount of the Loan being prepaid and the denominator of which is Six Million Three Hundred Sixty Seven Thousand ($6,367,000) Dollars, times (ii) a fraction the numerator of which is the number of whole or partial months remaining until the Maturity Date, and the denominator of which is One Hundred Twenty (120).

11. Construction of Agreement. The titles and headings of the paragraphs of this Agreement have been inserted for convenience of reference only and are not intended to summarize or otherwise describe the subject matter of such paragraphs and shall not be given any consideration in the construction of this Agreement. As used herein, the terms "include(s)" and "including" shall mean "include(s), without limitation" and "including, without limitation," respectively.

12. Parties Bound, etc. The provisions of this Agreement shall be binding upon and inure to the benefit of Borrower, Lender and their respective heirs, executors, legal representatives, successors and assigns (except as otherwise prohibited by the Loan Documents).

13. Waivers. Lender may at any time and from time to time waive any one or more of the conditions contained herein, but any such waiver shall be deemed to be made in pursuance hereof and not in modification thereof, and any such waiver in any instance or under any particular circumstance shall not be considered a waiver of such condition in any other instance or any other circumstance.

14. Governing Law. This Agreement is and shall be deemed to be a contract entered into pursuant to the laws of the Commonwealth of Pennsylvania and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the Commonwealth of Pennsylvania.

15. Severability. If any term, covenant or provision of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such term, covenant or provision.

16. Notices. All notices, demands, requests or other communications which may be or are required to be given, served, or sent by any party to any other party pursuant to this Agreement shall be in writing and shall be hand delivered or mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by facsimile (with the original to be sent the same day by Federal Express or other recognized overnight delivery service) or by Federal Express or other recognized overnight delivery service addressed to the recipient at its address set forth below (or at such other address as the recipient may theretofore have designated in writing). Each notice, demand, request or communication which shall be hand delivered or mailed in the manner described shall be deemed sufficiently given, served, sent, received, or delivered for all purposes on the first Business Day following the day the notice is delivered to the addressee (with the return receipt, the delivery receipt, or the affidavit of messenger being deemed conclusive (but not exclusive) evidence of such delivery) or the first Business Day following the day that delivery of the Notice is refused by the addressee upon presentation. Each notice, demand, request or communication which shall be faxed in the manner described above shall be deemed sufficiently given, served, sent, received, or delivered for all purposes on the first Business Day following the date of such facsimile. Subject to the above, all Notices shall be addressed as follows:

TO BORROWER:	c/o Tower Investments, Inc. One Reed Street Philadelphia, Pennsylvania 19147 Attention: Mr. Bart Blatstein and Brian K. Friedman, Esq. Telecopier: (215) 755-8666
with a copy to:	Mr. Robert C. Jacobs 1700 Walnut Street, Suite 200 Philadelphia, Pennsylvania 19103 Telecopier: (215) 545-1559
TO LENDER:	c/o Cedar Shopping Centers Partnership, L.P. 44 South Bayles Avenue Port Washington, New York 11050 Attention: Mr. Leo S. Ullman Telecopier: (516) 767-6497

with a copy to:	Stroock & Stroock & Lavan LLP 180 Maiden Lane New York, New York 10038 Attention: Mark A. Levy, Esq.

17. Modification. This Agreement may not be modified, amended or terminated, except by an agreement in writing executed by the parties hereto.

18. Exculpation. Notwithstanding any other provision in this Agreement or the other Loan Documents, the liability of Borrower under this Agreement and the other Loan Documents shall be limited to the Pledged Collateral (as defined in the Security Agreement), and Lender shall not seek any judgment against Borrower or its direct or indirect partners, members, shareholders, principals, affiliates, officers, directors, employees or agents, or any representatives of any of the foregoing.

[Signature Page Follows]

IN WITNESS WHEREOF, Borrower and Lender have duly executed this Agreement as of the day and year first above written.

BORROWER

WELSH-SQUARE, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998

By: /s/ Jil Blatstein

Name: Jil Blatstein
Title: Co-Trustee

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED AS OF JULY 13, 1999

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

LENDER:

CEDAR LENDER LLC

BY: CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., its member

BY: CEDAR SHOPPING CENTERS, INC. its general-partner

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

PROMISSORY NOTE

$17,500,000.00 December 9, 2003

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 FLEET NATIONAL BANK, a national banking association, having an address at 100 Federal Street, Boston, Massachusetts 02110 (hereinafter, a "Lender"), the principal sum of SEVENTEEN MILLION AND FIVE HUNDRED THOUSAND DOLLARS ($17,500,000.00), 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 hereof until such principal sum shall be fully paid. Interest and principal shall be payable as set forth below. The total principal sum, or the amount thereof outstanding, together with any accrued but unpaid interest, shall be due and payable within five (5) Business Days after DEMAND by the Lender, which demand made be made at any time in the sole and absolute discretion of the Lender. "Business Day" shall mean any day other than a Saturday, Sunday, or other day on which commercial banks in Boston, Massachusetts, are authorized or required to close under the laws of the Commonwealth of Massachusetts.

2. Interest Rate/Payments.

2.1. Principal amounts outstanding under this Note shall bear interest at the floating rate equal to the aggregate of the Prime Rate plus one quarter percent (.25%) per annum. The term "Prime Rate" means the greater of (i) a variable per annum rate of interest so designated from time to time by Fleet National Bank (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.

2.2. All interest shall be: (a) payable in arrears commencing January 1, 2004 and on the same day of each month thereafter until the principal together with all interest and other charges payable with respect to the Note 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 rate payable under this Note.

2.3. This Note or any portion thereof may be prepaid in full or in part at any time. Amounts paid or prepaid may not be reborrowed.

2.4. 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 the Lender, or, if not paid under this subsection (a), (b) by wire transfer to Lender or (c) to such other bank or address as the holder of the Note 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 Note on the next business day. Payments which are by check, which Lender may at its option accept or reject, or which are not in the form of immediately available funds shall not be credited to the Note until such funds become immediately available to Lender, and, with respect to payments by check, such credit shall be provisional until the item is finally paid by the payor bank.

2.5. Lender 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 Lender 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.

2.6. Lender shall have the option of imposing, and Borrower shall pay upon billing therefor, an interest rate which is four percent (4.0%) per annum above the rate then in effect with respect to the Note ("Default Rate") following the fifth (5th) Business Day after any demand for payment in full by the Lender.

2.7. Borrower shall pay a late charge (herein, the "Late Charge") equal to five percent (5%) of the amount of any interest, 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 Lender for administrative and processing costs incident to late payments, (c) are not interest, and (d) not subject to refund or rebate or credited against any other amount due.

2.8. All payments shall be applied first to the payment of all fees, expenses and other amounts due to the Lender (excluding principal and interest),

then to accrued interest, and the balance on account of outstanding principal; provided, however, that after demand, payments will be applied to the obligations of Borrower to the Lender as Lender determines in its sole discretion.

2.9. Upon the execution hereof, the Borrower shall pay to the Lender a closing fee of $100,000.00.

3. Acceleration.

Upon demand by the Lender, 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 such demand, Lender shall have, in addition to any rights and remedies contained herein, any and all rights and remedies set forth under applicable law. The rights, remedies, powers, privileges, and discretions of the Lender hereunder (herein, the "LENDER'S RIGHTS AND REMEDIES") shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. No delay or omission by the Lender in exercising or enforcing any of the Lender's Rights and Remedies shall operate as, or constitute, a waiver thereof. No waiver by the Lender of any of the Lender's Rights and Remedies or of any default or remedies under any other agreement with the Borrower, or of any default under any agreement with the Borrower, or any other person liable or obligated for or on the liabilities under this Note, shall operate as a waiver of any other of the Lender's Rights and

Remedies or of any default or remedy hereunder or thereunder. No exercise of any of the Lender's Rights and Remedies and no other agreement or transaction of whatever nature entered into between the Lender and the Borrower and/or between the Lender and any such other person at any time shall preclude any other exercise of the Lender's Rights and Remedies. No waiver by the Lender of any of the Lender's Rights and Remedies on any one occasion shall be deemed a waiver on any subsequent occasion, nor shall it be deemed a continuing waiver. All of the Lender's Rights and Remedies, and all of the Lender's rights, remedies, powers, privileges, and discretions under any other agreement or transaction with the Borrower or any guarantor, endorser, or other person liable under or on account of this Note shall be cumulative and not alternative or exclusive, and may be exercised by the Lender at such time or times and in such order of preference as the Lender in its sole discretion may determine.

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 Lender 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 this Note, 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, shall be found to be unenforceable in full or to any extent, or if Lender 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 Lender or any other holder of this Note in connection with the indebtedness evidenced hereby, including, without limitation, all reasonable attorneys' fees and costs, for the implementation of the Note, the collection of the indebtedness evidenced hereby and the enforcement of rights and remedies hereunder, whether or not suit is instituted; and (f) consents to all of the terms and conditions contained in this Note, and all other instruments now or hereafter executed evidencing or governing all or any portion of the security or collateral for this Note.

5. Delay Not A Bar.

No delay or omission on the part of the Lender 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 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, or of any other instrument, guaranty, agreement or document now or hereafter executed in connection with this Note 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 and Lender 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 Lender 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 and Lender in the execution, delivery and acceptance of this Note to contract in strict compliance with the laws of the Commonwealth of Massachusetts from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof 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 Lender 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 and Lender in connection with this Note.

8. Use of Proceeds.

All proceeds of this Note shall be used solely for (i) payoff by the Borrower (or a subsidiary or affiliate of the Borrower) of that certain loan (the "GECC Loan"), in the original principal amount of Seventeen Million Five Hundred Thousand Dollars ($17,500,000), made as of June 27, 2002, by General Electric Capital Corporation ("GECC") to Delaware 1851 Associates, LP ("1851"), as evidenced by that certain Promissory Note, dated as of June 27, 2002, in the amount of Seventeen Million Five Hundred Thousand Dollars ($17,500,000), made by 1851 to GECC and that certain Loan Agreement, dated as of June 27, 2002, between 1851 and GECC, and (ii) satisfaction by the Borrower (or a subsidiary or affiliate of the Borrower) of that certain Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of June 27, 2002, made by 1851 to GECC, securing the obligations under the GECC Loan and encumbering the property commonly known as the Columbus Crossing Shopping Center, Philadelphia, Pennsylvania and having a street address of 1851 South Christopher Columbus Boulevard, Philadelphia, Pennsylvania (the "Property"). No portion of the proceeds of the loan shall be used, in whole or in part, for the purpose of purchasing or carrying any "margin stock" as such term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

9. Security.

In the event this Note shall not be repaid in full within thirty (30) days from the date of execution, upon the request of the Lender, the Borrower agrees that it shall execute and deliver to the Lender a pledge and security with respect to the Borrower's (or any subsidiary's or affiliate's of the Borrower) entire ownership interest in the entity owning the Property, and take such other action and execute such further documents as the Lender may request to vest, perfect and confirm such pledge.

10. Notices. Any notice or other communication in connection with this Note, 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

with a copy 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

with copies by regular mail or such hand delivery or facsimile transmission to:

Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, NY 10038-4982
Attention: Mark A. Levy, Esquire
Fax Number: (212) 806-6006

If to Lender:

Fleet National Bank
100 Federal Street
Boston, Massachusetts 02110

Attention: James L. Keough
Mail Stop: MA DE 10008H
FAX Number: (617) 434-6384

And

Attention: Commercial Real Estate Loan
Administration Manager,

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

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 this Note 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.

11. Governing Law and Consent to Jurisdiction.

11.1. Substantial Relationship. It is understood and agreed that this Note was delivered in the Commonwealth of Massachusetts, which Commonwealth the parties agree has a substantial relationship to the parties and to the underlying transactions embodied by this Note.

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 documents executed in connection therewith, shall in all respects be governed, construed, applied and enforced in accordance with the internal laws of the Commonwealth of Massachusetts 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. Consent to Jurisdiction. THE BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE MAY BE BROUGHT IN THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY FEDERAL COURT SITTING THEREIN 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 ABOVE. 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 AND LENDER 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 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 LENDER RELATING TO THE ADMINISTRATION OF THIS NOTE OR ENFORCEMENT OF THIS NOTE, 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 LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT 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 EVIDENCED BY THIS NOTE.

13. No Oral Change.

This Note 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 hereof. 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.

14. Rights of the Holder.

This Note, and the rights and remedies provided for herein, may be enforced by Lender, the holder, or any subsequent holder hereof. Wherever the context permits, each reference to the term "holder" herein shall mean and refer to Lender, 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 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 this Note.

16. Assignment.

Borrower may not assign this Note or its obligations hereunder without the prior written consent of Lender in each instance.

17. Setoff. Subject to the terms of this Section 16, Borrower hereby grants to the Lender, a continuing lien, security interest and right of setoff as security for all of the obligations under this Note, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Lender or any entity under the control of FleetBoston Financial Corporation and its successors and assigns, or in transit to any of them. If any payment is not made when due under this Note, after giving regard to applicable grace periods, if any, or if the Lender makes demand for payment in full hereunder, any such deposits, balances or other sums credited by or due from Lender, any affiliate of Lender or FleetBoston Financial Corporation, or from any such affiliate of Lender or FleetBoston Financial Corporation, 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 Lender against any or all of Borrower's obligations under this Note irrespective of whether demand shall have been made and although such obligations may be unmatured, in such manner as Lender in its sole and absolute discretion may determine. Within five (5) Business Days of making any such set off, appropriation or application, Lender 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 LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE NOTE, 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.

[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, LP.
A DELAWARE LIMITED PARTNERSHIP

Janet Paturzo

BY ITS GENERAL PARTNER

CEDAR SHOPPING CENTERS, INC.

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (this "Agreement"), dated as of December 9th, 2003, made by WELSH-SQUARE, INC., a Pennsylvania corporation having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania 19147 ("WSI"), INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998, a Pennsylvania trust having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania ("1998 Trust") and IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED JULY 13, 1999, a Pennsylvania trust having an address c/o Tower Investments, Inc., One Reed Street, Philadelphia, Pennsylvania ("1999 Trust"; WSI, 1998 Trust and 1999 Trust are collectively referred to herein as "Pledgor"), in favor of CEDAR LENDER LLC, a Delaware limited liability company having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Pledgee").

W I T N E S S E T H:

WHEREAS, pursuant to that certain Amended and Restated Agreement of Limited Partnership of Delaware 1851 Associates, LP dated as of the date hereof (as the same may be amended from time to time, the "Partnership Agreement"), Pledgor is the holder of a $6,617,000 preferred interest (the "Partnership Interests") in Delaware 1851 Associates, LP (the "Partnership");

WHEREAS, pursuant to that certain Loan Agreement, dated as of the date hereof, between Pledgee and Pledgor (the "Loan Agreement"), Pledgee has made or is about to make a loan to Pledgor (the "Loan") in the original principal sum of Six Million Three Hundred Sixty Seven Thousand ($6,367,000) Dollars, which Loan is evidenced by that certain Promissory Note, dated as of the date hereof, made by Pledgor to the order of Pledgee, in the principal amount of Six Million Three Hundred Sixty Seven Thousand ($6,367,000) Dollars (as the same may be amended from time to time, the "Note"); and

WHEREAS, as a condition of making the Loan to Pledgor and to secure the obligations of Pledgor under the Note, Pledgor agrees to pledge and grant to Pledgee, subject to the terms and conditions of this Agreement, a security interest in and to (i) the Partnership Interests and (ii) distributions to Pledgor under the Partnership Agreement (each, a "Pledged Interest" and, collectively, the "Pledged Interests").

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency whereof being hereby acknowledged, the parties hereto hereby covenant and agree as follows:

SECTION 1. Pledge.

(a) Pledgor hereby pledges, assigns, hypothecates, delivers, sets over and grants to Pledgee a lien on and security interest in and to (x) all right, title and interest of Pledgor in (i) the Pledged Interests, (ii) any certificates, instruments or documents representing the Pledged Interests, (iii) all options and other rights, contractual or otherwise, in respect of the Pledged Interests (including, without limitation, any registration rights) and (iv) all dividends,

distributions, liquidation proceeds, cash, instruments and other property (including, without limitation, additional stock or securities distributed in respect of any Pledged Interest by way of stock splits, spin-offs, reclassification, combination, consolidation, merger or similar arrangement) to which Pledgor is entitled with respect to the Pledged Interests, whether or not received by or otherwise distributed to Pledgor, whether such dividends, distributions, liquidation proceeds, cash, instruments and other property are paid or distributed by the Partnership in respect of operating profits, sales, exchanges, refinancing, condemnations or insured losses of the assets of the Partnership, the liquidation of such, the Partnership's assets and affairs, management fees, guaranteed payments, repayment of loans, reimbursement of expenses or otherwise (the items set forth in this clause (x) collectively referred to herein as the "Distributions"), and (y) subject to the provisions of Section 4 below, Pledgor's rights, remedies, powers and benefits under the Partnership Agreement or under law, including, without limitation (i) all rights of Pledgor to vote on any matter specified therein or under law, (ii) all rights of Pledgor to cause an assignee to be substituted as a partner in the Partnership in the place and stead of Pledgor, (iii) all rights, remedies, powers, privileges, security interests, liens, and claims of Pledgor for damages arising out of or for breach of or default under the Partnership Agreement, (iv) all present and future claims, if any, of Pledgor against the Partnership under or arising out of the Partnership Agreement for monies loaned or advanced, for services rendered or otherwise, (v) all rights of Pledgor to access to the books and records of the Partnership and to other information concerning or affecting the Partnership, (vi) all rights of Pledgor to terminate the Partnership Agreement, to perform thereunder, to compel performance and otherwise to exercise all remedies thereunder, and (vii) all rights of Pledgor to acquire the rights or interests of any other partner in the Partnership and all increases and profits of any of the foregoing and all proceeds thereof. The security

interests, rights, remedies and benefits of Pledgee granted by this Section 1(a) and all proceeds thereof are hereinafter collectively referred to as the "Pledged Collateral". Pledgor irrevocably and unconditionally waives all rights, if any, which may exist in its favor to purchase or acquire any of the Pledged Collateral from and after the date on which Pledgee or any assignee thereof or successful bidder at a foreclosure sale of the Pledged Collateral acquires the Pledged Collateral pursuant to the rights and remedies afforded Pledgee hereunder or any exercise thereof.

(b) Concurrently herewith, Pledgor shall cause the Partnership to execute and deliver to Pledgee an "Agreement and Acknowledgment of Pledge" substantially in the form of Exhibit A annexed hereto and made a part hereof.

SECTION 2. Security for Obligations. This Agreement secures (a) the prompt payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations and any other amounts due or to become due under the Note, whether for principal, interest, fees, expenses or otherwise, (b) the due and punctual performance or satisfaction of all obligations of Pledgor under the Note, (c) any and all obligations of Pledgor now or hereafter existing under this Agreement, and (d) any and all other obligations of Pledgor to Pledgee now or hereafter existing (all such obligations being hereinafter collectively referred to as the "Obligations").

SECTION 3. Delivery of Pledged Collateral and Related Evidence. (a) On the date hereof, Pledgor shall deliver to Pledgee (i) evidence satisfactory to Pledgee in its sole discretion that (x) Pledgor is the legal and beneficial owner of the Partnership Interests and (y) the pledges

created hereby have been duly reflected upon the books of the Partnership as provided in the Agreement and Acknowledgment of Pledge executed by the Partnership, (ii) such Uniform Commercial Code financing statements (the "UCCs"), in a form ready for filing, as may be necessary or desirable to perfect and/or evidence the security interests in the Pledged Collateral granted to Pledgee pursuant to this Agreement, and (iii) satisfactory evidence to Pledgee in its sole discretion that all other filings, recordings, registrations and other actions Pledgee deems necessary or desirable to establish, preserve and perfect the security interests and other rights granted to Pledgee pursuant to this Agreement, and Pledgee's priority with respect to same, shall have been made.

(b) Pledgee shall have the right to appoint one or more agents for the purpose of retaining physical possession of any of the Pledged Collateral, which may be held (in the discretion of Pledgee) in the name of Pledgor, or endorsed or assigned in blank or in favor of Pledgee or any nominee or nominees of Pledgee or any agent appointed by Pledgee in accordance herewith.

SECTION 4. Voting Power, Etc. Notwithstanding anything to the contrary contained in Section 1 hereof, provided that no Event of Default (as that term is defined in the Loan Agreement) shall have occurred and be continuing, but subject in all respects to the terms, conditions, prohibitions or limitations on the following actions of Pledgor as a partner of the Partnership provided in the Partnership Agreement, the Agreement and Acknowledgment of Pledge annexed hereto, the Loan Agreement or the Note, Pledgor shall be entitled to exercise all voting, consensual and other powers of ownership pertaining to the Pledged Collateral (including, without limitation, to receive distributions from the Partnership, to make determinations, to exercise any election (including, without limitation, election of remedies) or option, and to give or receive any notice, consent, amendment, waiver, approval or other rights described in Section 1 hereof), provided that no ratification shall be given, nor any power pertaining to the Pledged Collateral exercised, nor any other action taken, which would violate or be inconsistent with the terms of this Agreement, the Loan Agreement or the Note, or which would have the effect of impairing the position or interests of Pledgee, or, in each case, in such a manner as would reasonably be expected to have a material adverse effect on the ability of Pledgor to perform its obligations hereunder. From and after the occurrence of an Event of Default and for so long as such Event of Default is continuing, Pledgee shall have the right to exercise all voting, consensual and other powers of ownership pertaining to the Pledged Collateral.

SECTION 5. No Assumption. Notwithstanding anything contained herein to the contrary, whether or not an Event of Default shall have occurred, and whether or not Pledgee elects to foreclose or otherwise realize on its security interests in the Pledged Collateral, or any part thereof, as set forth herein or exercise any of its rights under this Agreement, the Loan Agreement or the Note or otherwise, neither this Agreement, receipt by Pledgee of any Distributions, the foreclosure or other realization by Pledgee of the security interests in the Pledged Collateral nor any exercise by Pledgee of any of its rights under this Agreement, the Loan Agreement or the Note or otherwise, shall in any way be deemed to obligate Pledgee to assume any of Pledgor's obligations, duties, expenses or liabilities with respect to the Pledged Collateral or any agreement relating thereto, and in the event of any such foreclosure, realization

or other exercise of rights, Pledgor shall remain bound and obligated to perform such obligations and Pledgee shall not be deemed to have assumed any of such obligations.

SECTION 6. Representations, Warranties and Covenants. Pledgor represents and warrants to, and covenants and agrees with, Pledgee as follows:

(a) WSI is a duly formed corporation under the laws of the Commonwealth of Pennsylvania, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, and has full power and authority to execute and deliver to Pledgee this Agreement, to own its properties and to perform the obligations and carry out the duties imposed upon it by this Agreement. 1998 Trust is validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania and has full power and authority to execute and deliver to Pledgee this Agreement, to own its properties and to perform the obligations and carry out the duties imposed upon it by this Agreement. 1999 Trust is validly existing under and by virtue of the laws of the Commonwealth of Pennsylvania and has full power and authority to execute and deliver to Pledgee this Agreement, to own its properties and to perform the obligations and carry out the duties imposed upon it by this Agreement.

(b) Pledgor is, and at all times will be, the only record and beneficial owner of the Pledged Collateral. The Pledged Interests and the Pledged Collateral are and, at all times, will be, fully paid and non-assessable, free and clear of any lien, security interest, option or other charge or encumbrance, whether statutory, judicial, consensual or otherwise. Pledgor will defend Pledgee's right, title and interest in and to the Pledged Collateral pledged by it pursuant hereto against the claims and demands of any third party at no cost or expense whatsoever to Pledgee.

(c) Pledgor's rights to Distributions, if any, under the Partnership Agreement are not subject to any defense, offset, counterclaim or contingency whatsoever. Giving effect to the aforesaid grants and pledges to Pledgee and the deliveries required hereunder, and upon the filing of the UCCs in the public records of the Office of the Secretary of State of the Commonwealth of Pennsylvania, Pledgee has, as of the date of this Agreement, and, as to any Pledged Collateral acquired from time to time after such date, shall have, a valid, perfected and continuing lien upon and security interest in the Pledged Collateral; provided, however, that no representation or warranty is made with respect to the perfected status of the security interests of Pledgee in the proceeds of the Pledged Collateral consisting of "cash proceeds" or "non-cash proceeds" as defined in the Uniform Commercial Code in effect in the Commonwealth of Pennsylvania (the "Code") except if, and to the extent, the provisions of Section 9-315 of the Code shall be complied with.

(d) Pledgor shall pay, and save Pledgee harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Pledged Collateral or in connection with any of the transactions contemplated by this Agreement or the exercise by Pledgee of any right or remedy granted to it hereunder or under the Loan Documents.

(e) Pledgor shall not transfer any of the Pledged Collateral until payment or satisfaction in full of the Obligations.

(f) This Agreement, and each provision herein, has been duly authorized, executed and delivered by Pledgor and constitutes the legal, valid and binding obligation of Pledgor, enforceable against Pledgor in accordance with its terms.

(g) Pledgor will not change its state of organization unless it shall provide Pledgee with at least thirty (30) days' prior written notice thereof and there shall have been taken such action, satisfactory to Pledgee, as may be necessary to maintain the security interest of Pledgee hereunder at all times fully perfected and in full force and effect. Pledgor shall not change its name unless it shall have given Pledgee at least thirty (30) days' prior written notice of any such proposed change and shall have taken such action, satisfactory to Pledgee, as may be necessary to maintain the security interest of Pledgee in the Pledged Collateral at all times fully perfected and in full force and effect.

(h) Pledgor has delivered to Pledgee true, correct and complete, in all material respect, copies of all of the organizational documents of WSI, 1998 Trust and 1999 Trust, and Pledgor shall not permit or consent to any amendments thereto without the prior written consent of Pledgee. The organizational documents of WSI, 1998 Trust and 1999 Trust have been duly executed and delivered by the partners, members, shareholders, directors, incorporators, trustees or organizers, as the case may be, of WSI, 1998 Trust and 1999 Trust, as applicable, and constitute the legal, valid and binding obligations of such parties enforceable in accordance with their respective

terms. Pledgor is not in material default under or with respect to, nor has Pledgor received any notice alleging any material default under or with respect to, any of its obligations under the Partnership Agreement. Pledgor has the full power and authority to own its property and to carry on its business as now being conducted, and has the power and authority to execute and deliver and to perform its Obligations hereunder and under the Loan Documents.

(i) None of the Pledged Collateral is, or will be, evidenced by any instrument, note or chattel paper, except such as have been or will be endorsed, assigned or pledged and delivered to Pledgee by Pledgor, simultaneously with the creation thereof and in accordance with any and all applicable requirements of the Code.

(j) Pledgor shall, at its sole cost and expense, keep, observe, perform and discharge, duly and punctually all and singular the material obligations, terms, covenants, conditions, representations and warranties of the Partnership Agreement on the part of Pledgor to be kept, observed, performed and discharged, and shall hold Pledgee harmless and indemnify it against any loss or expense (other than consequential, incidental, exemplary, or punitive damage), including reasonable attorneys' fees and disbursements, that Pledgee may incur or sustain by reason of any failure to so perform and observe the Partnership Agreement or to satisfy, perform and observe such conditions thereunder.

(k) There is no suit, action, proceeding, arbitration, investigation or inquiry pending or, to the best of Pledgor's knowledge, threatened against Pledgor with respect to this Agreement or the transactions contemplated by this Agreement or which, if adversely determined, would have a material adverse impact on the ability of Pledgor to consummate the transactions contemplated hereby, and no consent of any Person (as hereinafter defined), license, permit or approval, exemption by, notice or report to, or registration, filing or declaration with,

any governmental authority is required to be obtained by Pledgor in connection with the execution, delivery or performance of this Agreement. For purposes of this Agreement, the term "Person" shall mean any individual, partnership, limited liability company, corporation, trust or other entity.

(l) The Partnership Interests are not represented by any instrument issued in bearer or registered form. None of the Partnership Interests constitutes or will constitute certificated or uncertificated securities as defined in Article 8 of the Code. None of the Partnership Interests is or will be dealt in or traded on any securities exchanges or securities markets or is or will be held in any securities account as defined in Article 8 of the Code. The Partnership Interests constitute general intangibles as defined in Article 9 of the Code.

The representations, warranties and covenants set forth in this Section 6 shall survive the execution and delivery of this Agreement and remain in full force and effect until four (4) months after the Loan is repaid in full. Pledgor shall have no liability to Pledgee in respect of said representations, warranties and covenants unless Pledgee shall have delivered to Pledgor, within such four (4) month period, a claim specifying the alleged breach of any one or more of such representations, in which case Pledgee's liability shall survive with respect to the matters alleged in such claim until resolution thereof. For purposes of this Agreement the term "material" shall mean (unless the context clearly indicates otherwise) any fact or condition, the presence or absence of which, has or could have a significant adverse effect on the financial condition or value of the Collateral or the Property or the continued use and enjoyment thereof.

SECTION 7. [INTENTIONALLY OMITTED]

SECTION 8. Distributions. (a) Upon the occurrence and continuation of an Event of Default:

(i) All rights of Pledgor to receive Distributions and any and all proceeds from the sale or other disposition of the Pledged Collateral (or any portion thereof) which Pledgor would otherwise be authorized to receive and retain shall cease, and all such rights shall thereupon become vested in Pledgee, who shall thereupon have the right to receive and hold as Pledged Collateral such Distributions and proceeds.

(ii) All Distributions and proceeds which are received by Pledgor contrary to the provisions of paragraph (a) of this Section 8 shall be received in trust for the benefit of Pledgee, shall be segregated from other funds of Pledgor and shall be forthwith paid over to Pledgee as Pledged Collateral in the same form as so received (with any necessary endorsement).

(iii) All Distributions received by Pledgor in a partial or total liquidation of the Partnership shall, in the event that any of the Obligations remain outstanding at the time of such partial or total

liquidation, be paid to Pledgee and applied by Pledgee to such outstanding Obligations.

(b) Unless and until an Event of Default shall have occurred and be continuing, but subject to the provisions of the Partnership Agreement, Pledgor shall be entitled to receive and retain any and all Distributions.

SECTION 9. Transfers and Other Liens, Additional Interests. Pledgor agrees, so long as any of the Obligations are outstanding, not to:

(a) sell or otherwise dispose of, or grant any option or similar right with respect to, any of the Pledged Collateral; or

(b) create or permit to exist any lien (other than the Loan), security interest or other charge or encumbrance upon or with respect to any of the Pledged Collateral.

The foregoing shall not be deemed to prohibit any shareholder or partner of Pledgor from entering into any agreement pursuant to which such shareholder or partner personally guaranties the obligations of a third party with respect to a transaction other than the transaction contemplated by the Loan Documents.

SECTION 10. Appointment of Attorney-in-Fact. Pledgor hereby appoints Pledgee the attorney-in-fact for Pledgor, with full authority in the place and stead of Pledgor and in the name of Pledgor or otherwise, from time to time in Pledgee's discretion to take any action and to execute any instrument which Pledgee may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all Distributions and any instruments made payable to Pledgor representing any dividend, interest payment or other distribution in respect of the Pledged Collateral or any part thereof and to give full discharge for the same. Pledgor agrees that each of the foregoing powers constitutes a power coupled with an interest which may not be revoked and which shall survive until all of the Obligations shall have been indefeasibly paid in full and satisfied, provided that except with respect to the execution and filing of the UCCs, the foregoing shall not be effective until the occurrence of an Event of Default.

SECTION 11. Pledgee to Perform. If Pledgor fails to perform any agreement contained herein, Pledgee may, following the occurrence of an Event of Default, itself perform, or cause performance of, such agreement, and the expenses of Pledgee incurred in connection therewith shall be payable by Pledgor in accordance with Section 16 hereof.

SECTION 12. Remedies Upon Default. Upon the occurrence of any Event of Default:

(a) Pledgee may, without any notice to Pledgor of the occurrence of such Event of Default, except as otherwise expressly provided under the Loan Documents, exercise in respect of the Pledged Collateral, in addition to the other rights and remedies provided for herein or otherwise available to Pledgee, all the rights and remedies of a secured party under the Code in effect at that time, and Pledgee may also, without notice except as specified below, sell the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of Pledgee's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Pledgee may deem commercially reasonable. Pledgor agrees that at least twenty-one (21) days notice to Pledgor of the time and place of any

public sale or the time after which any private sale is to be made shall constitute reasonable notification. Pledgee shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. Pledgee may adjourn any public or private sale from time to time to a date specified by Pledgee, such date to be not less than five (5) Business Days after the date upon which Pledgee notifies Pledgor of such adjourned sale date, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Pledgee may, upon the exercise of its rights under Section 12(a) hereof, transfer all or any part of the Pledged Collateral into Pledgee's name or the name of its nominees.

(c) Pledgee may vote all or any part of the Pledged Collateral (whether or not transferred into the name of Pledgee) and give all consents, waivers and ratifications in respect of the Pledged Collateral and otherwise act with respect thereto as though it were the outright owner thereof (Pledgor hereby irrevocably constituting and appointing Pledgee the proxy and attorney-in-fact of Pledgor, with full power of substitution to do so).

(d) Any Pledged Collateral or proceeds thereof held by

Pledgee as Pledged Collateral and all proceeds thereof received by Pledgee in respect of any sale of, collection from or other realization upon all or any part of the Pledged Collateral may, in the discretion of Pledgee, be held by Pledgee as collateral for, and/or then or at any time thereafter, be applied (after payment of any amounts payable to Pledgee pursuant to Section 16 hereof), in whole or in part by Pledgee for the benefit of Pledgor, against all or any part of the Obligations and in such order as Pledgee shall elect. Any surplus of such Pledged Collateral or proceeds thereof held by Pledgee and remaining after payment or satisfaction in full of all of the Obligations and the expenses referred to in Section 16 hereof shall be delivered or paid over to Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

(e) Each right, power and remedy of Pledgee provided for in this Agreement or the other Loan Documents or now or hereafter existing at law or in equity or by statute shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise by Pledgee of any one or more of the rights, powers or remedies provided for in this Agreement or the other Loan Documents or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Pledgee of all such other rights, powers or remedies, and no failure or delay on the part of Pledgee to exercise any such right, power or remedy shall operate as a waiver thereof.

SECTION 13. Jurisdiction, Venue, Service of Process. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT, THE LOAN AGREEMENT OR THE NOTE SHALL BE BROUGHT, AT PLEDGEE'S OPTION, IN THE COURTS OF THE COMMONWEALTH OF PENNSYLVANIA, PHILADELPHIA COUNTY OR OF THE UNITED STATES OF AMERICA FOR THE EASTERN DISTRICT OF PENNSYLVANIA. PLEDGOR HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS. PLEDGOR IRREVOCABLY CONSENTS TO THE SERVICE

OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT ITS ADDRESS AS SET FORTH ABOVE. PLEDGOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT BROUGHT IN THE COURTS REFERRED TO ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF PLEDGEE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST PLEDGOR IN ANY OTHER JURISDICTION.

SECTION 14. Jury Trial Waiver/Arbitration.

(a) PLEDGOR AND PLEDGEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY DISPUTE BASED ON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT, THE LOAN AGREEMENT OR THE NOTE, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF PLEDGOR OR PLEDGEE RELATING TO THE LOAN, AND THE LENDING RELATIONSHIP WHICH IS THE SUBJECT OF THE NOTE. THIS PROVISION IS A MATERIAL INDUCEMENT FOR PLEDGEE ENTERING INTO THIS AGREEMENT.

(b) In the event of a dispute under this Agreement, party shall have the right to submit such dispute to binding arbitration under the Expedited Procedures provisions (Rules E-1 through E-10 in the current edition) of the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). In cases where the parties utilize such arbitration: (i) the dispute shall be heard by three (rather than one) arbitrators in Philadelphia, Pennsylvania, (ii) all of the arbitrators on the list submitted by the AAA shall have reasonable expertise and experience with respect to the commercial real estate market in the Philadelphia, Pennsylvania area, (iii) the parties will have no right to object if the appointed arbitrators were on the list submitted by the AAA and were not objected to in accordance with Rule E-5, (iv) the arbitrators shall be selected within three (3) Business Days following submission of such dispute to arbitration, (v) the arbitrators shall render their final decision not later than three (3) Business Days after the last hearing, (vi) the first hearing shall be held within five (5) Business Days after the completion of discovery, and the last hearing shall be held within fifteen (15) Business Days after the appointment of the arbitrators, (v) any finding or determination of the arbitrators shall be deemed final and binding (except that the arbitrators shall not have the power to add to, modify or change any of the provisions of this Agreement), and (vi) the losing party in such arbitration shall pay the arbitration costs charged by AAA and/or the arbitrators.

SECTION 15. Appointment of Agent for Service of Process. Pledgor hereby irrevocably appoints Bart Blatstein, having an address of 1201 Rock Creek

Road, Gladwyn, Pennsylvania 19035 (the "Process Agent", which has consented thereto), as process agent to receive for and on behalf of Pledgor service of process in the Commonwealth of Pennsylvania relating to this Agreement. Service of process in any action or proceeding against Pledgor may be made on Process Agent by registered or certified mail, return receipt requested, or by any other method of service provided for under applicable laws in effect in the Commonwealth of Pennsylvania. Process Agent is hereby authorized and directed to accept such service for and on behalf of Pledgor and to admit service with respect thereto. Such service upon Process Agent shall be deemed effective personal service on Pledgor sufficient for personal jurisdiction three (3) days after mailing, and shall be legal and binding upon Pledgor for all purposes, notwithstanding any failure of Process Agent to mail copies of such legal process to Pledgor, or any failure on the part of Pledgor to receive the same. Pledgor confirms that it has instructed the applicable Process Agent to mail to Pledgor, upon service of process being made on the applicable Process Agent pursuant hereto, a copy of the summons and complaint or other legal process served upon them by registered mail, return receipt requested, at Pledgor's address hereinabove set forth, or to such other address as to which Pledgor may notify Process Agent in writing. Pledgor agrees that Pledgor will at all times maintain a Process Agent to receive service of process in the Commonwealth of Pennsylvania with respect to this Agreement. If for any reason the Process Agent or any successor thereto shall no longer serve as such Process Agent or shall have changed its address without notification thereof to Pledgee, Pledgor, immediately after gaining knowledge thereof, irrevocably shall appoint a substitute process agent acceptable to Pledgee in the Commonwealth of Pennsylvania and advise Pledgee thereof.

SECTION 16. Expenses. Upon demand, Pledgor will pay to Pledgee the amount of any and all expenses, including the reasonable fees and expenses of Pledgee's counsel and of any experts and agents, which Pledgee may incur in connection with (a) the sale of, collection from, or other realization upon, any of the Pledged Collateral, (b) the exercise or enforcement of any of Pledgee's rights hereunder, or (c) the failure by Pledgor to perform or observe any of the provisions hereof.

SECTION 17. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by Pledgor herefrom, shall in any event be effective unless the same shall be in writing and signed by Pledgee, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 18. Notices. All notices or other written communications hereunder shall be delivered in accordance with the terns of the Loan Agreement.

SECTION 19. Continuing Security Interest, Transfer. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (a) remain in full force and effect until the indefeasible payment or satisfaction in full of the Obligations, (b) be binding upon Pledgor, its respective permitted transferees, representatives, successors and assigns, and (c) inure, together with the rights and remedies of Pledgee hereunder, to the benefit of Pledgee and its permitted transferees, representatives, successors and assigns. Without limiting the generality

of the foregoing clause (c), Pledgee, but not Pledgor, may assign or otherwise transfer this Agreement together with the Pledged Collateral, the Note and any other Obligations to any other Persons, and such other Persons shall thereupon become vested with all the benefits in respect thereof granted to Pledgee herein or otherwise. Upon the indefeasible payment or satisfaction in full of the Obligations, (i) Pledgor shall be entitled to the return, upon its request and at its expense, of such portion of the Pledged Collateral as shall not have been sold or otherwise applied or forfeited pursuant to the terms hereof, and (ii) this Agreement shall be of no further force or effect.

SECTION 20. Severability. If for any reason any provision or provisions hereof are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

SECTION 21. Governing Law, Terms. This Agreement shall be governed by, and construed in accordance with, the internal laws of the Commonwealth of Pennsylvania (without giving effect to principles of conflicts of law). Unless otherwise defined herein, (a) terms defined in Article 9 of the Code are used herein as therein defined, and (b) terms defined in the Loan Agreement are used herein as therein defined.

SECTION 22. Recitals. The Recitals at the beginning of this Agreement are hereby incorporated into the substantive provisions of this Agreement.

SECTION 23. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same agreement. The failure of any party to execute this Agreement, or any counterpart hereof, shall not relieve the

other signatories from their obligations hereunder.

SECTION 24. Certificated Securities. Pledgor has not and Pledgor will not request the Partnership to issue or consent to the Partnership's issuance of a certificate representing Pledgor's partnership interest in the Partnership.

[Signature Page Follows]

IN WITNESS WHEREOF, Pledgor has caused this Agreement to be executed and delivered by its duly authorized representative as of the date first set forth above.

WELSH-SQUARE, INC.

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

INDENTURE OF TRUST OF BART BLATSTEIN DATED AS OF JUNE 9, 1998

By: /s/ Jil Blatstein

Name: Jil Blatstein
Title: Co-Trustee

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

IRREVOCABLE INDENTURE OF TRUST OF BARTON BLATSTEIN DATED JULY 13, 1999

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

ACCEPTED AND AGREED TO:

CEDAR LENDER LLC

BY: CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., its member

BY: CEDAR SHOPPING CENTERS, INC. its general partner

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

ACKNOWLEDGMENTS

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003 before me, the undersigned Notary Public, personally appeared BART BLATSTEIN, who acknowledged himself to be the President of WELSH-SQUARE, INC., a Pennsylvania corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation/by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ------------------------
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003, before me, the undersigned Notary Public, personally appeared JIL BLATSTEIN known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunder set my hand and official seal.

/s/
- ------------------------
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003, before me, the undersigned Notary Public, personally appeared BRIAN K. FRIEDMAN known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunder set my hand and official seal.

/s/
- ------------------------
Notary Public

My commission expires:

COMMONWEALTH OF PENNSYLVANIA)
) ss:
COUNTY OF PHILADELPHIA)

AND NOW, this 9th day of December, 2003, before me, the undersigned Notary Public, personally appeared JOSEPH W. SEIDLE known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunder set my hand and official seal.

/s/
- ------------------------
Notary Public

My commission expires:

STATE OF NEW YORK)
) ss:
COUNTY OF NASSAU)

AND NOW, this 19th day of November, 2003, before me, the undersigned Notary Public, personally appeared BRENDA J. WALKER, who acknowledged herself to be the Vice President of the CEDAR SHOPPING CENTERS, INC., a Pennsylvania corporation, and that she, as such Vice President, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by herself as Vice President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/
- ------------------------
Notary Public

My commission expires:

December 9th, 2003

GUARANTY OF PAYMENT

This Guaranty ("Guaranty") is made by Bart Blatstein, an individual, having an address of 1201 Rock Creek Road, Gladwyn, Pennsylvania 19035 ("Guarantor") in favor of Cedar-Columbus LLC ("Cedar GP"), CSC-Columbus LLC ("Cedar LP") and Cedar Lender LLC ("Cedar Lender") (Cedar GP, Cedar LP and Cedar Lender, collectively, the "Cedar Group").

RECITALS

A. Welsh-Square, Inc., a Pennsylvania corporation ("WSI"), Indenture of Trust of Bart Blatstein dated as of June 9, 1998 ("1998 Trust") and Irrevocable Indenture of Trust of Barton Blatstein dated July 13, 1999 ("1999 Trust") (WSI, 1998 Trust and 1999 Trust, collectively, the "Existing Owners") and Cedar LP are parties to that certain Recapitalization Agreement, dated as of October 2, 2003, as amended by that certain Amendment to Recapitalization Agreement, dated November 3, 2003, and that certain Second Amendment to Recapitalization Agreement, dated December 9, 2003 (collectively, the "Agreement"). Capitalized terms used herein and not specifically defined herein shall have the respective meanings ascribed to those terms in the Agreement.

B. Pursuant to the terms of the Agreement, it is a condition to the Closing that this Guaranty be executed and delivered by Guarantor, and, in order to induce the Cedar LP to enter into the Agreement, which Cedar LP would not do but for the execution and delivery of this Guaranty, Guarantor has agreed to indemnify the Cedar Group in accordance with the terms of this Agreement.

C. Guarantor has a direct financial interest in the consummation of the transactions contemplated by the Agreement.

AGREEMENTS

NOW, THEREFORE, intending to be legally bound, Guarantor, in consideration of the matters described in the foregoing Recitals, which Recitals are incorporated herein and made a part hereof, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, hereby covenants and agrees for the benefit of the Cedar Group as follows:

1. Terms of Guaranty

(a) Guarantor absolutely, unconditionally and irrevocably guarantees to the Cedar Group the prompt and unconditional payment of any and all liabilities, obligations, debts, damages, losses, costs, expenses, fines, penalties, charges, fees, judgments of whatever kind or nature (including but not limited to reasonable attorneys' fees and other costs of defense) arising or resulting directly or indirectly from (i) the Partnership's inability to redeem the Preferred Interest in accordance with the provisions of the Amended and Restated Agreement of Limited Partnership of Delaware 1851 Associates, LP, a Pennsylvania limited partnership (the "Partnership Agreement"), or (ii) the failure by the Existing Owners to make required payments of interest and/or principal under the Owners Loan, in either case due to:

(i) a petition or application to any tribunal by either or both of the Existing Owners for the appointment of a trustee or receiver of the business, estate or assets or of any substantial portion of the business, estate or assets of either or both of the Existing Owners;

(ii) the commencement of any proceedings by either or both of the Existing Owners under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect;

(iii) the filing of any petition or application described in clause (i) above;

(iv) an involuntary bankruptcy or insolvency proceeding relating to either or both of the Existing Owners (A) which is commenced by any party directly or indirectly controlling, controlled by or under common control with either or both of the Existing Owners (which shall include, but not be limited to, any creditor or claimant acting in concert with either or both of the Existing Owners) or (B) in which any party directly or indirectly controlling, controlled by or under common control with either or both of the Existing Owners (which shall include, but not be limited to, any creditor or claimant acting in concert with either or both of the Existing Owners) objects to a motion by the Cedar Group, or any member thereof, for relief from any stay or injunction from any remedial action permitted under law or equity;

(v) the entering of any order appointing any trustee or receiver described in clause (i) above, or declaring either or both of the Existing Owners bankrupt or insolvent, or approving the petition in any such proceedings; or

(vi) an assignment for the benefit of creditors by either or both of the Existing Owners;

(the obligations set forth in this Section 1(a) are collectively referred to herein as the "Obligations").

(b) The obligations, covenants, agreements and duties of Guarantor under this Guaranty shall in no way be affected or impaired by reason of the occurrence, from time to time, of any of the following with respect to the Agreement, the Partnership Agreement, this Guaranty or any other documents entered into in connection with the transactions contemplated by the Agreement (collectively, the "Documents"), even though notice with regard to the following may not have been given to, or received by, Guarantor, or the further consent of Guarantor with regard to the following may not have been obtained:

(i) The waiver of the performance or observance by either or both of the Existing Owners or Guarantor of any agreement, covenant, term or condition to be performed or observed by it;

(ii) The extension of the time for the payment of any sums owing or payable under the Documents or the time for the performance of any other obligation under or arising out of or on account of the Documents;

(iii) The supplementing, modification or amendment (whether material or otherwise) of any of the Documents or any of the obligations of either or both of the Existing Owners or Guarantor, as applicable, set forth in any of the Documents;

(iv) Any failure, omission, delay or lack on the part of the Cedar Group, or any member thereof, to enforce, assert or exercise any right, power or remedy conferred on such person in or by virtue of any of the Documents, or any action on the part of any of the Cedar Group granting indulgence or extension in any form;

(v) Any payment made on the Obligations, whether made by either or both of the Existing Owners, Guarantor or any other person, which is required to be refunded pursuant to any bankruptcy or insolvency law; it being understood that no payment so refunded shall be considered as a payment of any portion of the Obligations, nor shall it have the effect of reducing the liability of Guarantor hereunder;

(vi) The death of Guarantor; or

(vii) The release of either or both of the Existing Owners from the performance or observance of any of the agreements, covenants, terms or conditions contained in any of the Documents by operation of law or otherwise.

(c) Guarantor hereby waives diligence and all demands, protests, presentments and notices of every kind and nature, including, but not limited to, notices of presentment, demand for payment or performance, protest, notice of default or nonpayment, notice of dishonor, notice of protest and notice of acceptance of this Guaranty and the creation, renewal, extension, modification or accrual of any of the obligations Guarantor has hereby guaranteed.

(d) Guarantor hereby waives any and all legal requirements that any of the Cedar Group institute any action or proceeding, at law or in equity, against the Existing Owners, or anyone else, or exhausts its remedies against the Existing Owners, or anyone else, in respect of the Obligations or in respect of any other security held by any of the Cedar Group as a condition precedent to bringing an action or proceeding against Guarantor under this Guaranty. All rights and remedies afforded to the Cedar Group by reason of this Guaranty are separate and cumulative rights and remedies and it is agreed that no one of such rights or remedies, whether exercised by any of the Cedar Group or not, shall be deemed to be an exclusion of any of the other rights or remedies available to the Cedar Group and shall not limit or prejudice any other legal or equitable right or remedy which the Cedar Group may have.

(e) Guarantor understands that the exercise by the Cedar Group of certain rights and remedies may affect or eliminate Guarantor's right of subrogation against the Existing Owners and that Guarantor may therefore incur partially or totally nonreimbursable liability hereunder. Nevertheless, Guarantor hereby authorizes and empowers the Cedar Group, their respective

successors, endorsees and/or assigns, to exercise in its or their sole discretion, any rights and remedies, or any combination thereof, which may then be available, it being the purpose and intent of Guarantor that the obligations hereunder shall be absolute, continuing, independent and unconditional under any and all circumstances. In the event that Guarantor shall advance or become obligated to pay any sums under this Guaranty or in the event that either or both of the Existing Owners shall hereafter become indebted to Guarantor, Guarantor agrees that Guarantor shall have no right of subrogation or reimbursement against either or both of the Existing Owners, no right of subrogation against any collateral or any security provided for in the Documents, unless and until all amounts due under this Guaranty shall have been paid in full and all of Guarantor's obligations under the Guaranty shall have been fully performed. To the extent Guarantor's waiver of these rights of subrogation or reimbursement as set forth in this Guaranty are found by a court of competent jurisdiction to be void or voidable for any reason, Guarantor agrees that its rights of subrogation and reimbursement against the Existing Owners and the members thereof and Guarantor's rights of subrogation against any collateral or security shall be junior and subordinate as to lien, time of payment and in all other respects to the Cedar Group' rights against the Existing Owners and the members thereof and to the Cedar Group' right, title and interest in such collateral or security. Nothing herein contained is intended or shall be construed to give Guarantor any right of subrogation in or under the Documents or any right to participate in any way therein, notwithstanding any payments made by Guarantor under this Guaranty, all such rights of subrogation and participation being hereby expressly waived and released.

(f) Guarantor unconditionally waives any defense to the enforcement of this Guaranty, including, without limitation:

(i) the right to plead any and all statutes of limitations as a defense to Guarantor's liability under this Guaranty; and

(ii) any defense based upon an election of remedies by any of the Cedar Group, including, but not limited to, remedies relating to real property or personal property security, which destroys or otherwise impairs the subrogation rights of Guarantor to proceed against either or both of the Existing Owners.

2. Covenants, Representations and Warranties

(a) Guarantor represents and warrants to each of the Cedar Group that there is no action or proceeding either pending or threatened against Guarantor before any court or administrative agency and no event has occurred which might result in any material adverse change in the business or condition of Guarantor or in the property of Guarantor which material and adverse change would materially impair the ability of Guarantor to perform its obligations hereunder.

(b) Guarantor represents and warrants to each of the Cedar Group that neither the execution nor delivery of this Guaranty, nor fulfillment of nor compliance with the terms and

provisions hereof, will conflict with, or result in a material breach of the terms, conditions or provisions of, or constitute a material default under, or result in the creation of any lien, charge or encumbrance upon any property or assets of Guarantor under any other material agreement or material instrument to which Guarantor is now a party or by which Guarantor may be bound.

(c) Guarantor agrees to submit to personal jurisdiction in the Commonwealth of Pennsylvania in any action or proceeding arising out of this Guaranty. This Guaranty shall be construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to Pennsylvania's principles of conflicts of law.

3. Miscellaneous

(a) All guaranties, covenants and agreements contained in this Guaranty shall bind the respective successors and assigns of Guarantor and shall inure to the benefit of the Cedar Group, and their respective successors and assigns.

(b) Any notice required or permitted to be delivered herein shall be deemed to be delivered (a) when received by the addressee if delivered by courier service, (b) if mailed, two days after deposit in the United States Mail, postage prepaid, certified mail, return receipt requested, (c) if sent by recognized overnight service (such as US Express Mail, Federal Express, UPS, Airborne, etc.), then one day after delivery of same to an authorized representative or agency of the said overnight service or (d) if sent by a telecopier, when transmission is received by the addressee with electronic or telephonic confirmation, in each such case addressed or telecopied to the Owners or Cedar, as the case may be, at the address or telecopy number set forth opposite the signature of such party hereto. Notifications are as follows:

To Guarantor: Mr. Bart Blatstein
c/o Tower Investments, Inc.
One Reed Street
Philadelphia, Pennsylvania 19147
Telecopier: (215) 755-8666

with a copy to: Mr. Robert C. Jacobs
1700 Walnut Street, Suite 200
Philadelphia, Pennsylvania 19103
Telecopier: (215) 545-1559

To the Cedar Group: Cedar Shopping Centers Partnership, L.P.
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Leo S. Ullman
Telecopier: (516) 767-6497

with a copy to: Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038
Attention: Mark A. Levy, Esq.
Telecopier: (212) 806-6006

(c) Guarantor hereby waives the right of trial by jury in any litigation arising hereunder and also waives the right, in such litigation, to interpose counterclaims or setoffs of any kind or description.

(d) In the event that any of the Cedar Group shall receive any payments on account of any of the obligations hereby guaranteed, whether directly or indirectly, and it shall subsequently be determined that such payments were for any reason improper, or a claim shall be made against any of the Cedar Group that the same were improper, and any of the Cedar Group either voluntarily or pursuant to court order shall return the same, Guarantor shall be liable, with the same effect as if the said payments had never been paid to or received by any of the Cedar Group, for the amount of such repaid or returned payments, notwithstanding the fact that payments may theretofore have been credited on account of the obligations hereby guaranteed.

(e) No delay on the part of any of the Cedar Group in exercising any power or right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any power or right hereunder or the failure to exercise same in any instance preclude other or further exercise thereof or the exercise of any other power or right; nor shall any of the Cedar Group be liable for exercising or failing to exercise any such power or right; the rights and remedies hereunder expressly specified are cumulative and not exclusive of any rights or remedies which any of the Cedar Group may or will otherwise have.

(f) This instrument represents the entire agreement between the parties and may not be modified or amended except by a writing duly executed by the party to be charged.

(g) In the event that any of the Cedar Group, for any reason whatsoever, shall deem it necessary to refer this Guaranty to an attorney for the enforcement thereof or of any rights hereunder, by suit or otherwise, there shall be immediately due from Guarantor to such Other Partner(s), in addition to the sums guaranteed by Guarantor under this Guaranty, reasonable attorneys' fees and actual disbursements, together with all costs and expenses of such action, which costs, expenses, fees and disbursement shall be deemed part of the obligation hereunder.

(h) In the event that any provision of this Guaranty or the application thereof to Guarantor or any circumstance in the jurisdiction governing this Guaranty shall, to any extent, be invalid or unenforceable under any applicable statute, regulation, or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute, regulation or rule of law, and the remainder of this Guaranty and the application of any such invalid or unenforceable provision to parties, jurisdictions, or circumstances other than to whom or to which it shall be held invalid or

unenforceable, shall not be affected thereby nor shall same affect the validity or enforceability of any other provision of this Guaranty.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty as

of the date first above set forth.

/s/ Bart Blatstein

Bart Blatstein

COMMONWEALTH OF PA)
) ss:
COUNTY OF PHILADELPHIA)

On the 9 day of December, 2003, before me, the undersigned, personally appeared BART BLATSTEIN, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual executed the instrument.

/s/

Notary Public

My commission expires:

PROMISSORY NOTE

$17,500,000.00 December 9, 2003

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 FLEET NATIONAL BANK, a national banking association, having an address at 100 Federal Street, Boston, Massachusetts 02110 (hereinafter, a "Lender"), the principal sum of SEVENTEEN MILLION AND FIVE HUNDRED THOUSAND DOLLARS ($17,500,000.00), 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 hereof until such principal sum shall be fully paid. Interest and principal shall be payable as set forth below. The total principal sum, or the amount thereof outstanding, together with any accrued but unpaid interest, shall be due and payable within five (5) Business Days after DEMAND by the Lender, which demand made be made at any time in the sole and absolute discretion of the Lender. "Business Day" shall mean any day other than a Saturday, Sunday, or other day on which commercial banks in Boston, Massachusetts, are authorized or required to close under the laws of the Commonwealth of Massachusetts.

2. Interest Rate/Payments.

2.1. Principal amounts outstanding under this Note shall bear interest at the floating rate equal to the aggregate of the Prime Rate plus one quarter percent (.25%) per annum. The term "Prime Rate" means the greater of (i) a variable per annum rate of interest so designated from time to time by Fleet National Bank (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.

2.2. All interest shall be: (a) payable in arrears commencing January 1, 2004 and on the same day of each month thereafter until the principal together with all interest and other charges payable with respect to the Note 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 rate payable under this Note.

2.3. This Note or any portion thereof may be prepaid in full or in part at any time. Amounts paid or prepaid may not be reborrowed.

2.4. 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 the Lender, or, if not paid under this subsection (a), (b) by wire transfer to Lender or (c) to such other bank or address as the holder of the Note 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 Note on the next business day. Payments which are by check, which Lender may at its option accept or reject, or which are not in the form of immediately available funds shall not be credited to the Note until such funds become immediately available to Lender, and, with respect to payments by check, such credit shall be provisional until the item is finally paid by the payor bank.

2.5. Lender 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 Lender 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.

2.6. Lender shall have the option of imposing, and Borrower shall pay upon billing therefor, an interest rate which is four percent (4.0%) per annum above the rate then in effect with respect to the Note ("Default Rate") following the fifth (5th) Business Day after any demand for payment in full by the Lender.

2.7. Borrower shall pay a late charge (herein, the "Late Charge") equal to five percent (5%) of the amount of any interest, 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 Lender for administrative and processing costs incident to late payments, (c) are not interest, and (d) not subject to refund or rebate or credited against any other amount due.

2.8. All payments shall be applied first to the payment of all fees, expenses and other amounts due to the Lender (excluding principal and interest),

then to accrued interest, and the balance on account of outstanding principal; provided, however, that after demand, payments will be applied to the obligations of Borrower to the Lender as Lender determines in its sole discretion.

2.9. Upon the execution hereof, the Borrower shall pay to the Lender a closing fee of $100,000.00.

3. Acceleration.

Upon demand by the Lender, 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 such demand, Lender shall have, in addition to any rights and remedies contained herein, any and all rights and remedies set forth under applicable law. The rights, remedies, powers, privileges, and discretions of the Lender hereunder (herein, the "LENDER'S RIGHTS AND REMEDIES") shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. No delay or omission by the Lender in exercising or enforcing any of the Lender's Rights and Remedies shall operate as, or constitute, a waiver thereof. No waiver by the Lender of any of the Lender's Rights and Remedies or of any default or remedies under any other agreement with the Borrower, or of any default under any agreement with the Borrower, or any other person liable or obligated for or on the liabilities under this Note, shall operate as a waiver of any other of the Lender's Rights and Remedies or of any default or remedy hereunder or thereunder. No exercise of any of the Lender's Rights and Remedies and no other agreement or transaction of whatever nature entered into between the Lender and the Borrower and/or between the Lender and any such other person at any time shall preclude any other exercise of the Lender's Rights and Remedies. No waiver by the Lender of any of the Lender's Rights and Remedies on any one occasion shall be deemed a waiver on any subsequent occasion, nor shall it be deemed a continuing waiver. All of the Lender's Rights and Remedies, and all of the Lender's rights, remedies, powers, privileges, and discretions under any other agreement or transaction with the Borrower or any guarantor, endorser, or other person liable under or on account of this Note shall be cumulative and not alternative or exclusive, and may be exercised by the Lender at such time or times and in such order of preference as the Lender in its sole discretion may determine.

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 Lender 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 this Note, 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, shall be found to be unenforceable in full or to any extent, or if Lender 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 Lender or any other holder of this Note in connection with the indebtedness evidenced hereby, including, without limitation, all reasonable attorneys' fees and costs, for the implementation of the Note, the collection of the indebtedness evidenced hereby and the enforcement of rights and remedies hereunder, whether or not suit is instituted; and (f) consents to all of the terms and conditions contained in this Note, and all other instruments now or hereafter executed evidencing or governing all or any portion of the security or collateral for this Note.

5. Delay Not A Bar.

No delay or omission on the part of the Lender 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 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, or of any other instrument, guaranty, agreement or document now or hereafter executed in connection with this Note 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 and Lender 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 Lender 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 and Lender in the execution, delivery and acceptance of this Note to contract in strict compliance with the laws of the Commonwealth of Massachusetts from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof 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 Lender 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 and Lender in connection with this Note.

8. Use of Proceeds.

All proceeds of this Note shall be used solely for (i) payoff by the Borrower (or a subsidiary or affiliate of the Borrower) of that certain loan (the "GECC Loan"), in the original principal amount of Seventeen Million Five Hundred Thousand Dollars ($17,500,000), made as of June 27, 2002, by General Electric Capital Corporation ("GECC") to Delaware 1851 Associates, LP ("1851"), as evidenced by that certain Promissory Note, dated as of June 27, 2002, in the amount of Seventeen Million Five Hundred Thousand Dollars ($17,500,000), made by 1851 to GECC and that certain Loan Agreement, dated as of June 27, 2002, between 1851 and GECC, and (ii) satisfaction by the Borrower (or a subsidiary or affiliate of the Borrower) of that certain Open-End Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of June 27, 2002, made by 1851 to GECC, securing the obligations under the GECC Loan and encumbering the property commonly known as the Columbus Crossing Shopping Center, Philadelphia, Pennsylvania and having a street address of 1851 South Christopher Columbus Boulevard, Philadelphia, Pennsylvania (the "Property"). No portion of the proceeds of the loan shall be used, in whole or in part, for the purpose of purchasing or carrying any "margin stock" as such term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

9. Security.

In the event this Note shall not be repaid in full within thirty (30) days from the date of execution, upon the request of the Lender, the Borrower agrees that it shall execute and deliver to the Lender a pledge and security with respect to the Borrower's (or any subsidiary's or affiliate's of the Borrower) entire ownership interest in the entity owning the Property, and take such other action and execute such further documents as the Lender may request to vest, perfect and confirm such pledge.

10. Notices. Any notice or other communication in connection with this Note, 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

with a copy 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

with copies by regular mail or such hand delivery or facsimile transmission to:

Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, NY 10038-4982
Attention: Mark A. Levy, Esquire
Fax Number: (212) 806-6006

If to Lender:

Fleet National Bank
100 Federal Street
Boston, Massachusetts 02110
Attention: James L. Keough
Mail Stop: MA DE 10008H
FAX Number: (617) 434-6384

And

Attention: Commercial Real Estate Loan
Administration Manager,

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

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 this Note 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.

11. Governing Law and Consent to Jurisdiction.

11.1. Substantial Relationship. It is understood and agreed that this Note was delivered in the Commonwealth of Massachusetts, which Commonwealth the parties agree has a substantial relationship to the parties and to the underlying transactions embodied by this Note.

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 documents executed in connection therewith, shall in all respects be governed, construed, applied and enforced in accordance with the internal laws of the Commonwealth of Massachusetts 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. Consent to Jurisdiction. THE BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF THIS NOTE MAY BE BROUGHT IN THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY FEDERAL COURT SITTING THEREIN 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 ABOVE. 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 AND LENDER 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 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 LENDER RELATING TO THE ADMINISTRATION OF THIS NOTE OR ENFORCEMENT OF THIS NOTE, 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 LENDER HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT 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 EVIDENCED BY THIS NOTE.

13. No Oral Change.

This Note 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 hereof. 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.

14. Rights of the Holder.

This Note, and the rights and remedies provided for herein, may be enforced by Lender, the holder, or any subsequent holder hereof. Wherever the context permits, each reference to the term "holder" herein shall mean and refer to Lender, 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 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 this Note.

16. Assignment.

Borrower may not assign this Note or its obligations hereunder without the prior written consent of Lender in each instance.

17. Setoff. Subject to the terms of this Section 16, Borrower hereby grants to the Lender, a continuing lien, security interest and right of setoff as security for all of the obligations under this Note, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Lender or any entity under the control of FleetBoston Financial Corporation and its successors and assigns, or in transit to any of them. If any payment is not made when due under this Note, after giving regard to applicable grace periods, if any, or if the Lender makes demand for payment in full hereunder, any such deposits, balances or other sums credited by or due from Lender, any affiliate of Lender or FleetBoston Financial Corporation, or from any such affiliate of Lender or FleetBoston Financial Corporation, 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 Lender against any or all of Borrower's obligations under this Note irrespective of whether demand shall have been made and although such obligations may be unmatured, in such manner as Lender in its sole and absolute discretion may determine. Within five (5) Business Days of making any such set off, appropriation or application, Lender 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 LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE NOTE, 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.

[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:

Janet Paturzo

BORROWER:

CEDAR SHOPPING CENTERS PARTNERSHIP, LP. A DELAWARE LIMITED PARTNERSHIP

BY ITS GENERAL PARTNER

CEDAR SHOPPING CENTERS, INC.

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

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AMENDED AND RESTATED
AGREEMENT OF LIMITED PARTNERSHIP
OF
DELAWARE 1851 ASSOCIATES, LP,
A PENNSYLVANIA LIMITED PARTNERSHIP

DATED: AS OF DECEMBER 9TH, 2003

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TABLE OF CONTENTS

<TABLE>
<CAPTION>

</TABLE>

<TABLE>

</TABLE>

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF DELAWARE 1851 ASSOCIATES, LP, A PENNSYLVANIA LIMITED PARTNERSHIP

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (as the same may be amended from time to time, this "Agreement") OF DELAWARE 1851 ASSOCIATES, LP, A PENNSYLVANIA LIMITED PARTNERSHIP (the "Partnership") is made and entered into as of the ___ day of December, 2003, by and among Cedar-Columbus LLC, a Delaware limited liability company ("Cedar GP"), CSC-Columbus LLC, a Delaware limited liability company ("Cedar LP"), Welsh-Square, Inc., a Pennsylvania corporation ("WSI"), Indenture of Trust of Bart Blatstein dated as of June 9, 1998, a Pennsylvania trust ("1998 Trust") and Irrevocable Indenture of Trust of Barton Blatstein dated July 13, 1999, a Pennsylvania trust ("1999 Trust"; 1998 Trust and 1999 Trust are sometimes collectively referred to herein as "Original LPs"; WSI and Original LPs are sometimes collectively referred to herein as the "Preferred Holders").

W I T N E S S E T H

WHEREAS, the Partnership was formed as a limited partnership pursuant to the Pennsylvania Revised Uniform Limited Partnership Act (as it may be amended from time to time, or any successor statute, the "Act") by the filing of the Certificate of Limited Partnership of the Partnership with the Pennsylvania Secretary of State on April 23, 1999 (as the same has been and may hereafter be

amended from time to time, the "Certificate");

WHEREAS, pursuant to that certain Limited Partners Agreement of the Partnership, dated April 21, 1999, by and between Original GP and The Blatstein Family Trust II; as amended and corrected by that certain Amendment to Limited Partners Agreement of the Partnership dated as of December 19, 2000 and that certain Limited Partners Agreement of the Partnership executed on December 19, 2000 to be effective as of April 21, 1999; as further amended by that certain Assignment, Assumption and Modification Agreement dated as of December 19, 2000; and as further amended by that certain Amendment to Limited Partnership of the Partnership, dated June 24, 2002 (collectively, the "Original Partnership Agreement"), Original GP was the general partner and Original LPs were limited partners in the Partnership;

WHEREAS, the Partnership is the owner of certain real property commonly known as Columbus Crossing Shopping Center and located at 1851 South Christopher Columbus Boulevard in the City and County of Philadelphia and Commonwealth of Pennsylvania, as more particularly described on Exhibit A attached hereto (the "Land"), together with all buildings, improvements, fixtures, equipment and personal property now or hereafter situated on the Land, together with the fixtures, equipment and personal property attached or appurtenant to the Land and such buildings (collectively, the "Property");

WHEREAS, Preferred Holders and Cedar LP are parties to the Recap Agreement (as that term is hereinafter defined);

WHEREAS, contemporaneously with the execution of this Agreement, Preferred Holders' interests in the Partnership are being recapitalized into the Preferred Interests (as that term is hereinafter defined);

WHEREAS, contemporaneously with the execution of this Agreement, Cedar GP and Cedar LP shall make the capital contributions more particularly set forth herein, and, in consideration of the foregoing, Cedar GP shall become the managing general partner of the Partnership and acquire 1 % of the common interests of the Partnership and Cedar LP shall become a limited partner of the Partnership and acquire 99% of the common interests of the Partnership; and

WHEREAS, the Preferred Holders desire to admit Cedar GP and Cedar LP as Partners of the Partnership, and the parties hereto desire to set forth the amended and restated agreement of the parties.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the parties agree as follows:

ARTICLE 1
FORMATION AND OFFICES

Section 1.1 Continuation.

(a) The Partnership was formed as a limited partnership under the provisions of the Act, and the parties hereto agree to continue the Partnership under the Act on the terms and conditions set forth in this Agreement.

(b) The Partnership shall immediately, and from time to time hereafter, as may be required by law, execute or cause to be executed all amendments of the Certificate, and do all filing, recording and other acts as may be appropriate under the Act and shall cause a copy of each such amendment to be distributed to the Partners.

Section 1.2 Name. All Partnership business shall be conducted in the name of the Partnership as set forth above or such other name as the Partners may select from time to time and which is in compliance with all applicable laws.

Section 1.3 Purposes.

(a) The Partnership's purpose shall be limited to owning, holding, managing, operating, leasing, mortgaging, pledging, selling, assigning, transferring and otherwise dealing with the Property. The Partnership shall exercise all powers enumerated in the Act necessary or convenient to the conduct, promotion or attainment of the business or purposes set forth herein.

(b) The Partnership shall not engage in any other business or activity without the prior unanimous written consent of the Common Partners.

Section 1.4 Powers. The Partnership shall have the power to do any and all acts reasonably necessary, appropriate, proper, advisable, incidental or convenient to or for the furtherance of the purposes and business described herein and for the protection and benefit of the Partnership.

Section 1.5 Term. The Partnership commenced on the date of the filing of the Certificate and shall continue in existence until December 31,

2053 or such earlier time as may be determined in accordance with the terms of this Agreement.

Section 1.6 Principal Office. The principal office of the Partnership shall be located at 1851 South Christopher Columbus Boulevard, Philadelphia, Pennsylvania 19148 (it being agreed, however, that Preferred Holders shall deliver to Cedar GP and Cedar LP, in accordance with Section 10.1 hereof and promptly after receipt of same, copies of all Notices related to the Partnership or the Property that are received at their office), or at such other place as Cedar GP may determine from time to time, and the Partnership shall maintain records there as required by the Act.

Section 1.7 Agent for Service of Process. The Partnership shall maintain a registered agent and office in the Commonwealth of Pennsylvania. The name and address of the registered agent of the Partnership in the Commonwealth of Pennsylvania upon whom process may be served, and the address of the registered office of the Partnership in the Commonwealth of Pennsylvania, is c/o Cedar Shopping Centers Partnership, L.P., 524 Camp Hill Mall, 32nd Street and Trindle Road, Camp Hill, Pennsylvania 17011, Attn: T. Richey. At any time, the Partnership may designate another registered agent and/or office.

Section 1.8 Additional Covenants. The Partnership shall comply with the "separateness covenants" set forth on Exhibit B.

ARTICLE 2
DEFINITIONS

Section 2.1 Definitions. Defined terms used in this Agreement shall, unless the context otherwise requires, have the following meanings:

"AAA" shall have the meaning set forth in Section 3.7(d) hereof.

"Acquisition Loan" shall have the meaning set forth in Section 3.2(c) hereof.

"Act" shall have the meaning set forth in the recitals.

"Additional Capital Contribution" shall mean any Capital Contribution made by a Partner, other than the Cedar Group Initial Capital.

"Adjusted Capital Account" shall mean, with respect to any Partner, the balance, if any, in such Partner's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Partner is obligated to restore pursuant to the terms of this Agreement or is deemed to be obligated to restore pursuant to Treasury Regulations Section 1.704-1(b)(2)(ii)(c) and the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in paragraphs (4), (5) and (6) of Treasury Regulations Section 1.704-1(b)(2)(ii)(d).

The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations to the extent relevant thereto and shall be interpreted consistently therewith.

"Adjusted Preferred Interests" shall mean the Preferred Interests, reduced by (i) the aggregate amount of distributions to Preferred Holders pursuant to Section 5.2(b)(1) hereof and (ii) distributions and other adjustment pursuant to Section 3.2 hereof.

"Adjustment Demand" shall have the meaning set forth in Section 5.5(b)(2).

"Affiliate" shall mean, when used with reference to a specified Person, (i) any Person directly or indirectly controlling, controlled by (as manager or otherwise), or under common control with the specified Person, (ii) a Person owning or controlling, directly or indirectly, ten percent (10%) or more of the outstanding voting securities of such specified Person, (iii) any person related by blood or by marriage (including relatives by adoption) to such Person, the estate of such Person and such Person's heirs and descendants, (iv) any officer or director of such specified Person and (v) if such other Person is an officer or director, any company for which such Person acts in such capacity.

"Agreement" shall mean this Agreement, as same may be amended from time to time.

"Available Net Cash Flow" shall have the meaning set forth in Section 5.1 (a) hereof.

"Bankruptcy" or "Bankrupt" as to any Person shall mean the filing of a

petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Code of 1978 or like provision of law (except if such petition is filed by a Person other than the Person that is the debtor or bankrupt, such filing is contested by the Person that is the debtor or bankrupt, and such petition has been dismissed within one hundred twenty (120) days); insolvency of such Person as finally determined by a court proceeding (except if such adjudication is stayed or dismissed within one hundred twenty (120) days); filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of such Person's assets; or commencement of any proceedings relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates such Person's approval of such proceeding, consents thereto or acquiesces therein, or

such proceeding is contested by such Person and has not been finally dismissed within one hundred twenty (120) days.

"Business Day" shall mean any day other than a Saturday, Sunday or any other day on which banks in New York or Pennsylvania are required or permitted to be closed.

"Capital Account" shall mean, with respect to any Partner, the Capital Account maintained for such Partner in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv) and the following provisions:

(a) To each Partner's Capital Account there shall be credited such Partner's Capital Contributions, such Partner's share of Profits, and any items in the nature of income or gain that are specially allocated to such Partner pursuant to Section 4.3 and Section 4.4 hereof, and the amount of any Partnership liabilities that are assumed by such Partner (other than liabilities that are secured by any Partnership property distributed to such Partner).

(b) To each Partner's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Partnership property distributed to such Partner pursuant to any provision of this Agreement (net of liabilities secured by such distributed property that such Partner is considered to assume or take subject to under Code Section 752), such Partner's share of Losses, and any items in the nature of expenses or losses that are specially allocated to such Partner pursuant to Section 4.3 and Section 4.4 hereof, and the amount of any liabilities of such Partner that are assumed by the Partnership (other than liabilities that are secured by any property contributed by such Partner to the Partnership).

(c) In the event any interest in the Partnership is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest. In the case of a sale or exchange of an interest in the Partnership at a time when an election under Code Section 754 is in effect, the Capital Account of the transferee Partner shall not be adjusted to reflect the adjustments to the adjusted tax bases of Partnership property required under Code Sections 754 and 743, except as otherwise permitted by Treasury Regulations Section 1.704-1(b)(2)(iv)(m).

(d) In determining the amount of any liability for purposes of clauses (a) and (b) of this definition of Capital Account, there shall be taken into account Code Section 752(c) and the Treasury Regulations promulgated thereunder, and any other applicable provisions of the Code and Regulations.

(e) In the event the Gross Asset Values of Partnership assets are adjusted pursuant to clauses (b) and (d) of the definition of Gross Asset Value, the Capital Accounts of all Partners shall be adjusted simultaneously to reflect the manner in which unrealized income, gain, loss and deduction inherent in all Partnership assets (that has not been previously reflected in the Capital Accounts) would be allocated pursuant to Article 4 if there were a taxable disposition of Partnership property at fair market value. Similarly, in the event of a distribution of Partnership assets to a Partner (whether in connection with a liquidation or otherwise), the Capital Accounts shall be adjusted to reflect the manner in which unrealized income, gain, loss and deduction inherent in such distributed assets (not previously reflected in Capital Accounts) would be

allocated pursuant to Article 4 if there were a taxable disposition of such distributed assets at fair market value.

(f) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Sections 1.704-1(b) and 1.704-2, and shall be interpreted and applied in a manner consistent with such Regulations. In the event that Cedar GP shall determine that it is prudent to modify the manner in

which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Regulations or to reflect the intention of the parties hereto, Cedar GP may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Partner upon the dissolution of the Partnership.

"Capital Contribution" shall mean, with respect to any Partner, the amount of money and the initial Gross Asset Value of any property contributed or deemed contributed by such Partner to the Partnership (net of any liabilities secured by such property or to which such property is otherwise subject). Any reference in this Agreement to the Capital Contribution of a Partner shall include the Capital Contribution made by any predecessor of a Partner.

"Capital Event Proceeds" shall have the meaning set forth in Section 5.2(a) hereof.

"Cedar GP" shall have the meaning set forth in the preamble.

"Cedar Group" shall mean Cedar GP and Cedar LP and any party that shall acquire all or any portion of the Partnership Interests that were originally owned by Cedar GP and Cedar LP; provided, however, if Preferred Holders or a member of the Preferred Group shall acquire the Partnership Interest of a member of the Cedar Group, Preferred Holders or such member of the Preferred Group shall not become a member of the Cedar Group.

"Cedar LP" shall have the meaning set forth in the preamble.

"Cedar Group Initial Capital" shall mean $_____, said amount representing the sum of all legal fees, title insurance premiums and other closing costs and adjustments paid by Cedar Group in connection with the Closing, and any other amount deemed to be added to, and part of, the Cedar Group Initial Capital pursuant to Section 3.2 hereof.

"Certificate" shall have the meaning set forth in the recitals.

"Closing" shall have the meaning set forth in the Recap Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended, or any corresponding provision or provisions of succeeding law.

"Common Partners" shall mean, collectively, Cedar GP, Cedar LP and any Person or Persons who, at the time of reference thereto, has been admitted as a successor Common Partner or as an additional Common Partner and, in the case of any of the foregoing, has not

withdrawn from the Partnership, in each such Person's capacity as a Common Partner. "Common Partner" shall mean any one of the Common Partners.

"Common Percentage Interest" shall mean the percentage of ownership interest in the Partnership of each Partner, excluding the Preferred Interests. The initial Common Percentage Interests are set forth in Section 3.3 hereof.

"Delivering Party" shall have the meaning set forth in Section 3.7(d) hereof.

"Depreciation" shall mean, for each Fiscal Year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year or other period bears to such beginning adjusted tax basis.

"Dissolution Event" shall have the meaning set forth in Section 8.1 hereof.

"Distribution Sections" shall have the meaning set forth in Section 3.7(b) hereof.

"Entity" shall mean any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association.

"Fiscal Year" shall mean the calendar year, except that the last Fiscal Year of the Partnership shall end on the date on which the Partnership shall terminate and commence on the January 1 immediately preceding such date of termination.

"Governmental Entity" shall mean the United States, the Commonwealth of Pennsylvania, any other state that shall have jurisdiction over the Partnership and any Partner, any municipality, and political subdivision of any of the

foregoing, and any agency, authority, department, court, commission or other legal entity of any of the foregoing.

"Gross Asset Value" shall mean, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as determined by the Partners;

(b) The Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as reasonably determined by Cedar GP, as of the following times: (i) the acquisition of an interest or an additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (ii) the distribution by the Partnership to a Partner of more than a de minimis amount of property or money as consideration for an interest in the Partnership; and (iii) the liquidation of the Partnership within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i) and (ii) above shall be made only if Cedar GP

shall reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners;

(c) The Gross Asset Value of any Partnership asset distributed to a Partner shall be adjusted to the gross fair market value of such asset on the date of distribution, as determined under Section 5.4 hereof;

(d) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this clause (d) to the extent Cedar GP determines that an adjustment pursuant to clause (b) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this clause (d); and

(e) If the Gross Asset Value of an asset has been determined or adjusted pursuant to clauses (a), (b), or (d), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Group" shall mean the Preferred Group or the Cedar Group.

"Indirect Interest" shall mean an ownership interest (whether direct or indirect) in a Partner (as opposed to a Partner's ownership interest in the Partnership).

"Indirect Owner" shall mean a Person holding an Indirect Interest.

"Land" shall have the meaning set forth in the recitals.

"Lender" shall mean any unaffiliated lender that shall provide a loan to the Partnership.

"Liquidating Trustee" shall have the meaning set forth in Section 8.2 hereof.

"Loan" shall mean any loan or loans made to the Partnership, evidenced and/or contemplated by the Loan Documents.

"Loan Documents" shall mean the note(s), mortgage(s), loan agreement(s) and other documents delivered by the Partnership or a Guarantor to a Lender in connection with a Loan.

"Net Expenditures" shall mean the Partnership's total direct and indirect expenditures incurred in connection with the transaction to purchase the Redemption Property, including without limitation any down payments (until such time as such payments are either refunded or applied), brokers fees, transfer taxes, loan fees (to the extent not deducted from loan proceeds), legal fees

of the counsel designated by Preferred Holders and the reasonable legal fees of the counsel designated by the Partnership to review the purchase transaction, less any amounts funded by Preferred Holders and any proceeds from any Acquisition Loans.

"Nonrecourse Deductions" shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(1). The amount of Nonrecourse Deductions for a Fiscal Year shall equal the excess, if any, of the net increase, if any, in the

amount of Partnership Minimum Gain during that Fiscal Year, over the aggregate amount of any distributions during that Fiscal Year of proceeds of a Nonrecourse Liability that are allocable to an increase in Partnership Minimum Gain, determined according to the provisions of Treasury Regulations Section 1.704-2(c).

"Nonrecourse Liability" shall have the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

"Notices" shall have the meaning set forth in Section 10.1 hereof.

"Operating Documents" shall mean all contracts and agreements of all kinds entered into by or on behalf of the Partnership in connection with the business purposes thereof.

"Original LPs" shall have the meaning set forth in the preamble.

"Original Partnership Agreement" shall have the meaning set forth in the recitals.

"Outside Date" shall mean the tenth (10th) anniversary of the date of this Agreement.

"Partner Nonrecourse Debt" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Debt Minimum Gain" shall mean an amount, with respect to each Partner Nonrecourse Debt, equal to the Partnership Minimum Gain that would result if such Partner Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)(2) and (3).

"Partner Nonrecourse Deductions" shall have the meaning set forth in Treasury Regulations Section 1.704-2(i)(2). For any Fiscal Year, the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt equals the excess, if any, of the net increase, if any, in the amount of the Partner Nonrecourse Debt Minimum Gain over the aggregate amount of any distributions during such Year to the Partner that bears the economic risk of loss for such Partner Nonrecourse Debt to the extent such distributions are from proceeds of such Partner Nonrecourse Debt and are allocable to an increase in Partner Nonrecourse Debt Minimum Gain, determined according to the provisions of Treasury Regulations Section 1.704-2(i)(2).

"Partners" shall mean, collectively, Cedar GP, Cedar LP, the Preferred Holders, and any Person or Persons who, at the time of reference thereto, has been admitted as a successor Partner or as an additional Partner and, in the case of any of the foregoing, has not withdrawn

from the Partnership, in each such Person's capacity as a Partner. "Partner" shall mean any one of the Partners.

"Partnership" shall mean Delaware 1851 Associates, LP, a Pennsylvania limited partnership, as the same may from time to time be constituted, and any successor limited partnership.

"Partnership Accountants" shall mean such accountants that shall be selected by Cedar GP to be the accountants for the Partnership.

"Partnership Interest" shall mean the entire ownership interest of a Partner in the Partnership at any particular time, including the rights and obligations of such Partner under this Agreement.

"Partnership Minimum Gain" shall have the meaning set forth in Treasury Regulations Section 1.704-2(d).

"Person" shall mean any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits.

"Pre-Closing Claims" shall have the meaning set forth in Section 5.5(a) hereof.

"Preferred Group" shall mean Preferred Holders and any party that shall acquire all or any portion of the Partnership Interests that were originally owned by Preferred Holders; provided, however, if Cedar GP, Cedar LP or a member of the Cedar Group shall acquire the Partnership Interest of a member of the Preferred Group, Cedar GP, Cedar LP or such member of the Cedar Group shall not become a member of the Preferred Group.

"Preferred Holders" shall have the meaning set forth in the preamble.

"Preferred Interests" shall mean the preferred limited partnership interests in the Partnership of the Preferred Holders in an amount equal to Six

Million Six Hundred Seventeen Thousand ($6,617,000) Dollars.

"Preferred Priority Return" shall mean an amount equal to 6.5% per annum, cumulative, compounded annually (prorated for any partial year) of the Adjusted Preferred Interests existing from time to time during the period to which the Preferred Priority Return relates.

"Profits" and "Losses" shall mean, for each Fiscal Year or other period, an amount equal to the Partnership's taxable income or loss for such Fiscal Year or period (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss and each item of income, gain, expense, deduction and loss shall be allocable to the Partners in accordance herewith), with the following adjustments for purposes of adjusting Capital Accounts and maintaining the same in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv):

(a) Any income of the Partnership that is exempt from federal income tax (except for rental income accrued on the Partnership's financial statement on a straight line basis for GAAP purposes) and not otherwise taken into account in computing Profits or Losses pursuant to this definitional section shall be added to such taxable income or loss;

(b) Any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses, shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subsections (b), (c) or (d) of the definition of "Gross Asset Value", the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the definition of Depreciation; and

(f) Notwithstanding any other provision of this definitional section, any items which are specially allocated pursuant to Section 4.3 and Section 4.4 hereof shall not be taken into account in computing Profits or Losses.

"Property" shall have the meaning set forth in the recitals.

"Property Management Agreement" shall have the meaning set forth in Section 6.5(c) hereof.

"Recap Agreement" shall mean that certain agreement, dated as of October 2, 2003, between the Partnership, Preferred Holders and Cedar LP, as amended by that certain Amendment to Recapitalization Agreement, dated as of November 3, 2003, between the Partnership, Preferred Holders and Cedar LP, and that certain Second Amendment to Recapitalization Agreement, dated as of December 9th, 2003, between the Partnership, Preferred Holders and Cedar LP.

"Recapitalization" shall mean, collectively, (i) the admission of the Cedar Group to the Partnership, and (ii) the recapitalization of Preferred Holders' entire interest in the Partnership.

"Recipient Party" shall have the meaning set forth in Section 3.7(d) hereof.

"Redemption Price" shall mean an amount equal to the balance of the Preferred Interests, including any accrued and unpaid Preferred Priority Return, immediately prior to the redemption of the Preferred Interests, less any Net Expenditures incurred by the Partnership not yet debited against the balance of the Preferred Interests.

"Redemption Property" shall have the meaning set forth in Section 3.2(c) hereof.

"Repayment Capital Contribution" shall have the meaning set forth in Section 3.2(b) hereof.

"Reserves" shall mean amounts allocated to reserves maintained for working capital or for contingencies of the Partnership.

"Sale" shall mean a sale or other disposition of all or any portion of the Property (other than pursuant to an involuntary conversion, foreclosure or deed in lieu of foreclosure given to an unrelated third party or a tax-free exchange that would not result in the recognition of gain by the Preferred Holders).

"SEC" shall have the meaning set forth in Section 9.2 hereof.

"Substituted Partner" shall mean a person who is admitted to the Partnership as a Substituted Partner in accordance with Section 7.3 hereof.

"Tax Matters Partner" shall have the meaning set forth in Section 9.4 hereof.

"Transfer" shall have the meaning set forth in Section 7.1(a) hereof.

"WSI" shall have the meaning set forth in the Preamble.

ARTICLE 3
CAPITAL CONTRIBUTIONS

Section 3.1 Capital Contributions.

(a) Upon the execution of this Agreement, the Cedar Group shall be deemed to have contributed to the capital of the Partnership the Cedar Group Initial Capital.

(b) Following the payments set forth in Section 3.1(a):

(1) Cedar GP's Capital Account as of the date of this Agreement shall be equal to $_____, said amount representing 1% of the Cedar Group Initial Capital.

(2) Cedar LP's Capital Account as of the date of this Agreement shall be equal to $_____, said amount representing 99% of the Cedar Group Initial Capital.

(3) Preferred Holders' Capital Account as of the date of this Agreement shall be equal to Six Million Six Hundred Seventeen Thousand ($6,617,000) Dollars.

(c) Except as set forth in this Agreement, no Partner shall be required or obligated to contribute any capital to the Partnership or to lend any funds to the Partnership. In no event shall Preferred Holders be required or entitled to contribute any capital to the Partnership or to lend any funds to the Partnership, and no event or action, other than pursuant to Section 3.2, shall cause the reduction or diminution of the Preferred Interests.

(d) Additional Capital Contributions. If available cash and available working capital are insufficient for the operation of the Partnership, Cedar GP shall have the right to request Additional Capital Contributions from the Common Partners, and the Common Partners agree that any such Additional Capital Contributions that shall be required by the Company shall be made by the Common Partners in proportion to their respective Common Percentage Interests. Any Additional Capital Contributions made by a Common Partner pursuant to this Section 3.1(d) shall not increase such Common Partner's Common Percentage Interest.

Section 3.2 Redemption of the Preferred Interests.

(a) The Partnership shall redeem the Preferred Interests for cash or property (or a combination thereof), at Preferred Holders' election at any time after the date of this Agreement, in an amount equal to the Redemption Price. Preferred Holders may elect to have the Preferred Interests redeemed in part, provided that (i) Preferred Holders may elect a redemption of the Preferred Interests on no more than four (4) separate occasions, (ii) Preferred Holders must elect to have the Preferred Interests redeemed in full on the fourth (4th) election, if made, and (iii) the balance of the Preferred Interests (including any accrued and unpaid Preferred Priority Return) shall be decreased by (1) any cash paid by the Partnership in redemption of the Preferred Interests, (2) the Net Expenditures paid by the Partnership in connection with any property distributed by the Partnership in redemption of the Preferred Interests, and (3) any other reduction required pursuant to this Agreement. Any payments made pursuant to clause (iii) of this Section 3.2(a) shall be applied first in reduction of the Preferred Interests and then in reduction of the Preferred Priority Return.

(b) Upon Preferred Holders' election to redeem all or a portion of the Preferred Interests (and Preferred Holders having obtained the consent of

the Cedar Group to the extent such consent is required pursuant to the terms of this Agreement), each member of the Cedar Group shall be required to contribute to the capital of the Partnership, pari passu in accordance with such member's Common Interest Percentage, an amount equal to the Preferred Interests being redeemed at such time (any such Capital Contribution, a "Repayment Capital Contribution"). The Repayment Capital Contribution that shall be made by Cedar Group shall be deemed to be added to, and be part of, the Cedar Group Initial Capital.

(c) If Preferred Holders shall elect to receive property (the "Redemption Property") in redemption of the Preferred Interests, the Partnership shall be obligated to purchase the Redemption Property designated by Preferred Holders and to borrow money in connection therewith, provided that (i) any loan is arranged for, or provided, by Preferred Holders (the "Acquisition Loan"), (ii) either (x) the Partnership has no obligations under the Acquisition Loan, or (y) the Acquisition Loan is secured by the Redemption Property and is nonrecourse to the Partnership, (iii) the Partnership shall not be obligated to incur Net Expenditures in excess of

the Redemption Price, unless Preferred Holders fund the balance of any difference, (iv) Preferred Holders shall deliver or cause to be delivered any and all guarantees or indemnities that may be required in connection with such Acquisition Loan, (v) Preferred Holders shall deliver an amount equal to the transfer, stamp or similar taxes payable in connection with the purchase of the Redemption Property by the Partnership and the subsequent distribution of the Redemption Property by the Partnership, and (vi) the Lender consents to, or has preapproved in accordance with Section 6.3, the acquisition by the Partnership of the Redemption Property. Preferred Holders may fund any additional monies needed to purchase the Redemption Property in any reasonable manner selected by Preferred Holders and reasonably approved by Cedar GP (e.g., through a third party escrow arrangement). In connection with the purchase of the Redemption Property, the Partnership shall help Preferred Holders to create a separate legal entity through which to purchase the Redemption Property, the Partnership shall retain counsel designated by Preferred Holders and reasonably satisfactory to the Partnership, and the Partners shall cooperate in obtaining from the Lender (in the event such transaction was not preapproved in accordance with Section 6.3) its consent to the acquisition by the Partnership of the Redemption Property.

(d) The Partnership shall not have (i) any unreimbursed liability with respect to the Redemption Property or the transaction pursuant to which such Redemption Property is acquired or attempted to be acquired if such transaction does not close for any reason (other than Net Expenditures not in excess of the Redemption Price), or (ii) any obligation to incur Net Expenditures in excess of the Redemption Price. In the event the Redemption Property is not purchased for any reason, the balance of the Preferred Interests (including any accrued and unpaid Preferred Priority Return) shall be reduced by the amount of the Net Expenditures incurred in connection with the transaction to purchase such Redemption Property in lieu of any reimbursement pursuant to this Section 3.2(d). Such Net Expenditures shall be applied first in reduction of the Preferred Interests and then in reduction of the Preferred Priority Return.

(e) The Partnership may redeem the Preferred Interests (including any accrued but unpaid Preferred Priority Return) in full, but not in part, for an amount of cash equal to the Redemption Price at any time from and after (i) the Outside Date, or (ii) the date that Preferred Holders shall commence an action against any of the other Partners with respect to the Partnership or its assets, other than to enforce its rights under this Agreement.

Section 3.3 Common Percentage Interests of Partners.

(a) Upon the execution of this Agreement:

(1) Cedar GP's Common Percentage Interest shall be 1.0%; and

(2) Cedar LP's Common Percentage Interest shall be 99.0%.

(b) The Common Percentage Interests of the Partners shall be adjusted to account for admissions, transfers and conveyances pursuant to Article 7 hereof.

Section 3.4 Limitation on Liability of Limited Partners. The liability of each Partner, other than Cedar GP or any successor general partner of the Partnership, shall be limited to such Partner's Capital Contributions and Additional Capital Contributions, and no Partner, other than

Cedar GP or any successor general partner of the Partnership, shall, subject to the provisions of the Act, have any personal liability in respect of any liabilities or obligations of the Partnership or the Partners, beyond the amount that it shall, in accordance with this Agreement, contribute (or be required to

contribute) to the capital of the Partnership.

Section 3.5 No Withdrawal of Capital Contributions. Except upon dissolution and liquidation of the Partnership, no Partner shall have the right to withdraw, reduce or demand the return of its Capital Contribution, or any part thereof, or any distribution thereon. Except as otherwise provided herein, no Partner shall have the right to receive property other than cash in connection with a distribution or return of capital. Except as otherwise provided in this Agreement, no Partner shall be entitled to receive interest on such Partner's Capital Contributions to the Partnership.

Section 3.6 Return of Capital Contributions.

(a) Except upon dissolution and liquidation of the Partnership or as provided in Article 5 hereof, there is no agreement, nor time set, for the return of any Capital Contribution or Additional Capital Contribution of any Partner.

(b) None of the Partners, nor any of their respective Affiliates, nor any officer, director, shareholder, employee or agent of any of the Partners or their Affiliates, shall be personally liable for the return or repayment of any Capital Contribution or Additional Capital Contribution.

Section 3.7 Intentionally Omitted.

Section 3.8 Termination of Affiliate Loans. As of the date hereof, Preferred Holders shall have caused any sums owed by the Partnership to any Affiliate of Preferred Holders to be repaid in full such that no balance is outstanding with respect to any such sums.

Section 3.9 Intentionally Omitted.

Section 3.10 Sums Paid Under Guarantees or Indemnities. If the Preferred Owners or any Affiliate of the Preferred Owners shall make a payment under any guaranty or indemnity on account of an event that occurred prior to the date of this Agreement, the party making such payment shall not be entitled to any reimbursement by any of the other Partners or the Partnership on account of such payment, and such payment shall not increase the Capital Account of the Preferred Owners, and such payment shall not be deemed to be a Capital Contribution.

ARTICLE 4
ALLOCATIONS OF PROFITS AND LOSSES

Section 4.1 Allocation of Profits. After giving effect to the special allocations set forth in Section 4.3 and Section 4.4 hereof, Profits for any Fiscal Year shall be allocated to the Common Partners in proportion to their respective Common Percentage Interests.

Section 4.2 Allocation of Losses. After giving effect to the special allocations set forth in Section 4.3 and Section 4.4 hereof, Losses for any Fiscal Year shall be allocated to the Common Partners in proportion to their respective Common Percentage Interests.

Section 4.3 Allocations to Reflect Priority Returns. For each Fiscal Year of the Partnership, before any allocations of Profits and Losses shall be made to the Partners pursuant to Section 4.1 or Section 4.2, items of gross income and gain of the Partnership shall be allocated to Preferred Holders in an amount equal to the excess, if any, of (i) the accrued Preferred Priority Return for the current Fiscal Year and all prior Fiscal Years, whether or not paid, over (ii) the cumulative amount of items of gross income or gain allocated to Preferred Holders pursuant to this Section 4.3 for the current Fiscal Year and all prior Fiscal Years.

Section 4.4 Special Allocations.

(a) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Article 4 and except as otherwise provided in Section 1.704-2(f) of the Treasury Regulations, if there is a net decrease in Partnership Minimum Gain during any Fiscal Year of the Partnership, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Treasury Regulations Section 1.704-(2)(g). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). This Section 4.4(a) is intended to comply with the minimum gain chargeback requirement in such Section of the Treasury Regulations and shall be interpreted consistently therewith.

(b) Partner Minimum Gain Chargeback. Notwithstanding any other provision of this Article 4, if there is a net decrease in Partner Nonrecourse Debt Minimum Gain attributable to a Partner Nonrecourse Debt, then, except as otherwise provided in Treasury Regulations Section 1.704-2(i), each Partner who

has a share of the Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Nonrecourse Debt Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4) and (j)(2). This Section 4.4(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Treasury Regulations and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Partner unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, any deficit balance in such Partner's Adjusted Capital Account as quickly

as possible, provided that an allocation pursuant to this Section 4.4(c) shall be made only if and to the extent that such Partner would have a deficit balance in its Adjusted Capital Account after all other allocations provided for in this Section have been tentatively made as if this Section 4.4(c) were not in the Agreement.

(d) Nonrecourse Deductions. Nonrecourse Deductions for any Fiscal Year or portion thereof shall be allocated solely to the Cedar Group.

(e) Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any Fiscal Year of the Company or portion thereof shall be allocated to the Partner who bears the economic risk of loss with respect to the nonrecourse debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Treasury Regulations Section 1.704-2(i)(1).

(f) Excess Non-Recourse Liabilities. The "excess non-recourse liabilities" of the Partnership within the meaning of Treasury Regulations Section 1.752-3(a)(3) shall be allocated to the Common Partners pro rata in accordance with their respective Common Percentage Interests.

(g) Deficit Restoration Obligation. Cedar LP shall have the right to provide the Partnership with an unconditional obligation to restore the deficit balance, if any, in its Adjusted Capital Account. Cedar LP shall have the right to satisfy such obligation by contributing to the Partnership its right to receive any amounts owed to Cedar LP by any other Partner.

(h) Loss Allocation Limitation. Notwithstanding the provisions of Section 4.2 hereof, Losses (or items of loss) allocated pursuant to Section 4.2 hereof shall not exceed the maximum amount of Losses (or items of loss) that can be so allocated without causing any Partner to have a deficit balance in its Adjusted Capital Account at the end of any Fiscal Year. In the event some but not all of the Partners would have deficit balances in their Adjusted Capital Accounts as a result of an allocation of Losses (or items of loss) pursuant to Section 4.2 hereof, the limitation set forth in this Section 4.4(h) shall be applied on a Partner by Partner basis so as to allocate the maximum permissible Losses (or items of loss) to each Partner under Treasury Regulations Section 1.704-1(b)(2)(ii)(d). All Losses (or items of loss) in excess of the limitation set forth in this Section 4.4(h) shall be allocated to other Partners in accordance with the provisions of Section 4.2, provided that no Losses (or items of loss) shall be allocated to any Partners who are not permitted to be allocated any Losses (or items of loss) under this Section 4.4(h).

Section 4.5 Other Allocations.

(a) If the respective interests of the existing Partners in the Partnership change or if a Partnership Interest is transferred to any other Person, then, for the Fiscal Year of transfer, all income, gains, losses, deductions, tax credits and other tax incidents resulting from the operations of the Partnership shall be allocated between transferor and transferee, as reasonably determined by Cedar GP using any method permissible under Section 706 of the Code. A transferee of an interest in the Partnership shall succeed to the Capital Account of the transferor

Partner to the extent it relates to the transferred interest. With respect to the change in ownership of the Partnership resulting from the Recapitalization, the Partnership shall use the closing of the books method described in Section 706(c) of the Code or such other method selected by Cedar GP.

(b) For each Fiscal Year, items of Partnership income, gain, loss,

deduction and expenses shall be allocated for federal, state and local purposes among the Partners in the same manner as the Profits and Losses or other gains or losses to which such items relate were allocated pursuant to Section 4.1, Section 4.2, Section 4.3 and Section 4.4 hereof.

Section 4.6 Tax Allocations: Code Section 704(c).

(a) In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its initial Gross Asset Value.

(b) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to any provision of this Agreement in accordance with the definition of Gross Asset Value, subsequent allocations of income, gain, loss and deduction with respect to such Partnership asset shall take into account any variation between the adjusted basis of such Partnership asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Treasury Regulations thereunder.

(c) Consistent with Section 4.6(b) hereof, immediately prior to the execution of this Agreement the Gross Asset Value of the Property has been adjusted to equal Twenty Four Million One Hundred Seventeen Thousand ($24,117,000) Dollars. For purposes of this Agreement, based on the Partnership's tax basis as of the date of this Agreement, the tax basis of the Property is Sixteen Million Two Hundred Thousand ($16,200,000) Dollars. The Partners agree to account for the resulting variation between the Gross Asset Value of the Property and its tax basis using "the traditional method with curative allocations" contemplated by Treasury Regulations Section 1.704-3(c)(3)(iii)(B). Thus, notwithstanding anything to the contrary in this Agreement, the Partners agree that upon a taxable disposition of the Property (i) to the extent of Twenty Four Million One Hundred Seventeen Thousand ($24,117,000) Dollars of consideration, the Cedar Group shall not be allocated taxable income or gain attributable to such disposition in an amount that exceeds the total amount of tax depreciation deductions allocated to the Cedar Group in the current Fiscal Year and all prior Fiscal Years from the Property (not including for this purpose any tax depreciation attributable to improvements made to the Property after the date this Agreement has been executed), and (ii) taxable income or gain attributable to such disposition on account of consideration in excess of Twenty Four Million One Hundred Seventeen Thousand ($24,117,000) Dollars, if any, shall be allocated to the Cedar Group.

(d) Any elections or other decisions relating to the allocations required under this Section 4.6 shall be made by Cedar GP; provided, however, that any such election or decision that is not otherwise contemplated by this Agreement and which increases, other than to a de minimis extent, the tax obligation of the Preferred Holders (as compared to what such

obligation would have been absent such election) shall require the consent of the Preferred Holders (not to be unreasonably withheld, conditioned, or delayed). Allocations pursuant to this Section 4.6 are solely for purposes of Federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Partner's Capital Account or share of Profits and Losses, other items, or distributions pursuant to any provision of this Agreement.

ARTICLE 5
CASH DISTRIBUTIONS

Section 5.1 Distribution of Available Net Cash Flow.

(a) As used in this Agreement, the term "Available Net Cash Flow" means the gross cash proceeds from Partnership operations, including all refinancings of all or any portion of the Property and/or any other property of the Partnership and, in connection with a partial casualty or condemnation, the proceeds of condemnation proceedings or settlement of any insurance claims resulting in insurance proceeds not used in repair or restoration of the Property that, in each instance, shall not be required to be paid to a Lender, less (1) all costs incurred by the Partnership in connection with the refinancing or restoration of the Property and (2) any portion thereof used to establish Reserves, all as determined by Cedar GP, for certain expenses and liabilities of the Partnership, including, without limitation, debt payments (including interest and principal) on Loans, capital improvements, repairs, replacements, contingencies, real estate taxes and leasing commissions, all as determined in accordance with this Agreement. Available Net Cash Flow shall not be reduced by depreciation, cost recovery deductions or similar allowances. Available Net Cash Flow shall not be deemed to include any Capital Event Proceeds or any expenses related thereto.

(b) Available Net Cash Flow, if any, shall be distributed or paid, as applicable, at such times as Cedar GP may determine, in the following order

of priority:

(1) First, to Preferred Holders, until Preferred Holders have received an aggregate amount of distributions under this Section 5.1(b)(1) and Section 5.2(b)(2) below equal to the Preferred Priority Return (as adjusted for distributions and other adjustments under Section 3.2 above);

(2) Second, pari passu to the Common Partners in proportion to their respective Common Percentage Interests.

Section 5.2 Distribution of Capital Event Proceeds.

(a) As used in this Agreement, the term "Capital Event Proceeds" shall mean the net cash proceeds from all sales and other dispositions (other than in the ordinary course of business) including, in connection with a total casualty or condemnation in which no repair or restoration is contemplated, the proceeds of condemnation proceedings or settlement of any insurance claims resulting in insurance proceeds, shall not be required to be paid to a Lender, less, in each instance, (1) all costs incurred by the Partnership in connection with the sale, refinancing or restoration of the Property and (2) any portion thereof used to establish Reserves, all as determined by Cedar GP. Capital Event Proceeds shall include all principal and interest

payments with respect to any note or other obligation received by the Partnership in connection with sales and other dispositions (other than in the ordinary course of business) of Partnership property.

(b) Any Capital Event Proceeds shall be distributed promptly after the receipt thereof, in the following order of priority:

(1) First, to Preferred Holders until Preferred Holders have received an amount of distributions under this Section 5.2(b)(1) equal to the Adjusted Preferred Interests;

(2) Second, to Preferred Holders, until Preferred Holders have received an aggregate amount of distributions under this Section 5.2(b)(2) and Section 5.1(b)(1) above equal to the Preferred Priority Return (as adjusted for distributions and other adjustments under Section 3.2 above);

(3) Third, pari passu to the Common Partners in proportion to their respective Common Percentage Interests.

Section 5.3 Excess Reserves. Any Reserves established by the Partnership, which were established from Available Net Cash Flow, and which Cedar GP determines shall no longer be required by the Partnership, shall be distributed to the Partners pursuant to the provisions of Section 5.1 (b) hereof, and any Reserves established by the Partnership which were established from Capital Event Proceeds, and which Cedar GP determines shall no longer be required by the Partnership, shall be distributed to the Partners pursuant to the provisions of Section 5.2(b) hereof.

Section 5.4 Restrictions on Distributions. A Partner shall have no right to demand and receive any distribution from the Partnership in any form other than cash. No Partner may be compelled to accept a distribution of an asset in kind from the Partnership to the extent that the percentage of the asset distributed to such Partner exceeds the percentage in which such Partner is then entitled to share in distributions from the Partnership. Any in-kind distributions of Partnership property shall be valued by an established, reputable, independent and qualified appraiser.

Section 5.5 Pre-Closing Claims. The Partnership may pursue (including the commencement of a plenary action) or defend any claims relating to the period prior to the date of this Agreement (collectively, the "Pre-Closing Claims"). The Preferred Holders shall cooperate in the prosecution of any such Pre-Closing Claims. Subject to Preferred Holder's rights to contest a Pre-Closing Claim as hereinafter set forth, in the event that the Partnership shall owe money on account of a Pre-Closing Claim, and Cedar GP shall give notice thereof on or before the date which is one (1) year after the date of this Agreement, Preferred Holders shall make such payment within Ten (10) Business days after receipt of notice from Cedar GP. Any payment by Preferred Holders made pursuant to this Section 5.5(b)(1) shall not increase the Capital Account of Preferred Holders, such payment shall not be deemed to be a Capital Contribution, and any expense to which such payments relate shall be deemed to be expenses of Preferred Holders. Upon prior notice to the Cedar GP (given within Ten (10) business days after such notice from Cedar GP), the Preferred Holders shall be entitled, at their sole cost and

expense, to contest any such Pre-Closing Claim, provided, however, that during the pendency of such Pre-Closing Claim (A) neither the Property nor any portion thereof or interest therein would be in imminent danger of being sold, forfeited or lost, and (B) neither Property nor any interest therein would be subject to

the imposition of any lien as a result of the failure to comply with a requirement prior to and while such contest is proceeding, unless Preferred Holders shall cause any such lien, promptly after obtaining knowledge of the existence of the lien, to be discharged of record by payment, deposit, bond or otherwise.

Section 5.6 Transfer Taxes.

(a) To the extent Preferred Holders elect to receive Redemption Property in redemption of their interests, all transfer, stamp or other similar taxes in connection with the purchase and subsequent distribution of the Redemption Property, if any, including any tax that is imposed on Transfers by any Partner or by any Indirect Owner that is aggregated with the purchase and distribution of the Redemption Property, shall be the obligation of Preferred Holders, without regard to whether same is assessed against Preferred Holders, the Partnership or any other Partner.

(b) Each Partner shall be solely liable for any real property and controlling interest transfer taxes that result from a Transfer of such Partner's interest in the Partnership (or of the interest of an Indirect Owner of such Partner), including any tax that is imposed on Transfers that are aggregated with such Transfers, without regard to whether same is assessed against such Partner, the Partnership or any other Partner.

ARTICLE 6
RIGHTS, OBLIGATIONS AND POWERS OF THE MEMBERS

Section 6.1 Management by Cedar GP; Duties and Powers of the Partners.

(a) Subject to the provisions of this Article 6, Cedar GP shall have the right and power to conduct the business and affairs of the Partnership and to do all things necessary to carry on the business of the Partnership, and is hereby authorized to take any action of any kind and to do anything and everything Cedar GP deems necessary or appropriate in accordance with the provisions of this Agreement and applicable law. Subject to the provisions of this Article 6, Cedar GP will have full power and authority to execute and deliver in the name of and on behalf of the Partnership such documents or instruments as Cedar GP deems appropriate for the conduct of the Partnership's business in accordance with this Agreement. No person, firm or corporation dealing with the Partnership will be required to inquire into the authority of Cedar GP to take any action or make any decision. Cedar GP shall be required to devote to the conduct of the operations of the Partnership only such time and attention as shall be necessary to accomplish the purposes, and to conduct properly the operations, of the Partnership. In performing its obligations under this Section 6.1, Cedar GP shall not be required at any time to expend funds other than those of the Partnership.

(b) Without limiting the generality of the foregoing, but subject to the specific limitations of this Agreement, Cedar GP is authorized on behalf of the Partnership, without the consent of any Partner, to:

(1) expend the capital and revenues of the Partnership in furtherance of the Partnership's operations and pay in accordance with the provisions of this Agreement all debts and obligations of the Partnership, to the extent that funds of the Partnership are available therefor;

(2) take such actions as shall be required for the Partnership to comply with the Loan Documents;

(3) execute, deliver and thereafter amend the Loan Documents;

(4) lease the Property (other than pursuant to a lease which would constitute a taxable sale for federal income tax purposes);

(5) establish and maintain separate bank accounts in the name of, and on behalf of, the Partnership;

(6) bring and defend, actions at law or in equity;

(7) make investments in United States treasury securities and certificates of deposit in federally insured banks, pending disbursement of the Partnership's funds or to provide a source from which to meet contingencies;

(8) enter into and/or terminate agreements and contracts with third parties, and give receipts, releases and discharges with respect to all of the foregoing and any matters incident thereto;

(9) maintain, at the expense of the Partnership, adequate records and accounts of all operations and expenditures;

(10) purchase, at the expense of the Partnership, liability, casualty and other insurance and bonds to protect the Partnership's properties,

operations, members and employees and to protect (to the extent required thereby, and as customary and reasonable) Cedar GP and its respective control persons, officers, directors and employees;

(11) execute and deliver any and all agreements, documents and other instruments necessary or incidental to the conduct of the operations of the Partnership and of the Property; and

(12) do and perform all such other things as may be in furtherance of the Partnership's business purposes described in Section 1.3 hereof subject to the limitations set forth herein.

Section 6.2 Restrictions on Powers of the Cedar GP. Notwithstanding anything to the contrary contained in Section 6.1 above, the Partnership shall not consummate a Sale prior to the Outside Date, without the consent of Preferred Holders.

Section 6.3 Refinancing. In connection with any financing of the Property, Cedar Group shall undertake in good faith to obtain from the prospective Lender its preapproval to the acquisition by the Partnership, or an affiliate thereof, of Replacement Property in connection with a redemption of the Preferred Interests. Preferred Holders, in cooperation with Cedar Group, shall have the right to endeavor to obtain such preapproval from such prospective Lender; provided, however, if such prospective Lender shall not grant such preapproval, the Partnership may, nevertheless, accept financing from such prospective Lender.

Section 6.4 Exculpation. No Partner or any of its Affiliates, nor any of their respective officers, directors, partners, shareholders, members, employees or agents, shall be liable, in damages or otherwise, to the Partnership or to any of the other Partners, for any act or omission performed or omitted by such Partner pursuant to the authority granted by this Agreement, except if such act or omission results from (a) the negligence, misconduct or bad faith of a Partner, its Affiliates or their respective officers, directors, partners, shareholders, members, employees or agents or (b) a Partner acting beyond the scope of authority granted by this Agreement. To the extent permitted by the Act, the Partnership shall indemnify, defend and hold harmless each Partner, its Affiliates and their respective officers, directors, partners, shareholders, members, employees and agents, from and against any and all claims or liabilities of any nature whatsoever, including reasonable attorneys' fees, arising out of or in connection with any action taken or omitted by such Partner pursuant to the authority granted by this Agreement, except where attributable to (i) the negligence, misconduct or bad faith of such Partner, its Affiliates or their respective officers, directors, partners, shareholders, members, employees or agents or (ii) a Partner acting beyond the scope of authority granted by this Agreement. Each Partner shall be entitled to rely in good faith on the advice of counsel, public accountants or other independent experts experienced in the matter at issue, and any act or omission of a Partner pursuant to such advice shall in no event subject the Partner to liability to the Partnership or any Partner. Any indemnity provided under this Section 6.4 shall be paid out of and to the extent of the assets of the Partnership only, and no Partner shall have any personal obligation with respect thereto.

Section 6.5 Employment of Agents, Affiliate Transactions.

(a) Cedar GP may employ or cause to be employed, on behalf of the Partnership, such firms or corporations as it shall deem advisable for the operation of the Partnership and on such terms and for such compensation as Cedar GP shall determine, provided such terms and services are reasonably necessary and customary.

(b) Except as expressly provided in this Agreement, no Partner or any Affiliate of a Partner shall enter into any agreement or other arrangement for the furnishing to or by the Partnership, of goods or services (including any construction work) with any Person which is an Affiliate of such Partner or any partner, shareholder or other owner of an equity interest in such Partner unless such agreement or arrangement has been approved by Cedar GP after the nature of the relationship or affiliation and the terms of such agreement or arrangement have been disclosed in writing.

(c) The Partners hereby acknowledge and confirm that, contemporaneously with the execution of this Agreement, Cedar Shopping Centers Partnership, L.P., is entering into a property management and leasing agreement with the Partnership, in substantially the form set forth in Exhibit 6.4(c) attached hereto and made a part hereof (the "Property Management Agreement"), with Cedar Shopping Centers Partnership, L.P., as the managing and leasing agent for the Property.

Section 6.6 Compensation of Partner. Except as otherwise expressly provided herein, the Partners shall not be entitled to any salary or other compensation from the Partnership except for their respective cash distributions

as set forth in the Distribution Sections.

Section 6.7 Other Activities. Any Partner (including any Affiliate of the Partners) may engage in or possess an interest in other business ventures of any nature or description, independently or with others, whether presently existing or hereafter created, including those in competition with the operations of the Partnership, and neither the Partnership nor any Partner (including any of the Partners or any Affiliate of the Partners) shall have any rights in or to such independent ventures or the income or profits derived therefrom.

ARTICLE 7
TRANSFERABILITY OF MEMBERS' INTERESTS

Section 7.1 Prohibited Transfers of Preferred Holders.

(a) Preferred Holders may not, directly or indirectly, sell, assign, transfer or otherwise dispose of (collectively, "Transfer") all or any part of its Partnership Interest, whether voluntarily or by foreclosure, assignment in lieu thereof or other enforcement of a pledge, hypothecation or collateral assignment, without the prior written consent of Cedar GP, which consent can be withheld in Cedar GP's sole discretion. There shall be no restriction on the ability of any member of the Cedar Group to, directly or indirectly, Transfer all or any part of its Partnership Interest.

(b) Notwithstanding the foregoing or any other provisions of this Article 7, Preferred Holders may not, directly or indirectly, pledge, hypothecate or collaterally assign all or any portion of its Partnership Interest, or the proceeds thereof or distributions on account thereof, without the prior written consent of Cedar GP, which consent can be withheld in Cedar GP's sole discretion. Subject to the terms of Section 7.2 below, there shall be no restriction on the ability of any member of the Cedar Group to, directly or indirectly, pledge, hypothecate or collaterally assign all or any portion of its Partnership Interest, or the proceeds thereof or distributions on account thereof, and a foreclosure resulting from any such pledge, hypothecation or assignment shall be permitted under the terms of this Agreement. Notwithstanding the foregoing, in no event shall any member of the Cedar Group, without the consent of the Preferred Holders (which consent shall not be unreasonably withheld, conditioned, or delayed), transfer its entire Partnership Interests, if the assignee is not at least as qualified as the Cedar Group, both with respect to its financial capabilities and its operational expertise.

(c) For purposes of this Agreement, any sale, assignment, transfer or other disposition of the capital stock or other equity interest in any Partner or the issuance of capital stock or additional partnership interests or membership interests shall constitute a Transfer.

Section 7.2 Certain Transfers Prohibited. Notwithstanding the provisions of Section 7.1 hereof to the contrary, no Transfer by a Partner shall be permitted which would result in (i) the violation of the terms of any Loan Document or other agreement to which the Partnership is a party or by which its assets are affected, including, without limitation, the Operating Documents, or (ii) the termination of the Partnership as a limited partnership pursuant to the terms of the Act or, unless otherwise agreed, within the meaning of Section 708 of the Code, or (iii) the violation of any applicable law.

Section 7.3 Admission of a Substituted Partner.

In the event that a Partner shall Transfer its Partnership Interest pursuant to, and in accordance with, the terms of this Agreement, the transferee thereof shall become a substituted partner ("Substituted Partner") only upon receipt by the Partnership of all of the following (as determined by Cedar GP):

(i) the transferee's acceptance of, and agreement to pay all costs of such Transfer and to be bound by, all of the terms and provisions of this Agreement, in form and substance satisfactory to the Partnership;

(ii) evidence reasonably satisfactory to Cedar GP of the authority of such Substituted Partner to become a Partner and to be bound by all of the terms and conditions of this Agreement;

(iii) the written agreement of the Substituted Partner to continue the business of the Partnership in accordance with the terms and provisions of this Agreement;

(iv) such other documents or instruments as may reasonably be required under the Act or otherwise in order to effect the admission of the Substituted Partner as a Partner under this Agreement; and

(v) evidence reasonably satisfactory to Cedar GP that such Transfer (A) would not violate (1) any Federal and state securities laws and rules and regulations of the Securities and Exchange Commission, state securities commissions, and any other Governmental Entity with jurisdiction over

such disposition, (2) any of the Operating Documents or (3) any Loan Documents, (B) would not jeopardize the Partnership's classification for Federal income tax purposes as a partnership, and (C) would not affect the Partnership's existence as a limited partnership under the Act.

Section 7.4 Withdrawal of a Partner. A Partner may not voluntarily withdraw or resign from the Partnership, retire or dissolve, except pursuant to a Transfer of all of such Partner's Partnership Interest as a Partner in accordance with this Article 7. Resignation from the Partnership shall not entitle a Partner to receive the fair value of his Partnership Interest or any other distributions from the Partnership.

ARTICLE 8
DISSOLUTION AND LIQUIDATION OF THE COMPANY

Section 8.1 Events Causing Dissolution.

The Partnership shall dissolve and its affairs wound up upon the happening of any of the following events (each of the following being herein reference to as a "Dissolution Event"):

(a) the sale or disposition of all or substantially all of the Property (unless replacement property is acquired by the Partnership in connection with a tax-free exchange);

(b) the dissolution of the Partnership by the unanimous written agreement of the Partners;

(c) December 31, 2053;

(d) the entry of a decree of judicial dissolution under the Act;

(e) the happening of any event which makes it unlawful for the Partnership business to be continued; and

(f) the occurrence of any event which requires dissolution of a limited partnership under the Act.

Section 8.2 Liquidating Trustee. Upon dissolution of the Partnership, Cedar GP will act as the "Liquidating Trustee".

Section 8.3 Liquidation. As soon as possible after dissolution of the Partnership, the Liquidating Trustee will wind up the Partnership's business and affairs as follows:

(a) The Liquidating Trustee will prepare or cause to be prepared and delivered to each Partner an accounting with respect to all Partnership accounts and the Capital Account of each Partner and with respect to the Partnership's assets and liabilities and its operations from the date of the last previous audit of the Partnership delivered to the Partners to the date of dissolution.

(b) The Liquidating Trustee will liquidate all Partnership assets which, in its sole discretion, it determines may be sold for such assets' fair market value or where it determines such liquidation is otherwise in the best interests of the Partners.

(c) In settling accounts after dissolution, the assets of the Partnership shall be distributed as follows:

(i) to creditors, including, to the extent not prohibited by law, Partners who are creditors, in satisfaction of liabilities of the Partnership;

(ii) pay all expenses incurred in connection with the termination, liquidation and dissolution of the Partnership and distribution of its assets as herein provided;

(iii) to the establishment of Reserves for contingencies or unforeseen liabilities and obligations of the Partnership, which Reserves shall be paid over to a bank or other party chosen by the Partners, to be held in escrow for payment of such contingent or unforeseen liabilities; and

(iv) to the Partners in accordance with the provisions of Section 5.2(b) hereof.

At the expiration of such time period as the Partners shall deem advisable, the remaining balance of any Reserve established in accordance with clause (iii) shall be distributed in the manner set forth in clause (iv).

(d) If the Liquidating Trustee and all of the Partners shall determine that it is in the best interest of the Partners to distribute certain

Partnership assets in kind, such assets will be distributed subject to such liens, encumbrances, restrictions, contracts, obligations, commitments or undertakings as existed with respect to such asset prior to the dissolution of the Partnership and have not been discharged by payments made pursuant to Section 8.3(c)(i) hereof.

Section 8.4 Termination. Upon completion of the distribution of the Partnership property as provided in this Article 8, the Partnership shall be terminated, and Cedar GP or other agent appointed as set forth in Section 8.2 hereof in charge of winding-up the Partnership's business (or such other persons as the Act may require) shall file articles of dissolution with the Secretary of State of the Commonwealth of Pennsylvania, cancel any applications to do business or similar filings made in foreign jurisdictions and take such other actions as may be necessary to terminate the Partnership.

ARTICLE 9
BOOKS AND RECORDS, ACCOUNTING, REPORTS, TAX ELECTIONS

Section 9.1 Books of Account; Records. At all times during the continuance of the Partnership, Cedar GP shall keep, or cause to be kept, full and true books of account in which shall be entered, fully and accurately, all transactions of the Partnership. All of said books of account, together with a certified copy of the Certificate, any amendments thereto, and an executed copy of such other instruments as the Partners may execute to carry out and give effect to the provisions of this Agreement shall at all times be maintained at the principal office of the Partnership, or at such other office of the Partnership as may be designated for such purpose by Cedar GP, and each Partner may, at any time during reasonable business hours, at its own expense, inspect, examine and make photocopies of the books and records of the Partnership or cause them to be examined by its representative, or by an attorney and/or a certified public accountant designated by such Partner.

Section 9.2 Annual Financial Reports. Cedar GP shall cause to be delivered to the Partners, (A) within one hundred twenty (120) days after the expiration of each Fiscal Year of the Partnership, annual reports of the Partnership, including (i) an annual balance sheet and profit and loss statement and statement regarding sources and uses of funds, which statements shall be

audited by the Partnership Accountants if so required by the Loan Documents, (ii) a statement showing the distributions to the Partners and the allocation among the Capital Accounts of the Partners of taxable income, gains, losses, deductions, credits and other relevant items of the Partnership for such Fiscal Year, and (iii) a statement setting forth the amount of Available Net Cash Flow and Capital Event Proceeds for the just completed Fiscal Year, which statement shall be audited by the Partnership Accountants if so required by the Loan Documents, and (B) such other financial statements as may be prepared by the Partnership to fulfill Securities and Exchange Commission ("SEC") requirements if, as and when such financial statements may be required by the SEC.

Section 9.3 Tax Returns and Advances. Cedar GP shall cause all income tax and information returns for the Partnership to be prepared by the Partnership Accountants. Cedar GP shall cause such tax and information returns to be timely filed with the appropriate authorities, shall use reasonable efforts to provide such tax returns in a timely manner to the Partners with the necessary information with respect to the operation of the Partnership (including K-1 Information Returns for the respective Partners) to allow the Partners to file their respective tax returns, and shall provide to the Partners such other tax information as may be prepared by the Partnership to fulfill SEC requirements if, as and when such tax information may be required by the SEC. Copies of such tax and information returns (including K-1 Information Returns for the respective Partners) shall also be kept at the principal office of the Partnership where they shall be available for inspection by the Partners and their representatives during normal business hours.

Section 9.4 Tax Elections. Cedar GP shall make any and all elections for Federal, state, and local tax purposes, including, without limitation, an election under Section 754 of the Code upon a redemption of all or a portion of the Preferred Interests; provided, however, in connection with any Transfer of a Partnership Interest, Cedar GP shall cause the Partnership, at the written request of the transferor or the transferee, on behalf of the Partnership and at the time and in the manner provided in Treasury Regulations Section 1.754-1(b), to make an election to adjust the basis of the Partnership's property in the manner provided in Sections 734(b) and 743(b) of the Code, and, provided further, that any such election to be made by Cedar GP that is not otherwise contemplated by this Agreement and which increases the tax obligation, other than to a de minimis extent, of the Preferred Holders (as compared to what such obligation would have been absent such election), shall require the consent of the Preferred Holders (not to be unreasonably withheld, conditioned, or delayed). Cedar GP is designated as the "Tax Matters Partner" (as defined in the Code) of the Partnership and is authorized and required to represent the Partnership (at the expense of the Partnership) in connection with all examinations of the affairs of the Partnership by any Federal, state, or local tax authorities, including any resulting administrative and judicial

proceedings, and to expend funds of the Partnership for professional services and costs associated therewith.

Section 9.5 Bank Accounts. The funds of the Partnership (other than those deposited in non-interest bearing checking accounts to pay current expenses of the Partnership) shall be invested or deposited in interest bearing accounts in such banks as Cedar GP shall determine, which investments and accounts shall be in the name of the Partnership, and withdrawals from such accounts shall only be made by such persons as Cedar GP may designate.

Section 9.6 Partnership Expenses. The Partnership shall pay all usual and customary expenses incurred in connection with the conduct of the Partnership's business and the administration of its affairs.

ARTICLE 10
MISCELLANEOUS PROVISIONS

Section 10.1 Notices. All notices, demands, requests or other communications (collectively, "Notices") which may be or are required to be given, served, or sent by any party to any other party pursuant to this Agreement shall be in writing and shall be hand delivered or mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by facsimile (with the original to be sent the same day by Federal Express or other recognized overnight delivery service) or by Federal Express or other recognized overnight delivery service addressed to the recipient at its address set forth below (or at such other address as the recipient may theretofore have designated in writing). Each Notice which shall be hand delivered or mailed in the manner described shall be deemed sufficiently given, served, sent, received, or delivered for all purposes on the first Business Day following the day the Notice is delivered to the addressee (with the return receipt, the delivery receipt, or the affidavit of messenger being deemed conclusive (but not exclusive) evidence of such delivery) or the first Business Day following the day that delivery of the Notice is refused by the addressee upon presentation. Each Notice which shall be faxed in the manner described above shall be deemed sufficiently given, served, sent, received, or delivered for all purposes on the first Business Day following the date of such facsimile. Subject to the above, all Notices shall be addressed as follows:

TO THE PARTNERSHIP
OR GENERAL PARTNER
OR LIMITED PARTNER:
c/o Cedar Shopping Centers Partnership, L.P.
44 South Bayles Avenue
Port Washington, New York 11050
Attention: Mr. Leo S. Ullman
Telecopier: (516) 767-6497

with a copy to:
Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, New York 10038
Attention: Mark A. Levy, Esq.
Telecopier: (212) 806-6006

TO PREFERRED HOLDERS:
c/o Tower Investments, Inc.
One Reed Street
Philadelphia, Pennsylvania 19147
Attention: Mr. Bart Blatstein and Brian K. Friedman, Esq.
Telecopier: (215) 755-8666

with a copy to:
Mr. Robert C. Jacobs
1700 Walnut Street, Suite 200
Philadelphia, Pennsylvania 19103
Telecopier: (215) 545-1559

Section 10.2 Signatures; Amendments. No amendment, change or alteration of this Agreement will be binding unless it is in writing and signed by Cedar GP and Cedar LP. Notwithstanding, no amendment, change or alteration of this Agreement that would result in any negative tax or other financial consequence (other than consequences of a de minimis nature) will be binding upon Preferred Holders, unless it is in writing and signed by Cedar GP, Cedar LP and Preferred Holders. Any amendment of this Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

Section 10.3 Binding Provisions. The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, executors, administrators, personal representatives, and permitted successors and assigns of the respective parties hereto.

Section 10.4 Applicable Law. This Agreement shall be construed according to and governed by the laws of the Commonwealth of Pennsylvania, excluding any conflict of laws rules. To the extent permitted by applicable law, the provisions of this Agreement shall override the provisions of the Act to the extent of any inconsistency or contradiction between them. It is the intent of

the Partners upon execution hereof that this Agreement shall be deemed to have been prepared by all of the parties to the end that no Partner shall be entitled to the benefit of any favorable interpretation or construction of any term or provision hereof under any rule or law.

Section 10.5 Waiver of Trial by Jury. THE PARTNERS HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY ANY PARTNER AGAINST ANOTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

Section 10.6 Counterparts. This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties have not signed the same counterpart.

Section 10.7 Separability of Provisions. Each provision of this Agreement shall be considered separable and if, for any reason, any provision or provisions hereof are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid.

Section 10.8 Captions. Article and Section titles and any table of contents are for convenience of reference only and shall not control or alter the meaning of this Agreement as set forth in this text.

Section 10.9 Partnership Property; No Partition. No Partner or successor in interest to any Partner may have any property of the Partnership partitioned, or file a complaint or institute any proceeding at law or in equity to have the property partitioned, and each Partner for itself, its successors, representatives, and assigns, hereby waives any right to proceed under any applicable law or otherwise to partition any Partnership property. Any creditor of a Partner shall have recourse only against such Partner's interest in the Partnership, but such creditor shall not have

any recourse against the property of the Partnership. A Partner's Partnership Interest shall be personal property for all purposes.

Section 10.10 No Benefit to Third Parties. It is the intention of the Partners that no Person other than the Partners and the Partnership is or shall be entitled to bring any action to enforce any provision of this Agreement against any Partner or the Partnership and that the covenants, undertakings and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the Partners (or their respectively successors and assigns as permitted hereunder) and the Partnership.

Section 10.11 Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, and neuter, singular and plural, as the identity of the party or parties may require.

Section 10.12 Restatement. This Agreement amends, restates and supersedes in its entirety the Original Partnership Agreement, and the Partners agree that this Agreement is a valid amendment and restatement of the Original Partnership Agreement.

[Signature Page Follows]

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

CEDAR-COLUMBUS LLC

By: CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., its member

By: CEDAR SHOPPING CENTERS, INC. its general partner

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

CSC-COLUMBUS LLC

By: CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., its member

By: CEDAR SHOPPING CENTERS, INC. its general partner

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

WELSH-COLUMBUS LLC

By: /s/ Bart Blatstein

Name: Bart Blatstein
Title: President

INDENTURE OF TRUST OF BART BLATSTEIN
DATED AS OF JUNE 9, 1998

By: /s/ Jil Blatstein

Name: Jil Blatstein
Title: Co-Trustee

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

IRREVOCABLE INDENTURE OF TRUST OF
BARTON BLATSTEIN DATED JULY 13, 1999

By: /s/ Brian K. Friedman

Name: Brian K. Friedman
Title: Co-Trustee

By: /s/ Joseph W. Seidle

Name: Joseph W. Seidle
Title: Co-Trustee

FIRST AMENDMENT TO LOAN AGREEMENT

This FIRST AMENDMENT TO LOAN AGREEMENT (hereinafter, the "First Amendment") is dated as of June 16th, 2004, by and among FLEET NATIONAL BANK, a national banking association having an address at 100 Federal Street, Boston, Massachusetts 02110, as Administrative Agent (hereinafter, the "Administrative Agent"), FLEET NATIONAL BANK, COMMERZBANK AG NEW YORK BRANCH, a lending institution having an address at 2 World Financial Center, New York, New York 10281, PB CAPITAL CORPORATION, a lending institution having an address at 590 Madison Avenue, New York, New York 10022, MANUFACTURERS AND TRADERS TRUST COMPANY, a lending institution having an address at One M & T Plaza, Buffalo, New York 14240, SOVEREIGN BANK, a lending institution having an address at 75 State Street, Boston, Massachusetts 02109, RAYMOND JAMES BANK, FSB, a lending institution having an address at 710 Carillon Parkway, St. Petersburg, Florida 33716, CITIZENS BANK, a lending institution having an address at 3025 Chemical Road 194-0245, Suite 245, Plymouth Meeting, Pennsylvania 19462, 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 CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., a Delaware limited partnership having an address at 44 South Bayles Avenue, Port Washington, New York 11050, as the Borrower (hereinafter, the "Borrower").

All capitalized terms not otherwise defined herein shall have the same meaning ascribed to such terms and set forth under the Loan Agreement.

BACKGROUND

WHEREAS, the Administrative Agent, Lenders and Borrower have entered into a certain loan arrangement (hereinafter, the "Loan Arrangement") evidenced by, among other documents, instruments and agreements, that certain Loan Agreement dated as of January 30, 2004 (hereinafter, the "Loan Agreement'), and those certain promissory notes dated as of January 30, 2004 executed by the Borrower in favor of the Lenders in the original aggregate principal amount of $100,000,000.00 (hereinafter, individually and collectively, the "Note"); and

WHEREAS, the Administrative Agent, Lenders and Borrower have agreed to amend the Loan Agreement as more particularly set forth herein.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed by and among the Administrative Agent, Lenders and Borrower as follows:

1. Section 7.24 of the Loan Agreement is hereby deleted in its entirety and shall be replaced with the following:

"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 fifty percent (50%) of the Pro Rata amount of such total Debt."

2. Exhibit B-1 to the Loan Agreement is hereby deleted in its entirety and shall be replaced with the Exhibit B-1 attached hereto as Exhibit A.

3. Exhibit G to the Loan Agreement is hereby deleted in its entirety and shall be replaced with the Exhibit G attached hereto as Exhibit B.

4. The Borrower hereby ratifies, confirms, and reaffirms all of the terms and conditions of the Loan Agreement, and all of the other documents, instruments, and agreements evidencing the Loan Arrangement including, without limitation, the Note. The Borrower further acknowledges and agrees that all of the terms and conditions of the Loan Arrangement shall remain in full force and effect except as expressly provided in this First Amendment.

5. Any determination that any provision of this First Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not effect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this First Amendment.

6. This First Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. In proving this First Amendment, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

7. The Loan Agreement, as amended by this First Amendment, constitutes the entire agreement of the parties regarding the matters contained herein and shall not be modified by any prior oral or written communications.

[The balance of this page is intentionally left blank]

IN WITNESS WHEREOF, this First Amendment has been executed as a sealed instrument as of the date first set forth above.

BORROWER:

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

By: Cedar Shopping Centers, Inc.,
its general partner

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

ADMINISTRATIVE AGENT:

FLEET NATIONAL BANK

By: /s/ Patrick W. Galley

Name: Patrick W. Galley
Title: Vice President

LENDERS:

FLEET NATIONAL BANK

By: /s/ Patrick W. Galley

Name: Patrick W. Galley
Title: Vice President

COMMERZBANK AG NEW YORK BRANCH

By: /s/ Steve Rosamilia

Name: Steve Rosamilia
Title: Vice President

By: /s/ Kerstin Micke

Name: Kerstin Micke
Title: Assistant Treasurer

PB CAPITAL CORPORATION

By: /s/ Perry Forman /s/ George S. Arau
--- ---
Name: Perry Forman George S. Arau
Title: Vice President Associate

MANUFACTURES AND TRADERS TRUST COMPANY

By: /s/ Peter J. Ostrowski

Name: Peter J. Ostrowski
Title: Assistant Vice President

SOVEREIGN BANK

By: /s/ T. Gregory Donohue

Name: T. Gregory Donohue
Title: Senior Vice President

RAYMOND JAMES BANK, FSB

By: /s/ William C. Beiler

Name: William C. Beiler
Title: Executive VP, Chief Credit Officer

CITIZENS BANK

By: /s/ Robert L. Schopf

Name: Robert L. Schopf
Title: Vice President

THIRD AMENDMENT TO LOAN AGREEMENT

This THIRD AMENDMENT TO LOAN AGREEMENT (hereinafter, the "Third Amendment") is dated as of January 28, 2005, by and among BANK OF AMERICA, N.A., a national banking association having an address at IL1-231-10-35, 231 South LaSalle Street, Chicago, Illinois 60697, as Administrative Agent (hereinafter, the "Administrative Agent"), BANK OF AMERICA, N.A., COMMERZBANK AG NEW YORK BRANCH, a lending institution having an address at 2 World Financial Center, New York, New York 10281, PB CAPITAL CORPORATION, a lending institution having an address at 590 Madison Avenue, New York, New York 10022, MANUFACTURERS AND TRADERS TRUST COMPANY, a lending institution having an address at One M & T Plaza, Buffalo, New York 14240, SOVEREIGN BANK, a lending institution having an address at 75 State Street, Boston, Massachusetts 02109, RAYMOND JAMES BANK, FSB, a lending institution having an address at 710 Carillon Parkway, St. Petersburg, Florida 33716, CITIZENS BANK, a lending institution having an address at 3025 Chemical Road 194-0245, Suite 245, Plymouth Meeting, Pennsylvania 19462, 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 CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., a Delaware limited partnership having an address at 44 South Bayles Avenue, Port Washington, New York 11050, as the Borrower (hereinafter, the "Borrower"). All capitalized terms not otherwise defined herein shall have the same meaning ascribed to such terms and set forth under the Loan Agreement.

BACKGROUND

WHEREAS, Fleet National Bank, as the original administrative agent, Fleet National Bank, Commerzbank AG New York Branch, PB Capital Corporation, Manufacturers and Traders Trust Company, Sovereign Bank, Raymond James Bank, FSB and Citizens Bank, as the original lenders (hereinafter, the "Original Lenders"), and Borrower entered into a certain loan arrangement (hereinafter, the "Loan Arrangement") evidenced by, among other documents, instruments and agreements, that certain Loan Agreement dated as of January 30, 2004, as amended by that certain First Amendment to Loan Agreement dated as of June 16, 2004, and as further amended by that certain Second Amendment to Loan Agreement dated as of November 2, 2004 (hereinafter, collectively, the "Loan Agreement"), and those certain promissory notes dated as of January 30, 2004 executed by the Borrower in favor of the Original Lenders in the original aggregate principal amount of $100,000,000.00 (hereinafter, individually and collectively, the "Note");

WHEREAS, pursuant to Section 13.1.10 of the Loan Agreement, Fleet National Bank has resigned from the position of the "Administrative Agent" under the Loan Arrangement, and the Administrative Agent has accepted the position of the successor "Administrative Agent" under the Loan Arrangement;

WHEREAS, pursuant to the terms and conditions of that certain Assignment and Acceptance Agreement dated as of January 28, 2005 (hereinafter, the "Assignment Agreement"), by and between Fleet National Bank, as "Assignor", and the Administrative Agent, as "Assignee", Fleet National Bank has assigned all of its right, title and interest as a "Lender"

under the Loan Arrangement including, without limitation, all of its Commitment, to the Administrative Agent;

WHEREAS, the Lenders and the Borrower have agreed to consent to the (i) resignation by Fleet National Bank from the position of the "Administrative Agent" under the Loan Arrangement, and the acceptance by the Administrative Agent of the position of the successor "Administrative Agent" under the Loan Arrangement, and (ii) terms and conditions of the Assignment Agreement and the assignment of interests effected thereby;

WHEREAS, pursuant to the terms and conditions of Section 2.1.1 (iii) of the Loan Agreement, the Borrower has the right, on any one (1) or more occasions prior to the Maturity Date, to elect to increase the Established Loan Amount;

WHEREAS, the Borrower has elected, and the Administrative Agent and the Lenders have agreed, to increase the Established Loan Amount in accordance with Section 2.1.1(iii) of the Loan Agreement; and

WHEREAS, the Administrative Agent, Lenders and Borrower have agreed to amend the Loan Agreement as more particularly set forth herein.

Accordingly, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed by and among the Administrative Agent, Lenders and Borrower as follows:

1. The Lenders and the Borrower hereby (i) consent to the resignation by Fleet National Bank from the position of the "Administrative Agent" under the Loan Arrangement, and the acceptance by the Administrative Agent of the position of the successor "Administrative Agent" under the Loan Arrangement, and (ii) acknowledge and agree to the terms and conditions of the Assignment Agreement, and consent to the assignment by Fleet

National Bank of all of its right, title and interest as a "Lender" under the Loan Arrangement including, without limitation, all of its Commitment, to the Administrative Agent.

2. All references in the Loan Agreement to "Fleet National Bank" and "Fleet National Bank, a national banking association with a place of business at 100 Federal Street, Boston, Massachusetts 02110" are hereby deleted and shall be replaced with "Bank of America, N.A." and "Bank of America, N.A., a national banking association with a place of business at IL1-231-10-35, South LaSalle Street, Chicago, Illinois 60697", respectively.

3. Section 12.1 of the Loan Agreement is hereby amended by deleting the phrase "FleetBoston Financial Corporation" and replacing the same with "Bank of America Corporation".

4. Section 12.2 of the Loan Agreement is hereby amended by deleting all references to the phrase "F1eetBoston Financial Corporation" and replacing the same with "Bank of America Corporation".

5. Section 15.1 of the Loan Agreement is hereby amended by deleting the following text:

"Fleet National Bank
c/o Bank of America
231 South LaSalle Street, 10th Floor
Chicago, Illinois 60622
Attention: Mark A. Mokelke
FAX Number: (312) 828-3600"

and replacing the same with the following:

"Bank of America, N.A.
NC1-007-14-24
Bank of America Corporate Center
100 N. Tyson Street
Charlotte, North Carolina 28255-0001
Attention: Cindy Fischer
FAX No.: (704) 409-0180

And

Bank of America, N.A.
IL1-231-10-35
231 South LaSalle Street, 10th Floor
Chicago, Illinois 60622
Attention: Mark A. Mokelke
FAX Number: (312) 828-3600"

6. The definition of the term "Established Loan Amount" is hereby deleted in its entirety and shall be replaced with the following:

"Established Loan Amount shall mean, as of January 28, 2005, One Hundred Forty Million Dollars ($140,000,000.00)."

7. The definition of the term "Note" is hereby deleted in its entirety and shall be replaced with the following:

"Note shall mean, collectively, the Amended and Restated Promissory Notes dated January 28, 2005, payable to each Lender in the aggregate original principal amount of the Established Loan Amount."

8. Exhibit F to the Loan Agreement is hereby deleted in its entirety and shall be replaced with the Exhibit F attached hereto as Exhibit A.

9. Exhibit I to the Loan Agreement is hereby deleted in its entirety and shall be replaced with the Exhibit I attached hereto as Exhibit B.

10. Exhibit J to the Loan Agreement is hereby deleted in its entirety and shall be replaced with the Exhibit J attached hereto as Exhibit C.

11. Schedule 6.14.2(i) to the Loan Agreement is hereby deleted in its entirety and shall be replaced with the Schedule 6.14.2(i) attached hereto as Exhibit D.

12. The Borrower hereby ratifies, confirms, and reaffirms all of the

terms and conditions of the Loan Agreement, and all of the other documents, instruments, and agreements evidencing the Loan Arrangement including, without limitation, the Note. The Borrower further acknowledges and agrees that all of the terms and conditions of the Loan Arrangement shall remain in full force and effect except as expressly provided in this Third Amendment. No novation of the indebtedness evidenced by the Note, the Loan Agreement or any other Loan Document shall occur as a result of the execution of this Third Amendment.

13. Any determination that any provision of this Third Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not effect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Third Amendment.

14. This Third Amendment may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument. In proving this Third Amendment, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

15. The Loan Agreement, as amended by this Third Amendment, constitutes the entire agreement of the parties regarding the matters contained herein and shall not be modified by any prior oral or written communications.

16. The Borrower acknowledges, confirms and agrees that it has no offsets, defenses, claims or counterclaims against the Administrative Agent or the Lenders with respect to any of the Borrower's liabilities and obligations to the Administrative Agent or the Lenders under the Loan Arrangement, and to the extent that the Borrower has any such claims under the Loan Arrangement, the Borrower affirmatively WAIVES and RENOUNCES such claims as of the date hereof.

[The balance of this page is intentionally left blank]

IN WITNESS WHEREOF, this Third Amendment has been executed as a sealed instrument as of the date first set forth above.

BORROWER:

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

By: Cedar Shopping Centers, Inc.
its general-partner

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By: /s/ Michael Edwards

Name: Michael Edwards
Title: Managing Director

LENDERS:

BANK OF AMERICA, N.A.

By: /s/ Michael Edwards

Name: Michael Edwards
Title: Managing Director

COMMERZBANK AG NEW YORK BRANCH

By: /s/ James Brett

Name: James Brett
Title: Assistant Treasurer

By: /s/ Christian Berry

Name: Christian Berry
Title: Vice President

PB CAPITAL CORPORATION

By: /s/ Perry Forman /s/ Michael E. Asheroff

Name: Perry Forman Michael E. Asheroff
Title: Vice President Associate

MANUFACTURERS AND TRADERS TRUST COMPANY

By: /s/ Peter J. Ostrowski

Name: Peter J. Ostrowski
Title: Assistant Vice President

SOVEREIGN BANK

By: /s/ T. Gregory Donohue

Name: T. Gregory Donohue
Title: Senior Vice President

RAYMOND JAMES BANK, FSB

By: /s/ Thomas Macina

Name: Thomas Macina
Title: Senior Vice President

CITIZENS BANK

By: /s/ Edwin H. Darrah

Name: Edwin H. Darrah
Title: Sr. Vice President

CEDAR SHOPPING CENTERS, INC.
SUBSIDIARIES OF THE REGISTRANT

Entity	Jurisdiction
Academy Plaza L.L.C 1	Delaware
Academy Plaza L.L.C. 2	Delaware
API Red Lion Shopping Center Associates	New York
Cedar Brickyard, LLC	Delaware
Cedar-Camp Hill, LLC	Delaware
Cedar Carbondale, LLC	Delaware
Cedar Center Holdings L.L.C. 3	Delaware
Cedar-Columbus LLC	Delaware
Cedar Dubois, LLC	Delaware
Cedar-Fort Washington LLC	Delaware
Cedar-Franklin Village LLC	Delaware
Cedar-Franklin Village 2 LLC	Delaware
Cedar Golden Triangle LLC	Delaware
Cedar Hamburg, LLC	Delaware
Cedar Halifax II, LLC	Delaware
Cedar Hershey, LLC	Delaware
Cedar Huntingdon, LLC	Delaware
Cedar-Kingston LLC	Delaware
Cedar Lake Raystown, LLC	Delaware
Cedar Lender LLC	Delaware
Cedar Norristown, LLC	Delaware
Cedar Penn Square Tavern, LLC	Delaware
Cedar-Point Limited Partner LLC	Delaware
Cedar Raystown Land, LLC	Delaware
Cedar-Riverview LLC	Delaware
Cedar-Riverview LP	Pennsylvania
Cedar-RL LLC	Delaware
Cedar Shopping Centers, Inc.	Maryland
Cedar Shopping Centers Partnership, L.P.	Delaware
Cedar Southington Plaza LLC	Delaware
Cedar Sunset Crossing LLC	Delaware
Cedar Townfair, LLC	Delaware
Cedar Townfair Phase III, LLC	Delaware
Cedar-Valley Plaza LLC	Delaware
CIF-Fairport Associates, LLC	Delaware
CIF-Fairview Plaza Associates, LLC	Delaware
CIF Halifax Plaza Associates, LLC	Delaware
CIF Newport Plaza Associates, LLC	Delaware
CIF Loyal Plaza Associates Corp.	Delaware
CH Swede Square, L.P.	Delaware
CIF Pine Grove Pad Associates LLC	Delaware
CIF-Pine Grove Plaza Associates LLC	Delaware
CSC-Columbus LLC	Delaware
CSC-Riverview LLC	Delaware
Cedar-South Philadelphia II, LLC	Delaware
Cedar-South Philadelphia I, LLC	Delaware
Fairport Plaza Associates, L.P.	Delaware
Fairview Plaza Associates, L.P.	Delaware
Fort Washington Fitness, L.P.	Delaware
Greentree Road L.L.C. 1	Delaware

CEDAR SHOPPING CENTERS, INC.
SUBSIDIARIES OF THE REGISTRANT

Entity	Jurisdiction
Greentree Road L.L.C. 2	Delaware
Halifax Plaza Associates, L.P.	Delaware
Loyal Plaza Associates, L.P.	Delaware
Newport Plaza Associates, L.P.	Delaware
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
Swede Square, LLC	Pennsylvania
Swede Square Associates, L.P.	Pennsylvania
The Point Associates, L.P.	Pennsylvania
The Point Shopping Center LLC	Delaware
Washington Center L.L.C. 1	Delaware
Washington Center L.L.C. 2	Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-3 for the registration of an aggregate maximum offering price of $200,000,000 of common stock, preferred stock, shares of preferred stock represented by depositary shares, warrants, stock purchase contracts and units, No. 333-114710, and Form S-8 pertaining to the 1998 Stock Option Plan and the 2004 Stock Incentive Plan, No. 333-118361) of Cedar Shopping Centers, Inc. and in the related Prospectuses of our reports dated March 10, 2005, with respect to the consolidated financial statements and schedule of Cedar Shopping Centers, Inc., Cedar Shopping Centers, Inc. management's assessment of the effectiveness of internal control over financial reporting, 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, 2004.

/s/ ERNST & YOUNG LLP

New York, NY
March 10, 2005

CERTIFICATION

I, Leo S. Ullman, Chief Executive Officer of Cedar Shopping Centers, Inc. (the "Company"), certify that:

1. I have reviewed this Annual Report on Form 10-K of the Company;

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 assurance2 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 10, 2005

/s/ LEO S. ULLMAN

Leo S. Ullman, Chief Executive Officer

CERTIFICATION

I, Thomas J. O'Keeffe, Chief Financial Officer of Cedar Shopping Centers, Inc. (the "Company"), certify that:

1. I have reviewed this Annual Report on Form 10-K of the Company;

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 assurance2 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 10, 2005

/s/ THOMAS J. O'KEEFFE

Thomas J. O'Keeffe, 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, 2004 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 10th day of March 2005.

/s/ LEO S. ULLMAN

Leo S. Ullman, Chief Executive Officer

CERTIFICATION

I, Thomas J. O'Keeffe, 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, 2004 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 10th day of March 2005.

/s/ THOMAS J. O'KEEFFE

Thomas J. O'Keeffe
Chief Financial Officer