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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2011

OR

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

COMMISSION FILE NUMBER: 001-31817

CEDAR SHOPPING CENTERS, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

42-1241468

(I.R.S. Employer
Identification No.)

44 South Bayles Avenue, Port Washington, New York 11050-3765
(Address of principal executive offices) (Zip Code)

(516) 767-6492

(Registrant's telephone number, including area code)

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: At July 29, 2011, there were 68,009,319 shares of Common Stock, \$0.06 par value, outstanding.

CEDAR SHOPPING CENTERS, INC.

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Forward-Looking Statements

Certain statements contained in this Form 10-Q constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, without limitation, statements containing the words “anticipates”, “believes”, “expects”, “intends”, “future”, and words of similar import which express the Company’s beliefs, expectations or intentions regarding future performance or future events or trends. While forward-looking statements reflect good faith beliefs, expectations or intentions, they are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements as a result of factors outside of the Company’s control. Certain factors that might cause such differences include, but are not limited to, the following: real estate investment considerations, such as the effect of economic and other conditions in general and in the Company’s market areas in particular; the financial viability of the Company’s tenants (including an inability to pay rent, filing for bankruptcy protection, closing stores and/or vacating the premises); the continuing availability of acquisition, development and redevelopment opportunities, on favorable terms; the availability of equity and debt capital (including the availability of construction financing) in the public and private markets; the availability of suitable joint venture partners and potential purchasers of the Company’s properties if offered for sale; the ability of the Company’s joint venture partner to fund its share of future property acquisitions; changes in interest rates; the fact that returns from acquisition, development and redevelopment activities may not be at expected levels or at expected times; risks inherent in ongoing development and redevelopment projects including, but not limited to, cost overruns resulting from weather delays, changes in the nature and scope of development and redevelopment efforts, changes in governmental regulations relating thereto, and market factors involved in the pricing of material and labor; the need to renew leases or re-let space upon the expiration or termination of current leases and incur applicable required replacement costs; and the financial flexibility of ourselves and our joint venture partners to repay or refinance debt obligations when due and to fund tenant improvements and capital expenditures.

CEDAR SHOPPING CENTERS, INC.

Consolidated Balance Sheets

	June 30 2011	December 31, 2010
	<u>(unaudited)</u>	
Assets		
Real estate:		
Land	\$ 337,810,000	\$ 325,138,000
Buildings and improvements	1,296,924,000	1,246,979,000
	<u>1,634,734,000</u>	<u>1,572,117,000</u>
Less accumulated depreciation	(207,895,000)	(188,233,000)
Real estate, net	1,426,839,000	1,383,884,000
Real estate held for sale/conveyance	51,175,000	88,348,000
Investment in unconsolidated joint ventures	46,060,000	52,466,000
Cash and cash equivalents	13,426,000	14,166,000
Restricted cash	14,340,000	12,493,000
Receivables:		
Rents and other tenant receivables, net	8,914,000	7,048,000
Straight-line rents	16,546,000	15,669,000
Loans and other receivables (\$8.0 million and \$2.6 million, respectively) and joint venture settlements	10,968,000	8,599,000
Other assets	8,925,000	9,676,000
Deferred charges, net	25,900,000	28,086,000
Assets relating to real estate held for sale/conveyance	2,322,000	2,052,000
Total assets	<u>\$1,625,415,000</u>	<u>\$1,622,487,000</u>
Liabilities and equity		
Mortgage loans payable	\$ 684,118,000	\$ 659,203,000
Mortgage loans payable — real estate held for sale/conveyance	42,951,000	48,313,000
Secured revolving credit facilities	167,097,000	132,597,000
Accounts payable and accrued liabilities	30,446,000	29,026,000
Unamortized intangible lease liabilities	44,092,000	46,453,000
Liabilities relating to real estate held for sale/conveyance	1,416,000	1,371,000
Total liabilities	<u>970,120,000</u>	<u>916,963,000</u>
Limited partners' interest in Operating Partnership	5,325,000	7,053,000
Commitments and contingencies	—	—
Equity:		
Cedar Shopping Centers, Inc. shareholders' equity:		
Preferred stock (\$.01 par value, \$25.00 per share liquidation value, 12,500,000 shares authorized, 6,400,000 shares issued and outstanding)	158,575,000	158,575,000
Common stock (\$.06 par value, 150,000,000 shares authorized 68,002,000 and 66,520,000 shares, respectively, issued and outstanding)	4,080,000	3,991,000
Treasury stock (1,336,000 and 1,120,000 shares, respectively, at cost)	(10,856,000)	(10,367,000)
Additional paid-in capital	718,015,000	712,548,000
Cumulative distributions in excess of net income	(283,400,000)	(231,275,000)
Accumulated other comprehensive loss	(2,997,000)	(3,406,000)
Total Cedar Shopping Centers, Inc. shareholders' equity	<u>583,417,000</u>	<u>630,066,000</u>
Noncontrolling interests:		
Minority interests in consolidated joint ventures	60,299,000	62,050,000
Limited partners' interest in Operating Partnership	6,254,000	6,355,000
Total noncontrolling interests	<u>66,553,000</u>	<u>68,405,000</u>
Total equity	<u>649,970,000</u>	<u>698,471,000</u>
Total liabilities and equity	<u>\$1,625,415,000</u>	<u>\$1,622,487,000</u>

See accompanying notes to consolidated financial statements.

CEDAR SHOPPING CENTERS, INC.

Consolidated Statements of Operations
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Revenues:				
Rents	\$ 30,730,000	\$ 30,988,000	\$ 61,495,000	\$ 63,240,000
Expense recoveries	6,776,000	6,718,000	16,232,000	16,150,000
Other	793,000	283,000	1,499,000	382,000
Total revenues	38,299,000	37,989,000	79,226,000	79,772,000
Expenses:				
Operating, maintenance and management	7,035,000	6,840,000	17,620,000	16,315,000
Real estate and other property-related taxes	4,849,000	4,844,000	9,811,000	9,736,000
General and administrative	2,691,000	2,106,000	5,216,000	4,317,000
Management transition charges	6,350,000	—	6,530,000	—
Impairments	—	562,000	—	2,117,000
Acquisition transaction costs and terminated projects	73,000	2,000	1,242,000	1,322,000
Depreciation and amortization	10,917,000	11,222,000	21,250,000	21,370,000
Total expenses	31,915,000	25,576,000	61,669,000	55,177,000
Operating income	6,384,000	12,413,000	17,557,000	24,595,000
Non-operating income and expense:				
Interest expense, including amortization of deferred financing costs	(11,773,000)	(12,292,000)	(23,863,000)	(25,574,000)
Interest income	106,000	5,000	184,000	19,000
Unconsolidated joint ventures:				
Equity in income	34,000	479,000	825,000	835,000
Write-off of investment	(7,961,000)	—	(7,961,000)	—
Gain on sale of land parcel	—	—	28,000	—
Total non-operating income and expense	(19,594,000)	(11,808,000)	(30,787,000)	(24,720,000)
(Loss) income before discontinued operations	(13,210,000)	605,000	(13,230,000)	(125,000)
Discontinued operations:				
Income (loss) from operations	265,000	(157,000)	1,478,000	(514,000)
Impairment charges	(12,258,000)	(2,990,000)	(22,544,000)	(3,238,000)
Gain on sales	474,000	(5,000)	474,000	170,000
Total discontinued operations	(11,519,000)	(3,152,000)	(20,592,000)	(3,582,000)
Net loss	(24,729,000)	(2,547,000)	(33,822,000)	(3,707,000)
Less, net loss (income) attributable to noncontrolling interests:				
Minority interests in consolidated joint ventures	22,000	87,000	47,000	(388,000)
Limited partners' interest in Operating Partnership	579,000	178,000	839,000	292,000
Total net loss (income) attributable to noncontrolling interests	601,000	265,000	886,000	(96,000)
Net loss attributable to Cedar Shopping Centers, Inc.	(24,128,000)	(2,282,000)	(32,936,000)	(3,803,000)
Preferred distribution requirements	(3,540,000)	(1,969,000)	(7,041,000)	(3,938,000)
Net loss attributable to common shareholders	\$ (27,668,000)	\$ (4,251,000)	\$ (39,977,000)	\$ (7,741,000)
Per common share attributable to common shareholders (basic and diluted):				
Continuing operations	\$ (0.24)	\$ (0.02)	\$ (0.29)	\$ (0.07)
Discontinued operations	(0.17)	(0.05)	(0.30)	(0.06)
	<u>\$ (0.41)</u>	<u>\$ (0.07)</u>	<u>\$ (0.59)</u>	<u>\$ (0.13)</u>
Amounts attributable to Cedar Shopping Centers, Inc. common shareholders, net of limited partners' interest:				
Loss from continuing operations	\$ (16,380,000)	\$ (1,190,000)	\$ (19,797,000)	\$ (4,263,000)
Loss from discontinued operations	(11,753,000)	(3,056,000)	(20,645,000)	(3,643,000)
Gain on sales of discontinued operations	465,000	(5,000)	465,000	165,000
Net loss	\$ (27,668,000)	\$ (4,251,000)	\$ (39,977,000)	\$ (7,741,000)
Dividends declared per common share	\$ 0.09	\$ 0.09	\$ 0.18	\$ 0.09
Weighted average number of common shares outstanding	68,099,000	64,434,000	67,664,000	61,581,000

See accompanying notes to consolidated financial statements.

CEDAR SHOPPING CENTERS, INC.

Consolidated Statements of Equity
Six months ended June 30, 2011
(unaudited)

Cedar Shopping Centers, Inc. Shareholders									
	Preferred stock		Common stock		Treasury stock, at cost	Additional paid-in capital	Cumulative distributions in excess of net income	Accumulated other comprehensive (loss) income	Total
	Shares	\$25.00 Liquidation value	Shares	\$0.06 Par value					
Balance, December 31, 2010	6,400,000	\$ 158,575,000	66,520,000	\$ 3,991,000	\$(10,367,000)	\$ 712,548,000	\$ (231,275,000)	\$ (3,406,000)	\$ 630,066,000
Net loss	—	—	—	—	—	—	(32,936,000)	—	(32,936,000)
Unrealized gain on change in fair value of cash flow hedges	—	—	—	—	—	—	—	409,000	409,000
Total other comprehensive loss									\$ (32,527,000)
Deferred compensation activity, net	—	—	759,000	46,000	(489,000)	471,000	—	—	28,000
Net proceeds from sale of common stock	—	—	39,000	2,000	—	223,000	—	—	225,000
Net proceeds from dividend reinvestment and direct stock purchase plan	—	—	684,000	41,000	—	4,034,000	—	—	4,075,000
Preferred distribution requirements	—	—	—	—	—	—	(7,041,000)	—	(7,041,000)
Distributions to common shareholders/ noncontrolling interests	—	—	—	—	—	—	(12,148,000)	—	(12,148,000)
Contribution from minority interest partners	—	—	—	—	—	—	—	—	—
Reallocation adjustment of limited partners' interest	—	—	—	—	—	739,000	—	—	739,000
Balance, June 30, 2011	<u>6,400,000</u>	<u>\$ 158,575,000</u>	<u>68,002,000</u>	<u>\$ 4,080,000</u>	<u>\$(10,856,000)</u>	<u>\$ 718,015,000</u>	<u>\$(283,400,000)</u>	<u>\$ (2,997,000)</u>	<u>\$ 583,417,000</u>

Noncontrolling Interests				
	Minority interests in consolidated joint ventures	Limited partners' interest in Operating Partnership	Total	Total equity
Balance, December 31, 2010	\$ 62,050,000	\$ 6,355,000	\$ 68,405,000	\$ 698,471,000
Net loss	(47,000)	(452,000)	(499,000)	(33,435,000)
Unrealized gain on change in fair value of cash flow hedges	—	2,000	2,000	411,000
Total other comprehensive loss	(47,000)	(450,000)	(497,000)	(33,024,000)
Deferred compensation activity, net	—	—	—	28,000
Net proceeds from sale of common stock	—	—	—	225,000
Net proceeds from dividend reinvestment and direct stock purchase plan	—	—	—	4,075,000
Preferred distribution requirements	—	—	—	(7,041,000)
Distributions to common shareholders/ noncontrolling interests	(1,973,000)	(139,000)	(2,112,000)	(14,260,000)
Contribution from minority interest partners	269,000	—	269,000	269,000
Reallocation adjustment of limited partners' interest	—	488,000	488,000	1,227,000
Balance, June 30, 2011	<u>\$ 60,299,000</u>	<u>\$ 6,254,000</u>	<u>\$ 66,553,000</u>	<u>\$ 649,970,000</u>

See accompanying notes to consolidated financial statements.

CEDAR SHOPPING CENTERS, INC.

**Consolidated Statements of Cash Flows
(unaudited)**

	Six months ended June 30,	
	2011	2010
Cash flow from operating activities:		
Net loss	\$ (33,822,000)	\$ (3,707,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Equity in income of unconsolidated joint ventures	(825,000)	(835,000)
Distributions from unconsolidated joint ventures	557,000	548,000
Write-off of investment in unconsolidated joint venture	7,961,000	—
Impairments	—	2,117,000
Acquisition transaction costs and terminated projects	1,242,000	1,273,000
Impairments — discontinued operations	22,544,000	3,238,000
Gain on sales of real estate	(502,000)	(170,000)
Straight-line rents	(998,000)	(1,424,000)
Provision for doubtful accounts	1,765,000	1,518,000
Depreciation and amortization	21,466,000	23,753,000
Amortization of intangible lease liabilities	(2,995,000)	(5,427,000)
Amortization (including accelerated write-off) and market price adjustments relating to stock-based compensation	3,128,000	1,236,000
Amortization (including accelerated write-off of deferred financing costs)	2,143,000	2,493,000
Increases/decreases in operating assets and liabilities:		
Rents and other receivables, net	(4,405,000)	(2,875,000)
Joint venture settlements	126,000	(2,426,000)
Prepaid expenses and other	(383,000)	1,340,000
Accounts payable and accrued expenses	(3,436,000)	(3,894,000)
Net cash provided by operating activities	13,566,000	16,758,000
Cash flow from investing activities:		
Expenditures for real estate and improvements	(63,158,000)	(15,512,000)
Net proceeds from sales of real estate	11,577,000	2,056,000
Net proceeds from transfers to unconsolidated Cedar/RioCan joint venture, less cash at dates of transfer	2,894,000	31,513,000
Investments in and advances to unconsolidated joint ventures	(4,183,000)	(4,302,000)
Distributions of capital from unconsolidated joint ventures	2,996,000	1,559,000
Increase in loans and other receivables	(4,729,000)	—
Construction escrows and other	(1,825,000)	1,156,000
Net cash (used in) provided by investing activities	(56,428,000)	16,470,000
Cash flow from financing activities:		
Net advances/(repayments) from/(to) revolving credit facilities	34,500,000	(89,844,000)
Proceeds from mortgage financings	29,291,000	16,242,000
Mortgage repayments	(4,762,000)	(16,457,000)
Payments of debt financing costs	—	(998,000)
Termination payment related to interest rate swaps	—	(5,476,000)
Noncontrolling interests:		
Contribution from consolidated joint venture minority interests	269,000	—
Distributions to consolidated joint venture minority interests	(1,973,000)	(660,000)
Redemptions of Operating Partnership Units	—	(485,000)
Distributions to limited partners	(255,000)	(353,000)
Net proceeds from the sales of common stock	4,299,000	65,913,000
Exercise of warrant	—	10,000,000
Preferred stock distributions	(7,099,000)	(3,938,000)
Distributions to common shareholders	(12,148,000)	(10,542,000)
Net cash provided by (used in) financing activities	42,122,000	(36,598,000)
Net (decrease) in cash and cash equivalents	(740,000)	(3,370,000)
Cash and cash equivalents at beginning of period	14,166,000	17,164,000
Cash and cash equivalents at end of period	\$ 13,426,000	\$ 13,794,000

See accompanying notes to consolidated financial statements.

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2011
(unaudited)

Note 1. Organization and Basis of Preparation

Cedar Shopping Centers, Inc. (the “Company”) was organized in 1984 and elected to be taxed as a real estate investment trust (“REIT”) in 1986. The Company focuses primarily on ownership, operation, development and redevelopment of supermarket-anchored shopping centers predominantly in mid-Atlantic and Northeast coastal states. At June 30, 2011, the Company owned and managed 131 operating properties, including 22 properties in the unconsolidated Cedar/RioCan joint venture, and 17 properties “held for sale/conveyance”.

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 June 30, 2011 the Company owned a 98.0% economic interest in, and was the sole general partner of, the Operating Partnership. The limited partners’ interest in the Operating Partnership (2.0% at June 30, 2011) is represented by Operating Partnership Units (“OP Units”). The carrying amount of such interest is adjusted at the end of each reporting period to an amount equal to the limited partners’ ownership percentage of the Operating Partnership’s net equity. Allocations of amounts between the Company and its limited partners include the impact of the equity award shares discussed in Note 2 — “Stock- Based Compensation”. The approximately 1.4 million OP Units outstanding at June 30, 2011 are economically equivalent to the Company’s common stock and are convertible into the Company’s common stock at the option of the respective holders on a one-to-one basis.

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.

The consolidated financial statements include the accounts and operations of the Company, the Operating Partnership, its subsidiaries, and certain joint venture partnerships in which it participates. The Company consolidates all variable interest entities (“VIEs”) for which it is the primary beneficiary. Generally, a VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) as a group, the holders of the equity investment at risk (i) lack the power to make decisions about the entity’s activities that significantly impacts the entity’s performance through voting or similar rights, (ii) have no obligation to absorb the expected losses of the entity, or (iii) have no right to receive the expected residual returns of the entity, or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity’s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. The Company follows the accounting guidance for determining whether an entity is a VIE, which requires the performance of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE. The guidance requires an entity to consolidate a VIE if it has (i) the power to direct the activities that most significantly impact the entity’s economic performance, and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. Significant judgments related to these determinations include estimates about the current and future fair values and performance of real estate held by these VIEs and general market conditions.

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2011
(unaudited)

With respect to its 12 consolidated operating joint ventures, the Company has general partnership interests of 20% in nine properties, 40% in two properties and 50% in one property. As (i) such entities are not VIEs, and (ii) the Company is the sole general partner and exercises substantial operating control over these entities, the Company has determined that such entities should be consolidated for financial statement purposes. Current accounting guidance provides a framework for determining whether a general partner controls, and should consolidate, a limited partnership or similar entity in which it owns a minority interest.

The Company's three 60%-owned joint ventures originally formed as development projects in Limerick, Pottsgrove and Stroudsburg, Pennsylvania, are consolidated as they are deemed to be VIEs and the Company is the primary beneficiary in each case. At June 30, 2011, these VIEs owned real estate with a carrying value of \$138.3 million. The assets of the consolidated VIEs can be used to settle obligations other than those of the consolidated VIEs. At that date, one of the VIEs had a property-specific mortgage loan payable aggregating \$63.8 million, and the real estate owned by the other two VIEs partially collateralized the secured revolving development property credit facility (the "development property credit facility") to the extent of \$28.1 million. Such obligations are guaranteed by, and are recourse to, the Company. For such development projects, the Company reviews the applicable budgets and provides supervisory support.

On February 15, 2011, Homburg Invest Inc. ("HII"), one of the Company's joint venture partners, exercised its buy/sell option pursuant to the terms of the joint venture agreements for each of the nine properties owned by the venture. The offered values for the properties, in the aggregate, amounted to approximately \$55.0 million over existing property-specific financing of approximately \$101.6 million and \$102.3 million at June 30, 2011 and December 31, 2010, respectively. The Company has elected to purchase HII's 80% interest in one of the nine properties, Meadows Marketplace, located in Hershey, Pennsylvania. The offered purchase price for the 80% interest is approximately \$5.3 million, and the outstanding balance of the mortgage loan payable on the property was approximately \$10.1 million and \$10.2 million at June 30, 2011 and December 31, 2010, respectively. The Company also determined not to meet HII's buy/sell offers for each of the remaining eight properties. Accordingly, at closing, the Company will receive proceeds of approximately \$9.7 million from HII for its 20% interest in these properties. The outstanding balances of the mortgage loans payable on the eight properties was approximately \$91.5 million and \$92.1 million at June 30, 2011 and December 31, 2010, respectively. The Company's property management agreements for the eight properties will terminate upon the closing of the sale. In addition to normal closing conditions, these transactions are subject to the obtaining of approvals of the lenders holding mortgages on the properties, which create significant uncertainties. Accordingly, there can be no assurance that any of these transactions will be consummated.

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
June 30, 2011
(unaudited)

With respect to its unconsolidated joint ventures, the Company has a 20% interest in a joint venture with RioCan Real Estate Investment Trust of Toronto, Canada, a publicly-traded Canadian real estate investment trust ("RioCan") formed initially for the acquisition of seven shopping center properties owned by the Company; all seven properties had been transferred to the joint venture by May 2010 and, as of June 30, 2011, the joint venture owned 22 properties. The accounting treatment presentation on the accompanying consolidated statements of operations for the three and six months ended June 30, 2010 is to reflect the results of the properties' operations through the respective dates of transfer in current operations and, prospectively following their transfer to the joint venture, as "equity in income (loss) of unconsolidated joint ventures". Accordingly, the accompanying statements of operations for the three and six months ended June 30, 2010 includes revenues of \$0.7 million and \$4.4 million, respectively, applicable to the periods prior to the dates of transfer to the RioCan joint venture. Although the Company provides management and other services, RioCan has significant management participation rights. The Company has determined that this joint venture is not a VIE and, accordingly, the Company accounts for its investment in this joint venture under the equity method.

The Company had an approximate 85% limited partner's interest in an unconsolidated joint venture (increased from approximately 76% in the second quarter of 2011 for a payment of \$745,000) which owned a single-tenant property in Philadelphia, Pennsylvania. The Company had determined that this joint venture was not a VIE. In addition, the Company had no control over the entity, did not provide any management or other services to the entity, and had no substantial participating or "kick out" rights. The Company had accounted for its investment in this joint venture under the equity method. The tenant vacated the premises in April 2011 at which time the joint venture had a CMBS non-recourse first mortgage loan secured by the property in the amount of \$14.7 million due for payment in May 2011. In May and June 2011, the Company reviewed its investment alternatives and determined that it would not be prudent to proceed with the development, sale or lease of both the joint venture property and an adjacent property 100% owned by the Company (the adjacent property had been leased to the same tenant which also vacated the premises in April 2011). In addition, it was determined that it would also not be prudent to advance the funds necessary to pay off the joint venture's mortgage. Such determination was based on the uncertainty in obtaining favorable revisions to zoning, difficult existing deed restrictions, the uncertainty in achieving required economic returns given the extensive additional capital investments required, and uncertain current market conditions for sale or lease. As a result, in exchange for a payment by the Company of \$838,000, the Company (a) obtained appropriate releases, and (b) assigned its limited partnership interest to other partners of the joint venture. Accordingly, as of June 30, 2011, the Company wrote off its investment in the joint venture (\$8.0 million), and recorded an impairment charge, included in discontinued operations, related to the value of the 100%-owned adjacent property (\$9.1 million, as more fully discussed in Note 3 — "Discontinued Operations").

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At June 30, 2011, the Company had deposits of \$0.8 million on four land parcels (which is its maximum exposure) to be purchased for future development. Although each of the entities holding the deposits is considered a VIE, the Company has not consolidated any of them as the Company is not the primary beneficiary in each case.

Note 2. Summary of Significant Accounting Policies

The accompanying consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and include all of the information and disclosures required by U.S. Generally Accepted Accounting Principles ("GAAP") for interim reporting. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments necessary for fair presentation (including normal recurring accruals) have been included. The consolidated financial statements in this Form 10-Q should be read in conjunction with the audited consolidated financial statements and related notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

The consolidated financial statements reflect certain reclassifications of prior period amounts to conform to the 2011 presentation, principally to reflect the sale and/or treatment as "held for sale/conveyance" of certain operating properties and the treatment thereof as "discontinued operations". The reclassifications had no impact on previously-reported net income (loss) attributable to common shareholders or earnings per share.

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 upon the estimated useful lives of the respective assets of between 3 and 40 years. Depreciation expense amounted to \$10.1 million and \$10.5 million for the three months ended June 30, 2011 and 2010, respectively, and \$19.7 million and \$20.0 million for the six months ended June 30, 2011 and 2010, respectively. Expenditures for betterments that substantially extend the useful lives of the assets are capitalized. Expenditures for maintenance, repairs, and betterments that do not substantially prolong the normal useful life of an asset are charged to operations as incurred.

Upon the sale (or treatment as "held for sale/conveyance") or other disposition of assets, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or impairment loss, if any, is reflected as discontinued operations. In addition, prior periods' financial statements would be reclassified to reflect the sold properties' operations as discontinued.

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Real estate investments include costs of development and redevelopment activities, and construction in progress. Capitalized costs, including interest and other carrying costs during the construction and/or renovation periods, are included in the cost of the related asset and charged to operations through depreciation over the asset's estimated useful life. Interest and financing costs capitalized amounted to \$0.8 million and \$0.7 million for the three months ended June 30, 2011 and 2010, respectively, and \$1.1 million and \$1.6 million for the six months ended June 30, 2011 and 2010, respectively. A variety of costs are incurred in the acquisition, development and leasing of a property, such as pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs, and other costs incurred during the period of development. After a determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. The Company ceases capitalization on the portions substantially completed and occupied, or held available for occupancy, and capitalizes only those costs associated with the portions under development. The Company considers a construction project to be substantially completed and held available for occupancy upon the completion of tenant improvements, but not later than one year from cessation of major construction activity.

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 projected inability to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds estimated fair value. Real estate investments held for sale/conveyance are carried at the lower of their respective carrying amounts or estimated fair values, less costs to sell. Depreciation and amortization are suspended during the periods held for sale/conveyance.

During the three months ended March 31, 2010, the Company wrote-off approximately \$1.3 million of costs incurred in prior years for a potential development project in Williamsport, Pennsylvania that the Company determined would not go forward.

Conditional asset retirement obligation

A conditional asset retirement obligation is a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement is conditional on a future event that may or may not be within the control of the Company. The Company would record a liability for a conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated. Environmental studies conducted at the time of acquisition with respect to all of the Company's properties did not reveal any material environmental liabilities, and the Company is unaware of any subsequent environmental matters that would have created a material liability. The Company believes that its properties are currently in material compliance with applicable environmental, as well as non-environmental, statutory and regulatory requirements. There were no conditional asset retirement obligation liabilities recorded by the Company during the three and six months ended June 30, 2011 and 2010, respectively.

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Fair Value Measurements

The fair value measurement accounting guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels:

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

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible while also considering counterparty credit risk in the assessment of fair value. Financial liabilities measured at fair value in the consolidated financial statements consist of interest rate swaps. The fair values of interest rate swaps are determined using widely accepted valuation techniques, including discounted cash flow analysis, on the expected cash flows of each derivative. The analysis reflects the contractual terms of the swaps, including the period to maturity, and uses observable market-based inputs, including interest rate curves (“significant other observable inputs”). The fair value calculation also includes an amount for risk of non-performance using “significant unobservable inputs” such as estimates of current credit spreads to evaluate the likelihood of default. The Company has concluded, as of June 30, 2011, that the fair value associated with the “significant unobservable inputs” relating to the Company’s risk of non-performance was insignificant to the overall fair value of the interest rate swap agreements and, as a result, the Company has determined that the relevant inputs for purposes of calculating the fair value of the interest rate swap agreements, in their entirety, were based upon “significant other observable inputs”. Nonfinancial assets and liabilities measured at fair value in the consolidated financial statements consists of real estate held for sale/conveyance- discontinued operations.

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The following tables show the hierarchy for those assets measured at fair value on a non-recurring basis as of June 30, 2011 and December 31, 2010, respectively:

Asset Description	Assets Measured at Fair Value on a Non Recurring Basis June 30, 2011			
	Level 1	Level 2	Level 3	Total
Real estate held for sale	\$ —	\$ 5,316,000	\$ 45,859,000	\$ 51,175,000

Asset Description	Assets Measured at Fair Value on a Non Recurring Basis December 31, 2010			
	Level 1	Level 2	Level 3	Total
Real estate held for sale	\$ —	\$ 22,773,000	\$ 47,186,000	\$ 69,959,000(a)

(a) Excludes net book value of \$18.4 million relating to properties subsequently treated as “ held for sale” during the six months ended June 30, 2011 and recorded at fair value as of that date.

The carrying amounts of cash and cash equivalents, restricted cash, rents and other receivables, certain other assets, accounts payable and accrued expenses approximate fair value. The fair value of the Company’s investments (\$3.6 million and \$0 at June 30, 2011 and December 31, 2010, respectively) and liabilities related to deferred compensation plans (\$3.7 million and \$0 at June 30, 2011 and December 31, 2010, respectively) were determined to be a Level 1 within the valuation hierarchy, and were based on independent values provided by financial institutions. The valuation of the liability for the Company’s interest rate swaps (\$1.4 million and \$1.6 million at June 30, 2011 and December 31, 2010, respectively), which is measured on a recurring basis, was determined to be a Level 2 within the valuation hierarchy, and was based on independent values provided by financial institutions. The valuation of the assets for the Company’s real estate held for sale/conveyance — discontinued operations, which is measured on a nonrecurring basis, have been determined to be (i) a Level 2 within the valuation hierarchy, based on the respective contracts of sale or (ii) Level 3 within the valuation hierarchy, where applicable, based on estimated sales prices determined by discounted cash flow analyses if no contract amounts were as yet being negotiated. The discounted cash flow analyses included all estimated cash inflows and outflows over a specific holding period and where applicable, any estimated debt premiums. These cash flows were comprised of unobservable inputs which included contractual rental revenues and forecasted rental revenues and expenses based upon market conditions and expectations for growth. Capitalization rates and discount rates utilized in these analyses were based upon observable rates that the Company believed to be within a reasonable range of current market rates for the respective properties.

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The fair value of the Company's fixed rate mortgage loans was estimated using available market information and discounted cash flows analyses based on borrowing rates the Company believes it could obtain with similar terms and maturities. As of June 30, 2011 and December 31, 2010, the aggregate fair values of the Company's fixed rate mortgage loans were approximately \$620.4 million and \$579.4 million, respectively; the carrying values of such loans were \$599.4 million and \$575.6 million, respectively, at those dates.

Intangible Lease Asset/Liability

The Company allocates the fair value of real estate acquired to land, buildings and improvements. In addition, the fair value of in-place leases is allocated to intangible lease assets and liabilities.

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

The values of acquired above-market and below-market leases are recorded based on the present values (using discount rates which reflect the risks associated with the leases acquired) of the differences between the contractual amounts to be received and management's estimate of market lease rates, measured over the terms of the respective leases that management deemed appropriate at the time of the acquisitions. Such valuations include a consideration of the non-cancellable terms of the respective leases as well as any applicable renewal period(s). The fair values associated with below-market rental renewal options are determined based on the Company's experience and the relevant facts and circumstances that existed at the time of the acquisitions. The values of above-market leases are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of below-market leases associated with the original non-cancelable lease terms are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of the leases associated with below-market renewal options that are likely of exercise are amortized to rental income over the respective renewal periods. The value of other intangible assets (including leasing commissions, tenant improvements, etc.) is amortized to expense over the applicable terms of the respective leases. If a lease were to be terminated prior to its stated expiration or not renewed, all unamortized amounts relating to that lease would be recognized in operations at that time.

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With respect to the Company's acquisitions, the fair values of in-place leases and other intangibles have been allocated to the intangible asset and liability accounts. Such allocations are preliminary and are based on information and estimates available as of the respective dates of acquisition. As final information becomes available and is refined, appropriate adjustments are made to the purchase price allocations, which are finalized within twelve months of the respective dates of acquisition.

Unamortized intangible lease liabilities that relate to below-market leases amounted to \$44.1 million and \$46.5 million at June 30, 2011 and December 31, 2010, respectively. Unamortized intangible lease assets that relate to above-market leases amounted to \$0.9 million and \$0 at June 30, 2011 and December 31, 2010, respectively.

As a result of recording the intangible lease assets and liabilities, (i) revenues were increased by \$1.5 million and \$2.6 million for the three months ended June 30, 2011 and 2010, respectively, and \$2.9 million and \$4.8 million for the six months ended June 30, 2011 and 2010, respectively, relating to the amortization of intangible lease liabilities, and (ii) depreciation and amortization expense was increased correspondingly by \$2.4 million and \$2.5 million for the three months ended June 30, 2011 and 2010, respectively, and \$4.4 million and \$4.9 million for the six months ended June 30, 2011 and 2010, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks and short-term investments with original maturities of less than ninety days, and include cash at consolidated joint ventures of \$9.6 million and \$6.7 million at June 30, 2011 and December 31, 2010, respectively.

Restricted Cash

The terms of several of the Company's mortgage loans payable require the Company to deposit certain replacement and other reserves with its lenders. Such "restricted cash" is generally available only for property-level requirements for which the reserves have been established, and is not available to fund other property-level or Company-level obligations.

Rents and Other Receivables

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

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The Company must make estimates as to the collectability of its accounts receivable related to base rent, straight-line rent, percentage rent, expense reimbursements and other revenues. When management analyzes accounts receivable and evaluates the adequacy of the allowance for doubtful accounts, it considers such things as historical bad debts, tenant creditworthiness, current economic trends, current developments relevant to a tenant's business specifically and to its business category generally, and changes in tenants' payment patterns. The allowance for doubtful accounts was \$6.1 million and \$5.4 million at June 30, 2011 and December 31, 2010, respectively. The provision for doubtful accounts (included in operating, maintenance and management expenses) was \$0.7 million and \$0.6 million for the three months ended June 30, 2011 and 2010, respectively, and \$1.6 million and \$1.1 million for the six months ended June 30, 2011 and 2010, respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents in excess of insured amounts and tenant receivables. The Company places its cash and cash equivalents with high quality financial institutions. Management performs ongoing credit evaluations of its tenants and requires certain tenants to provide security deposits and/or suitable guarantees.

Other Assets

Other assets at June 30, 2011 and December 31, 2010 are comprised of the following:

	June 30, 2011	December 31, 2010
Investments and cumulative mark-to-market adjustments related to stock-based compensation	\$ 3,607,000	\$ 2,101,000
Prepaid expenses	2,678,000	5,258,000
Intangible lease assets (i)	877,000	—
Property deposits	751,000	1,792,000
Leasehold improvements and other	1,012,000	525,000
	<u>\$ 8,925,000</u>	<u>\$ 9,676,000</u>

(i) Represents unamortized balances relating to above-market leases resulting from purchase accounting allocations.

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Deferred Charges, Net

Deferred charges at June 30, 2011 and December 31, 2010 are net of accumulated amortization and are comprised of the following:

	June 30, 2011	December 31, 2010
Lease origination costs (i)	\$ 16,632,000	\$ 16,101,000
Financing costs (ii)	8,309,000	10,434,000
Other	959,000	1,551,000
	<u>\$ 25,900,000</u>	<u>\$ 28,086,000</u>

- (i) Includes unamortized balances of intangible lease assets (\$7.6 million and \$7.7 million, respectively) resulting from purchase accounting allocations.
- (ii) Represents costs incurred in connection with the Company's credit facilities and other long-term debt.

Deferred charges are amortized over the terms of the related agreements. Amortization expense related to deferred charges (including amortization of deferred financing costs included in non-operating income and expense) amounted to \$2.0 million and \$2.2 million for the three months ended June 30, 2011 and 2010, respectively, and \$3.9 million and \$4.3 million for the six months ended June 30, 2011 and 2010, respectively.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (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 such REIT taxable income to its shareholders and complies with certain other requirements. As of June 30, 2011, the Company was in compliance with all REIT requirements.

The Company follows a two-step approach for evaluating uncertain tax positions. Recognition (step one) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when a company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited. The Company has not identified any uncertain tax positions which would require an accrual.

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Derivative Financial Instruments

The Company occasionally utilizes derivative financial instruments, principally interest rate swaps, to manage its exposure to fluctuations in interest rates. The Company has established policies and procedures for risk assessment, and the approval, reporting and monitoring of derivative financial instruments. Derivative financial instruments must be effective in reducing the Company's interest rate risk exposure in order to qualify for hedge accounting. When the terms of an underlying transaction are modified, or when the underlying hedged item ceases to exist, all changes in the fair value of the instrument are marked-to-market with changes in value included in net income for each period until the derivative financial instrument matures or is settled. Any derivative financial instrument used for risk management that does not meet the hedging criteria is marked-to-market with the changes in value included in net income. The Company has not entered into, and does not plan to enter into, derivative financial instruments for trading or speculative purposes. Additionally, the Company has a policy of entering into derivative contracts only with major financial institutions. On January 20, 2010, the Company paid approximately \$5.5 million to terminate interest rate swaps applicable to the financing for its development joint venture project in Stroudsburg, Pennsylvania.

As of June 30, 2011, the Company believes it has no significant risk associated with non-performance of the financial institutions which are the counterparties to its derivative contracts. Additionally, based on the rates in effect as of June 30, 2011, if a counterparty were to default, the Company would receive a net interest benefit. At June 30, 2011, the Company had approximately \$19.9 million of mortgage loans payable subject to interest rate swaps. Such interest rate swaps converted LIBOR-based variable rates to fixed annual rates of 5.4% and 6.5% per annum. At that date, the Company had accrued liabilities of \$1.4 million (included in accounts payable and accrued expenses on the consolidated balance sheet) relating to the fair value of interest rate swaps applicable to existing mortgage loans payable. Charges and/or credits relating to the changes in fair values of such interest rate swaps are made to accumulated other comprehensive (loss) income, noncontrolling interests (minority interests in consolidated joint ventures and limited partners' interest), or operations (included in interest expense), as appropriate.

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The following is a summary of the derivative financial instruments held by the Company at June 30, 2011 and December 31, 2010:

Designation/ Cash flow	Derivative	Count	Notional values		Expiration dates	Balance sheet location	Fair value		
			June 30, 2011	Count			December 31, 2010	June 30, 2011	December 31, 2010
Qualifying	rate swaps	2	\$19,896,000	2	\$ 20,094,000	2011 – 2020	Accounts payable and accrued expenses	\$1,441,000	\$ 1,642,000

The following presents the effect of the Company's derivative financial instruments on the consolidated statements of operations and the consolidated statements of equity for the three and six months ended June 30, 2011 and 2010:

Designation/ Cash flow	Derivative	Amount of gain (loss) recognized in other comprehensive (loss) income (effective portion)		Amount of gain (loss) recognized in other comprehensive (loss) income (effective portion)	
		Three months ended June 30,		Six months ended June 30,	
		2011	2010	2011	2010
Qualifying	swaps	\$ 115,000	\$ (94,000)	\$ 411,000	\$ (1,093,000)

There was no ineffectiveness recorded in earnings for the three and six months ended June 30, 2011 and 2010.

Limited Partners Interest In Operating Partnership (Mezz OP Units)

The Company follows the accounting guidance related to noncontrolling interests in consolidated financial statements, which clarifies that a noncontrolling interest in a subsidiary (minority interests or certain limited partners' interest, in the case of the Company), subject to the classification and measurement of redeemable securities, is an ownership interest in a consolidated entity which should be reported as equity in the parent company's consolidated financial statements. The guidance requires a reconciliation of the beginning and ending balances of equity attributable to noncontrolling interests and disclosure, on the face of the consolidated income statement, of those amounts of consolidated net income attributable to the noncontrolling interests. The Company classifies the balances related to minority interests in consolidated joint ventures and limited partners' interest in the Operating Partnership into the consolidated equity accounts, as appropriate (certain non-controlling interests of the Company are classified in the mezzanine section of the balance sheet (the "Mezz OP Units") as such Mezz OP Units do not meet the requirements for equity classification, as certain of the holders of OP Units have registration rights that provide such holders with the right to demand registration under the federal securities laws of the common stock of the Company issuable upon conversion of such OP Units). The Company adjusts the carrying value of the Mezz OP Units each period to equal the greater of its historical carrying value or its redemption value. Through June 30, 2011, there have been no cumulative net adjustments recorded to the carrying amounts of the Mezz OP Units.

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The following is an analysis of the activity relating to the Mezz OP units:

Balance, December 31, 2010	\$ 7,053,000
Net loss	(387,000)
Unrealized gain on change in fair value of cash flow hedges	<u>2,000</u>
Total other comprehensive loss	<u>(385,000)</u>
Distributions	(116,000)
Reallocation adjustment of limited partners' interest	<u>(1,227,000)</u>
Balance, June 30, 2011	<u>\$ 5,325,000</u>

Earnings/ Dividends Per Share

Basic earnings per share ("EPS") is computed by dividing net (loss) attributable to the Company's common shareholders by the weighted average number of common shares outstanding for the period, including (a) restricted shares and shares held by Rabbi Trusts, as these are participating securities, and (b) shares attributable to the equity award discussed in "Stock-Based Compensation" below.

Fully-diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into shares of common stock. The calculations of additional shares were anti-dilutive for the three and six months ended June 30, 2011, respectively. The calculations of additional shares were 52,000 and 39,000 for the three and six months ended June 30, 2010, respectively, and related to the warrants issued to RioCan prior to their exercise; however, such amounts were anti-dilutive as the Company reported net losses for those periods. Accordingly, fully-diluted EPS are the same as basic EPS for all periods presented.

Dividends to common shareholders declared were \$6,097,000 (\$0.09 per share) and \$5,845,000 (\$0.09 per share) for the three months ended June 30, 2011 and 2010, respectively, and \$12,148,000 (\$0.18 per share) and \$5,845,000 (\$0.09 per share) for the six months ended June 30, 2011 and 2010, respectively.

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Management Transition Charges

In June 2011, the Company's Chairman of the Board, CEO and President retired, and the employment of the Company's Chief Financial Officer ended. Pursuant to their respective employment and/or separation agreements, (a) they are to receive an aggregate of approximately \$3.7 million in cash severance payments (including the cost of related payroll taxes and benefits), and (b) all of their unvested restricted share grants became vested and all related unamortized deferred compensation was written off (an aggregate of approximately \$2.0 million — see "Stock-Based Compensation" below). Together with approximately \$0.8 million of other costs, primarily professional fees and expenses related to the hiring of a new President/CEO and Chief Financial Officer (including \$0.2 million recorded during the three months ended March 31, 2011), the Company recorded an aggregate of approximately \$6.5 million as "management transition charges" during the six months ended June 30, 2011.

Stock-Based Compensation

The Company's 2004 Stock Incentive Plan (the "Incentive Plan") establishes the procedures for the granting of incentive stock options, stock appreciation rights, restricted shares, performance units and performance shares. The maximum number of shares of the Company's common stock that may be issued pursuant to the Incentive Plan is 4,850,000 (including a 2,100,000 share increase approved by shareholders on June 15, 2011), and the maximum number of shares that may be granted to a participant in any calendar year may not exceed 250,000. All grants issued pursuant to the Incentive Plan are "restricted stock grants" which generally vest (i) at the end of designated time periods for time-based grants, or (ii) upon the completion of a designated period of performance for performance-based grants and satisfaction of performance criteria. Time-based grants are valued according to the market price for the Company's common stock at the date of grant. The value of all grants is being expensed on a straight-line basis over the respective vesting periods (irrespective of achievement of the performance grants) adjusted, as applicable, for fluctuations in the market value of the Company's common stock and forfeiture assumptions. Those grants of restricted shares that are transferred to Rabbi Trusts are classified as treasury stock on the Company's consolidated balance sheet. For performance-based grants, the Company generally engages an independent appraisal company to determine the value of the shares at the date of grant, taking into account the underlying contingency risks associated with the performance criteria.

In January 2009, the Company issued 218,000 shares of common stock as performance-based grants, based on the total annual return on an investment in the Company's common stock ("TSR") over the three-year period ending December 31, 2011, with 75% to vest if such TSR is equal to, or greater than an average of 6% TSR per year on the Company's common stock, and 25% to vest based on a comparison of TSR for such three years to the Company's peer group. The independent appraisal determined the values of the performance-based shares to be \$5.44 and \$6.48 per share, respectively, compared to a market price at the date of grant of \$7.02 per share. After the accelerated vesting in June 2011 of certain of these shares, as discussed below, 82,000 shares remain of the 2009 performance-based award.

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In January 2010, the Company issued 227,000 shares of common stock as performance-based grants. As modified in September 2010, one-half of these amounts will vest upon the satisfaction of the following conditions: (a) if the TSR on the Company's common stock is at least an average of 6% per year for the three years ending December 31, 2012, and (b) if there is a positive comparison of TSR on the Company's common stock to the median of the TSR for the Company's peer group for the three years ending December 31, 2012. The independent appraisal determined the values of the category (a) and (b) performance-based shares to be \$4.56 per share and \$6.00 per share, respectively, compared to a market price at the date of grant of \$6.70 per share. After the accelerated vesting in June 2011 of certain of these shares, as discussed below, 84,000 shares remain of the 2010 performance-based award.

In January 2011, the Company issued 275,000 shares of common stock as performance-based grants. One-half of these amounts will vest upon the satisfaction of the following conditions: (a) if the TSR on the Company's common stock is at least an average of 8% per year for the three years ending December 31, 2013, and (b) if there is a positive comparison of TSR on the Company's common stock to the median of the TSR for the Company's peer group for the three years ending December 31, 2013. The independent appraisal determined the values of the category (a) and (b) performance-based shares to be \$4.40 per share and \$5.91 per share, respectively, compared to a market price at the date of grant of \$6.54 per share. After the accelerated vesting in June 2011 of certain of these shares, as discussed below, 123,000 shares remain of the 2011 performance-based award.

In connection with the retirement of the Company's Chairman of the Board, CEO and President, and the end of the employment of the Company's Chief Financial Officer (see "Management Transition Charges" above), all of their outstanding restricted share grants, consisting of time-based grants (284,000 shares) and performance-based grants (422,000 shares) became vested (an aggregate of 706,000 shares), and were expensed in full at the then market value of the shares (an aggregate of approximately \$2.0 million).

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The Company's new President and CEO is to receive restricted share grants totaling 2.5 million shares, one-half of which are to be time-based, vesting upon the seventh anniversary of the date of grant (vesting on June 15, 2018), and the other half to be performance-based, to be earned if the TSR on the Company's common stock is at least an average of 6.5% per year for the seven years ending June 15, 2018. The independent appraiser has initially estimated the value of the performance-based award to be \$4.39 per share compared to a market price at the date of grant of \$4.98 per share. As a result of existing limitations within the Incentive Plan, only 250,000 shares have been issued, 1,750,000 shares are being accounted for as an "equity award", and 500,000 shares are being accounted for as a "liability award". The values of the equity and liability awards are being expensed on a straight-line basis over the vesting period. Consistent with such awards to other recipients, dividends will be paid on all the shares, including the equity and liability award shares, with the dividends paid on the equity award shares treated as distributions to common shareholders and included in the statement of equity, and the dividends paid on the liability award shares treated as compensation and included in the statement of operations. In addition, with respect to the liability award, adjustments to reflect changes in the fair value of the award will also be charged to operations. It is the Company's intention to seek a modification of the terms of the Incentive Plan (or to adopt a new stock incentive plan) so as to permit the grant of the entire 2.5 million shares. Until such changes are effectuated, the Company will issue 250,000 shares each calendar year, thereby reducing the liability established for the equity award. If, by June 15, 2018, the entire 2.5 million shares have not been issued, the parties have agreed to satisfy any remaining Company obligations on a mutually-agreeable economic basis.

The Company's new Chief Financial Officer received a time-based restricted share grant totaling 137,000 shares, vesting 25% annually on each of the next four anniversary dates of June 7, 2011.

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In addition to the above, there were other time-based restricted shares issued, which amounted to 0 shares and 4,000 shares for the three months ended June 30, 2011 and 2010, respectively, and 299,000 shares and 278,000 shares for the six months ended June 30, 2011 and 2010, respectively. The following table sets forth certain stock-based compensation information for the three and six months ended June 30, 2011 and 2010, respectively:

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Restricted share grants (a)	387,000	4,000	961,000	505,000
Average per-share value	\$ 4.96	\$ 6.52	\$ 5.40	\$ 6.55
Grant date values of restricted stock awards:				
Restricted share grants	\$ 1,921,000	\$ 30,000	\$ 5,192,000	\$ 3,308,000
Equity award	\$ 8,198,000	\$ —	\$ 8,198,000	\$ —
Liability award	\$ 2,342,000	\$ —	\$ 2,342,000	\$ —
Charged to operations:				
Expense relating to stock-based compensation	\$ 2,816,000	\$ 884,000	\$ 3,796,000	\$ 1,590,000
Adjustments to reflect changes in market price of Company's common stock	(518,000)	(884,000)	(668,000)	(375,000)
Total charged to operations (b)	<u>\$ 2,298,000</u>	<u>\$ —</u>	<u>\$ 3,128,000</u>	<u>\$ 1,215,000</u>
Non-vested shares (a):				
Non-vested, beginning of period	1,548,000	1,368,000	1,280,000	980,000
Grants	387,000	4,000	961,000	505,000
Vested during period	(726,000)	(28,000)	(1,017,000)	(141,000)
Forfeitures/cancellations	—	—	(15,000)	—
Non-vested, end of period	<u>1,209,000</u>	<u>1,344,000</u>	<u>1,209,000</u>	<u>1,344,000</u>
Average value of non-vested shares (based on valuation at date of grant)	<u>\$ 5.36</u>	<u>\$ 6.33</u>	<u>\$ 5.36</u>	<u>\$ 6.33</u>
Weighted average value of shares forfeited	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5.66</u>	<u>\$ —</u>
Value of shares vested during the period (based on valuation at date of grant) (c)	<u>\$ 4,017,000</u>	<u>\$ 397,000</u>	<u>\$ 6,611,000</u>	<u>\$ 2,189,000</u>

- (a) Does not include the equity and liability award shares.
(b) The 2011 amounts include \$1,980,000 applicable to the accelerated vestings.
(c) The 2011 amounts include \$3,775,000 applicable to the accelerated vestings.

At June 30, 2011, 2.3 million shares remained available for grants pursuant to the Incentive Plan (including the 2.1 million shares approved by shareholders), and \$14.7 million remains to be expensed over various periods ending in June 2018.

During 2001, pursuant to the 1998 Stock Option Plan (the "Option Plan"), the Company granted to the then directors options to purchase an aggregate of approximately 13,000 shares of common stock at \$10.50 per share, the market value of the Company's common stock on the date of the grant. The options were fully exercisable and expired on July 11, 2011. The Option Plan has expired and is no longer in effect.

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In connection with an acquisition of a shopping center in 2002, the Operating Partnership issued warrants to purchase approximately 83,000 OP Units to a then minority interest partner in the property. Such warrants have an exercise price of \$13.50 per unit, subject to certain anti-dilution adjustments, are fully vested, and expire on May 31, 2012.

Supplemental consolidated statements of cash flows information

	Six months ended June 30,	
	2011	2010
Supplemental disclosure of cash activities:		
Interest paid	\$ 24,160,000	\$ 25,714,000
Supplemental disclosure of non-cash activities:		
Assumption of mortgage loans payable upon disposition	—	(7,740,000)
Conversion of OP Units into common stock	—	163,000
Purchase accounting allocations:		
Intangible lease assets	(5,764,000)	(2,901,000)
Intangible lease liabilities	753,000	—
Other non-cash investing and financing activities:		
Accrued interest rate swap liabilities	(202,000)	(1,307,000)
Accrued real estate improvements and construction escrows	1,241,000	357,000
Capitalization of deferred financing costs	400,000	495,000
Deconsolidation of properties transferred to joint venture:		
Real estate, net	—	139,745,000
Mortgage loans payable	—	(94,058,000)
Other assets/liabilities, net	—	(3,574,000)
Investment in and advances to unconsolidated joint venture	—	9,423,000
Settlement receivable from unconsolidated joint venture	—	3,824,000

Recently-Issued Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2011-04, “Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S GAAP and IFRS”. This update defines fair value, clarifies a framework to measure fair value, and requires specific disclosures of fair value measurements. The guidance is effective for interim and annual reporting periods beginning after January 1, 2012 and is required to be applied retrospectively. The Company does not expect adoption of this guidance to have a material impact on its financial condition or results of operations.

In June 2011, the FASB issued Accounting Standards Update 2011-05, “Presentation of Comprehensive Income”. This standard eliminates the current requirement to report other comprehensive income and its components in the statement of equity and instead requires the components of other comprehensive income to be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The guidance is effective for interim and annual reporting periods beginning after January 1, 2012 and is required to be applied retrospectively. Other than presentation in the financial statements, the adoption of this guidance will have no effect on the Company’s financial position or results of operations.

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Note 3. Real Estate/Discontinued Operations/Investment in Cedar/RioCan Joint Venture

At June 30, 2011 a substantial portion of the Company's real estate was pledged as collateral for mortgage loans payable and the revolving credit facilities. The following are the significant real estate transactions that occurred during the six months ended June 30, 2011.

Wholly-owned properties

On January 14, 2011, the Company acquired Colonial Commons, a shopping center located in Lower Paxton Township, Pennsylvania. The purchase price for the property was approximately \$49.1 million. At closing, the Company entered into a first mortgage in the amount of \$28.1 million, which bears interest at 5.55% per annum.

On February 14, 2011, the Company completed the sale of a development land parcel, located near Ephrata, Pennsylvania for approximately \$1.9 million, which approximated the property's carrying value at December 31, 2010.

On April 29, 2011, the Company acquired, for future development (and which is substantially pre-leased), a vacant land parcel in Kutztown (Township of Maxatawny), Pennsylvania for a purchase price of approximately \$1.6 million.

Discontinued operations

During the period from January 1, 2010 through June 30, 2011, the Company sold or treated as "held for sale and/or conveyance", 26 of its properties, including (1) a 100%-owned single-tenant property in Philadelphia, Pennsylvania, and (2) a number of drug store/convenience centers. The carrying values of the assets and liabilities of these properties, principally the net book values of the real estate and the related mortgage loans payable to be assumed by the buyers (or conveyed to the mortgagee), have been reclassified as "held for sale/conveyance" on the Company's consolidated balance sheets at June 30, 2011 and December 31, 2010. In addition, the properties' results of operations have been classified as "discontinued operations" for all periods presented. In connection therewith, the Company recorded net impairment charges of \$12.3 million and \$3.0 million for the three months ended June 30, 2011 and 2010, respectively, and \$22.5 million and \$3.2 million for the six months ended June 30, 2011 and 2010, respectively (such impairment charges aggregated \$39.5 million for the entire year ended December 31 2010).

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Such charges were based on a comparison of the carrying values of the properties with either (1) the actual sales price less costs to sell for the properties sold or contract amounts for properties in the process of being sold, (2) estimated sales prices based on discounted cash flow analyses if no contract amounts were as yet being negotiated, as discussed in more detail in Note 2 — “Fair Value Measurements”, or (3) an “as is” appraisal with respect to the single-tenant property in Philadelphia, Pennsylvania to be conveyed to the mortgagee. Prior to the Company’s plan to dispose of assets reclassified to “held for sale/conveyance”, the Company performed recoverability analyses based on the estimated cash flows that were expected to result from the real estate investments’ use and eventual disposal.

The impairment charge recorded in the three months ended June 30, 2011 relates primarily to the 100%-owned single-tenant property in Philadelphia, Pennsylvania. Similar to the adjacent joint venture property discussed in Note 1 — “Organization and Basis of Preparation”, the tenant vacated the premises in April 2011 at which time the Company’s wholly-owned subsidiary had a CMBS non-recourse first mortgage loan secured by the property in the amount of \$12.9 million maturing in March 2012 (guaranteed by the Company to the extent of \$250,000). In May and June 2011, the Company reviewed its investment alternatives and determined that it would not be prudent to proceed with the development, sale or lease of the properties. In addition, it was determined that to advance the funds to repay the mortgages would also not be prudent. Such determination was based on the uncertainty in obtaining favorable revisions to zoning, difficult existing deed restrictions, uncertainty in achieving required economic returns given the extensive additional capital investments required, and uncertain current market conditions for sale or lease. No payments have been made on the 100%-owned property mortgage since May 2011, although the Company has been accruing interest expense and will pay real estate taxes and other property-maintenance expenses as they become due. The carrying value of the property, which is classified as “held for sale/conveyance” was \$4.6 million at June 30, 2011, after giving effect to a \$9.1 million impairment charge. It is the Company’s intention to convey the property to the mortgagee by a deed-in-lieu of foreclosure process, whereby the Company’s subsidiary would be released from all obligations, including any unpaid principal (other than the aforementioned \$250,000 Company guaranty) and interest. At the time of such conveyance, the Company would recognize a gain (anticipated to approximate \$8.3 million) based on the excess of the carrying amount of the liabilities (mortgage principal and accrued interest and real estate taxes) over the carrying amount of the property at June 30, 2011.

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As previously disclosed, the Company's properties in Ohio, principally drugstore-anchored centers, were disproportionately impacted, relative to the Company's other properties, by continuing unemployment and adverse economic conditions attributable in large part to the decline in automobile production and sales which, in turn, resulted in factory closings and/or downsizing. This resulted in disproportionately larger vacancies at those properties. As a result of the challenges in maintaining viable tenancies in those areas, the Company developed a strategy to dispose of these and several other properties. Impairment charges related to these properties recorded in the six months ended June 30, 2011 included approximately \$2.0 million for two additional properties reclassified to "held for sale/conveyance" during the three months ended March 31, 2011 and additional charges of approximately \$7.9 million and \$2.6 million for the three month periods ended March 31 and June 30, 2011, respectively, principally representing adjustments to the net realizable values of certain of the properties treated as "held for sale/conveyance" as of December 31, 2010. The additional charges were based principally on changes in the structure of previously-negotiated transactions. In March 2011, the Company terminated a contract to swap three properties for certain land parcels in Ohio and instead entered into a new agreement to sell the properties for cash and assumption of existing debt, and, subsequent to June 30, 2011, the Company was unable to obtain the required lender consents for the sale of 14 additional "held for sale/conveyance" properties, discussed below (the buyers in both cases being members of the group from which the Company originally acquired the drug store/convenience centers).

On April 27, 2011, the Company made a two-year \$4.1 million loan to the developers of a site located in Columbus, Ohio (the developers are certain other members of the group from which the Company acquired the drug store/convenience centers). The loan was made in consideration of the borrowers facilitating (but not being parties to) the contract for the sale of the 14 properties. The loan (which may be increased, under certain conditions, by an additional \$300,000) bears interest at 6.25% per annum and is collateralized by a first mortgage on the development parcel, which has an appraised value in excess of \$8 million.

On April 29, 2011, the Company entered into a contract for the sale of the 14 properties, subject to lenders approvals, with a closing anticipated during the latter part of 2011. The \$33.2 million net aggregate sales price for the properties, after reflecting estimated closing costs and expenses, includes approximately \$25.3 million of mortgage loans payable to be assumed, and approximates the properties' carrying values as of March 31, 2011. As a result of being unable to obtain lender consents, the Company is in the process of renegotiating the transaction, may not sell all 14 properties at this time, and, accordingly, has revalued the properties on an individual, and not portfolio, basis.

In addition to the three and 14-property transactions noted above, the Company, on March 30, 2011, completed the sale of two of the "held for sale/conveyance" properties for approximately \$3.8 million, which approximated their adjusted carrying values. In addition, on April 15, 2011, the Company completed the sale of another "held for sale/conveyance" property for approximately \$10.8 million, which approximated \$0.5 million in excess of its adjusted carrying value.

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The following table summarizes information relating to the Company's properties which were sold or treated as "held for sale and/or conveyance", as of June 30, 2011 and December 31, 2010:

Property Description	State	Property carrying value		Mortgage loans payable			
		Jun. 30, 2011	Dec. 31, 2010	Maturity date	Int. rate	Financial statement carrying value	
						Jun. 30, 2011	Dec. 31, 2010
Carrolton Discount Drug Mart Plaza (a)	OH	\$ —	\$ —	—	—	\$ —	\$ —
Centerville Discount Drug Mart Plaza	OH	2,382,000	2,481,000	May 2015	5.2%	2,716,000	2,743,000
Clyde Discount Drug Mart Plaza	OH	2,196,000	2,287,000	May 2015	5.2%	1,884,000	1,903,000
Columbia Mall	PA	10,175,000	10,774,000	—	—	—	—
Enon Discount Drug Mart Plaza (b)	OH	—	4,598,000	—	—	—	—
Family Dollar at Zanesville (a)	OH	—	—	—	—	—	—
Fairfield Plaza (b)	CT	—	10,150,000	July 2015	5.0%	—	5,009,000
FirstMerit Bank at Akron	OH	693,000	760,000	—	—	—	—
FirstMerit Bank at Cuyahoga Falls	OH	546,000	569,000	—	—	—	—
Gahanna Discount Drug Mart Plaza	OH	5,316,000	7,103,000	Nov 2016	5.8%	4,886,000	4,924,000
Grove City Discount Drug Mart Plaza	OH	1,893,000	2,911,000	—	—	—	—
Hilliard Discount Drug Mart Plaza	OH	1,472,000	2,627,000	—	—	—	—
Hills & Dales Discount Drug Mart Plaza (b)	OH	—	3,263,000	—	—	—	—
Lodi Discount Drug Mart Plaza	OH	2,346,000	2,550,000	May 2015	5.2%	2,295,000	2,319,000
Long Reach Village (a)	MD	—	—	—	—	—	—
Mason Discount Drug Mart Plaza	OH	4,319,000	4,499,000	—	—	—	—
McCormick Place	OH	1,796,000	3,942,000	Aug 2017	6.1%	2,568,000	2,587,000
Ontario Discount Drug Mart Plaza	OH	2,315,000	2,534,000	May 2015	5.2%	2,120,000	2,141,000
Pickerington Discount Drug Mart Plaza	OH	3,391,000	3,532,000	Jul 2015	5.0%	4,031,000	4,072,000
Polaris Discount Drug Mart Plaza	OH	4,453,000	4,640,000	May 2015	5.2%	4,327,000	4,369,000
Pondside Plaza (a)	NY	—	—	—	—	—	—
Powell Discount Drug Mart Plaza (a)	OH	—	—	—	—	—	—
Roosevelt II	PA	4,600,000	13,687,000	Mar 2012	6.5%	12,865,000	12,940,000
Shelby Discount Drug Mart Plaza	OH	1,848,000	1,925,000	May 2015	5.2%	2,120,000	2,141,000
Westlake Discount Drug Mart Plaza	OH	1,434,000	1,667,000	Dec 2016	5.6%	3,139,000	3,165,000
		51,175,000	86,499,000			42,951,000	48,313,000
Development Land Parcel (b)	PA	—	1,849,000	—	—	—	—
		<u>\$ 51,175,000</u>	<u>\$ 88,348,000</u>			<u>\$ 42,951,000</u>	<u>\$ 48,313,000</u>

(a) Property sold during 2010.

(b) Property sold during 2011.

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The following is a summary of the components of loss from discontinued operations for the three and six months ended June 30, 2011 and 2010, respectively:

	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Revenues:				
Rents	\$ 1,735,000	\$ 2,364,000	\$ 4,418,000	\$ 5,046,000
Expense recoveries	540,000	672,000	1,302,000	1,386,000
Other	6,000	18,000	311,000	46,000
Total revenues	<u>2,281,000</u>	<u>3,054,000</u>	<u>6,031,000</u>	<u>6,478,000</u>
Expenses:				
Operating, maintenance and management	781,000	960,000	1,804,000	2,318,000
Real estate and other property-related taxes	546,000	535,000	1,145,000	1,115,000
Depreciation and amortization	162,000	1,155,000	384,000	2,387,000
Interest expense	527,000	561,000	1,220,000	1,172,000
	<u>2,016,000</u>	<u>3,211,000</u>	<u>4,553,000</u>	<u>6,992,000</u>
Income (loss) from discontinued operations before impairment charges	265,000	(157,000)	1,478,000	(514,000)
Impairment charges	<u>(12,258,000)</u>	<u>(2,990,000)</u>	<u>(22,544,000)</u>	<u>(3,238,000)</u>
(Loss) from discontinued operations	<u>\$ (11,993,000)</u>	<u>\$ (3,147,000)</u>	<u>\$ (21,066,000)</u>	<u>\$ (3,752,000)</u>
Gain (loss) on sales of discontinued operations	<u>\$ 474,000</u>	<u>\$ (5,000)</u>	<u>\$ 474,000</u>	<u>\$ 170,000</u>

RioCan Joint Venture

The Company and RioCan have entered into an 80% (RioCan) and 20% (Cedar) joint venture (i) initially for the purchase of seven supermarket-anchored properties previously owned by the Company, and (ii) then to acquire additional primarily supermarket-anchored properties in the Company's primary market areas, in the same joint venture format. The transfers of the initial seven properties, which commenced in December 2009, were completed in May 2010. At June 30, 2011, the Company was owed approximately \$3.0 million (\$0.7 million related to contingent consideration) relating to post-closing adjustments applicable to properties transferred to or acquired by the joint venture.

On April 15, 2011, the joint venture acquired Northwoods Crossing shopping center, located near Boston, Massachusetts. The purchase price was approximately \$23.4 million, including the assumption of a \$14.4 million first mortgage maturing in 2016 and bearing interest at 6.4% per annum.

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The Company earned fees from the joint venture of approximately \$0.7 million and \$0.2 million for the three months ended June 30, 2011 and 2010, respectively, and \$1.2 million and \$0.3 million for the six months ended June 30, 2011 and 2010, respectively, representing accounting fees, management fees, acquisition fees and financing fees. Such fees are included in other revenues in the accompanying statements of operations. During the three and six months ended June 30, 2010, the Company recorded an impairment charge of approximately \$0.6 million and \$2.1 million, respectively, related principally to the remaining completion work at the Blue Mountain Commons property transferred to the joint venture in December 2009. In connection with the joint venture transactions, the Company paid fees to its investment advisor of approximately \$0.2 million for the six months ended June 30, 2010, which are included in transaction costs in the accompanying statement of operations.

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The following are the 22 properties owned by the Cedar/RioCan joint venture as of June 30, 2011:

<u>Property Description</u>	<u>State</u>	<u>Date of transfer or acquisition</u>	<u>Transfer or purchase price</u>	<u>Mortgage Loans Payable (b)</u>	<u>Int. rate</u>
Blue Mountain Commons	PA	12/10/2009(a)	\$ 32,150,000	\$ 17,500,000	5.0%
Columbus Crossing	PA	2/23/2010(a)	24,538,000	16,880,000	6.8%
Creekview Plaza	PA	9/29/2010	26,240,000	14,432,000	4.8%
Cross Keys Place	NJ	10/13/2010	26,336,000	14,600,000	5.1%
Exeter Commons	PA	8/3/2010	53,000,000	30,000,000	5.3%
Franklin Village Plaza	MA	2/4/2010(a)	54,656,000	43,500,000	4.8%
Gettysburg Marketplace	PA	10/21/2010	19,850,000	10,918,000	5.0%
Loyal Plaza	PA	5/26/2010(a)	26,950,000	12,615,000	7.2%
Marlboro Crossroads	MD	10/21/2010	12,500,000	6,875,000	5.1%
Monroe Marketplace	PA	9/29/2010	41,990,000	23,095,000	4.8%
Montville Commons	CT	9/29/2010	18,900,000	10,500,000	5.8%
New River Valley	VA	9/29/2010	27,970,000	15,163,000	4.8%
Northland Center	PA	10/21/2010	10,248,000	6,298,000	5.0%
Northwoods Crossing	MA	4/15/2011	23,448,000	14,429,000	6.4%
Pitney Road Plaza	PA	9/29/2010	11,060,000	6,083,000	4.8%
Shaw's Plaza	MA	4/27/2010(a)	20,363,000	14,200,000	6.0%
Stop & Shop Plaza	CT	4/27/2010(a)	8,974,000	7,000,000	6.2%
Sunset Crossing	PA	12/10/2009(a)	9,850,000	4,500,000	5.0%
Sunrise Plaza	NJ	9/29/2010	26,460,000	13,728,000	4.8%
Town Square Plaza	PA	1/26/2010	18,854,000	11,000,000	5.0%
Towne Crossings	VA	10/21/2010	19,000,000	10,450,000	5.0%
York Marketplace	PA	10/21/2010	29,200,000	16,060,000	5.0%
			<u>\$542,537,000</u>	<u>\$319,826,000</u>	

- (a) Initial seven properties previously owned by the Company that were transferred to the Cedar/RioCan joint venture.
- (b) Mortgage loans payable represent either (i) the outstanding balance at the date of transfer, excluding any mortgage discount or (ii) the loan amount on the dates of borrowing and/or assumption.

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The following summarizes certain financial information related to the Company's investment in the Cedar/RioCan unconsolidated joint venture at June 30, 2011 and December 31, 2010, respectively, and for the three and six months ended June 30, 2011 and 2010, respectively:

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
Assets:		
Real estate, net (a)	\$ 538,948,000	\$ 524,447,000
Cash and cash equivalents	11,535,000	5,934,000
Restricted cash	5,802,000	4,464,000
Rent and other receivables	3,369,000	2,074,000
Straight-line rent	1,876,000	1,000,000
Deferred charges, net	4,425,000	13,269,000
Other assets	13,351,000	8,514,000
Total assets	<u>\$ 579,306,000</u>	<u>\$ 559,702,000</u>
Liabilities and partners' capital:		
Mortgage loans payable (a)	\$ 319,295,000	\$ 293,400,000
Due to the Company	3,016,000	6,036,000
Unamortized lease liability	23,155,000	24,573,000
Other liabilities	5,316,000	7,738,000
Preferred stock	97,000	97,000
Partners' capital:		
RioCan	182,367,000	181,239,000
The Company	46,060,000	46,619,000
Total partners' capital	<u>228,427,000</u>	<u>227,858,000</u>
Total liabilities and partners' capital	<u>\$ 579,306,000</u>	<u>\$ 559,702,000</u>

(a) The joint venture's property-specific mortgage loans payable are collateralized by all of the joint venture's real estate, and bear interest at rates ranging from 4.8% to 7.2% per annum

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	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues	\$ 15,296,000	\$ 5,161,000	\$ 31,289,000	\$ 8,246,000
Property operating and other expenses	1,307,000	761,000	3,966,000	1,220,000
Management fees to the Company	483,000	176,000	950,000	275,000
Real estate taxes	1,819,000	517,000	3,551,000	818,000
Acquisition transaction costs	790,000	—	858,000	594,000
General and administrative	61,000	51,000	132,000	102,000
Depreciation and amortization	5,177,000	1,283,000	10,140,000	1,795,000
Interest and other non-operating expenses, net	<u>4,684,000</u>	<u>1,353,000</u>	<u>9,079,000</u>	<u>1,831,000</u>
Net income	<u>\$ 975,000</u>	<u>\$ 1,020,000</u>	<u>\$ 2,613,000</u>	<u>\$ 1,611,000</u>
RioCan	780,000	827,000	2,090,000	1,322,000
The Company	<u>195,000</u>	<u>193,000</u>	<u>523,000</u>	<u>289,000</u>
	<u>\$ 975,000</u>	<u>\$ 1,020,000</u>	<u>\$ 2,613,000</u>	<u>\$ 1,611,000</u>

Secured Revolving Credit Facility: On November 15, 2010, the joint venture closed a secured revolving credit facility with TD Bank, National Association as administrative agent and Royal Bank of Canada as syndication agent, with total commitments aggregating \$50.0 million. The principal terms of the facility include (i) an availability based primarily on appraisals with a 50% advance rate, (ii) an interest rate based on (a) LIBOR plus 300 basis points (“bps”) with a 100 bps floor, or (b) the prime rate, as defined, plus 200 bps, (iii) an unused portion fee of 50 bps, and (iv) a leverage ratio limited to 65%. The facility will expire on November 15, 2012, subject to a one-year extension option. As the joint venture has not pledged any properties as collateral under the facility, there were no amounts outstanding and no amounts available for borrowing at June 30, 2011. The facility may be used to fund acquisitions, capital expenditures, mortgage repayments, partnership distributions, working capital and other general partnership purposes. The facility is subject to customary financial covenants, including limits on leverage, and other financial statement ratios. As of June 30, 2011, the joint venture was in compliance with the financial covenants as required by the terms of the facility.

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Note 4. Mortgage Loans Payable and Secured Revolving Credit Facilities

Secured debt is comprised of the following at June 30, 2011 and December 31, 2010:

Description	June 30, 2011			December 31, 2010		
	Balance outstanding	Interest rates		Balance outstanding	Interest rates	
		Weighted average	Range		Weighted average	Range
Fixed-rate mortgages (a)	\$ 599,350,000	5.8%	5.0% – 7.6%	\$ 575,635,000	5.8%	5.0% – 7.6%
Variable-rate mortgages	84,768,000	4.1%	3.5% and 5.9%	83,568,000	4.1%	2.5% and 5.9%
Total property-specific mortgages	684,118,000	5.6%		659,203,000	5.6%	
Stabilized property credit facility	64,035,000	5.5%		29,535,000	5.5%	
Development property credit facility	103,062,000	2.5%		103,062,000	2.5%	
	<u>\$ 851,215,000</u>	<u>5.2%</u>		<u>\$ 791,800,000</u>	<u>5.2%</u>	
Fixed-rate mortgages related to:						
Real estate held for sale — discontinued operations (a)	<u>\$ 42,951,000</u>	<u>5.7%</u>	5.0% – 6.5%	<u>\$ 48,313,000</u>	<u>5.6%</u>	5.0% – 6.5%

(a) Restated to reflect the reclassifications of properties treated as discontinued operations.

Included in variable-rate mortgages is a \$70.7 million construction facility, as amended, with Manufacturers and Traders Trust Company (as agent) and several other banks, pursuant to which the Company has pledged its joint venture development property in Pottsgrove, Pennsylvania as collateral for borrowings thereunder. The facility is guaranteed by the Company and will expire on September 26, 2011, subject to a one-year extension option. Borrowings under the facility bear interest at the Company's option at either LIBOR plus a spread of 325 bps, or the agent bank's prime rate. Borrowings outstanding under the facility aggregated \$63.8 million at June 30, 2011, and such borrowings bore interest at an average rate of 3.5% per annum. As of June 30, 2011, the Company was in compliance with the financial covenants as required by the terms of the construction facility.

Stabilized Property Revolving Credit Facility

The Company has a \$185 million stabilized property revolving credit facility with Bank of America, N.A. as administrative agent, together with three other lead lenders and other participating banks (the "stabilized property credit facility"). The facility is expandable to \$400 million, subject principally to acceptable collateral and the availability of additional lender commitments, and will expire on January 31, 2012, subject to a one-year extension option. The principal terms of the facility include (i) an availability based primarily on appraisals, with a 67.5% advance rate, (ii) an interest rate based on LIBOR plus 350 bps, with a 200 bps LIBOR floor, (iii) a leverage ratio limited to 67.5%, and (iv) an unused portion fee of 50 bps.

Borrowings outstanding under the facility aggregated \$64.0 million at June 30, 2011. Such borrowings bore interest at an average rate of 5.5% per annum, and the Company had pledged 29 of its shopping center properties as collateral for such borrowings, including five properties which are being treated as "real estate held for sale/conveyance".

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The stabilized property credit facility has been, and will be, used to fund acquisitions, certain development and redevelopment activities, capital expenditures, mortgage repayments, dividend distributions, working capital and other general corporate purposes. The facility is subject to customary financial covenants, including limits on leverage and distributions (limited to 95% of funds from operations, as defined), and other financial statement ratios. Based on covenant measurements and collateral in place as of June 30, 2011, the Company was permitted to draw up to approximately \$140.8 million (\$138.0 million if the collateral properties being treated as "held for sale/conveyance" were removed), of which approximately \$76.8 million remained available as of that date. As of June 30, 2011, the Company was in compliance with the financial covenants as required by the terms of the stabilized property credit facility.

Development Property Revolving Credit Facility

The Company has a \$150 million development property credit facility with KeyBank, National Association (as agent) and several other banks, pursuant to which the Company has pledged certain of its development projects and redevelopment properties as collateral for borrowings thereunder. The facility, as amended, is expandable to \$250 million, subject principally to acceptable collateral and the availability of additional lender commitments. In June 2011, the Company exercised its one-year extension option and the loan is now due on June 13, 2012. Borrowings under the facility bear interest at the Company's option at either LIBOR or the agent bank's prime rate, plus a spread of 225 bps or 75 bps, respectively. Advances under the facility are calculated at the least of 70% of aggregate project costs, 70% of "as stabilized" appraised values, or costs incurred in excess of a 30% equity requirement on the part of the Company. The facility also requires an unused portion fee of 15 bps. This facility has been, and will be, used to fund in part the Company's and certain consolidated joint ventures' development activities. In order to draw funds under this construction facility, the Company must meet certain pre-leasing and other conditions. Borrowings outstanding under the facility aggregated \$103.1 million at June 30, 2011, and such borrowings bore interest at a rate of 2.5% per annum. As of June 30, 2011, the Company was in compliance with the as financial covenants required by the terms of the development property credit facility.

Note 5. Common Stock

The Company has a Standby Equity Purchase Agreement (the "SEPA Agreement") with an investment company for sales of its shares of common stock aggregating up to \$45 million over a commitment period ending in September 2011. Under the terms of the SEPA Agreement, the Company may sell, from time to time, shares of its common stock at a discount to market of 1.75%. The amount of these daily sales is generally limited to the lesser of 20% of the average daily trading volume or \$1.0 million. In connection with these sales transactions, the Company agreed to pay an investment advisor a 0.75% placement agent fee. In addition, the Company may require the investment company to advance from time to time up to \$5.0 million; provided, however, that the Company may only request these larger advances approximately once a month. With respect to such advances, the common stock sales are at a discount to market of 2.75% and the placement agent fee is 1.25%. As the Company has a conditional obligation to issue a variable number of shares of its common stock, advances are initially recorded as a liability, and as shares are sold on a daily basis and the advance is settled, such liability is reflected in equity. During the six months ended June 30, 2011, there were no shares sold pursuant to the SEPA Agreement.

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The Company has a Dividend Reinvestment and Direct Stock Purchase Plan ("DRIP") covering up to 5.0 million shares of its common stock. The DRIP offers a convenient method for shareholders to invest cash dividends and/or make optional cash payments to purchase shares of the Company's common stock at 98% of their market value. On March 17, 2011, an amendment to the DRIP became effective to have all stock purchased at 100% of their market value which was approved by the Board of Directors of the Company. During the six months ended June 30, 2011, the Company issued approximately 684,000 shares of its common stock at an average price of \$6.03 per share and realized proceeds after expenses of approximately \$4.1 million.

In connection with a litigation settlement in the Company's favor, the Company received a cash payment of \$225,000. In addition, in May 2011, the defendants acquired 39,000 shares of the Company's common stock at an average price of \$5.78 per share from which the Company realized net proceeds of an additional \$225,000.

During 2001, pursuant to the 1998 Stock Option Plan (the "Option Plan"), the Company granted to the then directors options to purchase an aggregate of approximately 13,000 shares of common stock at \$10.50 per share, the market value of the Company's common stock on the date of the grant. The options were fully exercisable and expired on July 11, 2011. In connection with the adoption of the Incentive Plan, the Company agreed that it would not grant any more options under the Option Plan.

In connection with an acquisition of a shopping center in 2002, the Operating Partnership issued warrants to purchase approximately 83,000 OP Units to a then minority interest partner in the property. Such warrants have an exercise price of \$13.50 per unit, subject to certain anti-dilution adjustments, are fully vested, and will expire on May 31, 2012.

Note 6. Subsequent Events

In determining subsequent events, management reviewed all activity from July 1, 2011 through the date of filing this Quarterly Report on Form 10-Q.

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On July 28, 2011, the Company's Board of Directors declared a dividend of \$0.09 per share with respect to its common stock as well as an equal distribution per unit on its outstanding OP Units. At the same time, the Board declared a dividend of \$0.5546875 per share with respect to the Company's 8-7/8% Series A Cumulative Redeemable Preferred Stock. The distributions are payable on August 22, 2011 to shareholders of record on August 12, 2011.

On July 6, 2011, the Company refinanced a property that had collateralized the development property revolving credit facility. The new fixed-rate mortgage, aggregating \$16.5 million, bears interest at 5.2% per annum, with the principal payable on a 25-year amortization schedule, and the balance due in July 2021. The proceeds reduced the balances under the development property revolving credit facility and the stabilized property revolving credit facility by \$10.8 million and \$5.7 million, respectively.

On August 1, 2011, the Company refinanced a fixed-rate mortgage collateralized by a property owned by the Cedar/RioCan joint venture. The existing \$43.3 million mortgage bore interest at 4.8% per annum, with the balance due in November 2011. The new fixed-rate mortgage, aggregating \$44.0 million, bears interest at 4.1% per annum, with principal and interest payments on a 30-year amortization schedule, and the balance due in August 2016.

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

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

Executive Summary

The Company is a fully-integrated real estate investment trust which focuses primarily on ownership, operation, development and redevelopment of supermarket-anchored shopping centers predominantly in mid-Atlantic and Northeast coastal states. At June 30, 2011, the Company owned and managed (both wholly-owned and in joint venture) a portfolio of 131 operating properties totaling approximately 16.0 million square feet of GLA, including 71 wholly-owned properties comprising approximately 7.8 million square feet, 12 properties owned in joint venture (consolidated) comprising approximately 1.4 million square feet, 22 properties in a managed joint venture (unconsolidated) comprising approximately 3.7 million square feet, five redevelopment properties comprising approximately 1.3 million square feet., four ground-up development properties comprising approximately 0.7 million square feet, and 17 properties “held for sale/conveyance” comprising approximately 1.1 million square feet. Excluding the ground-up development properties and the properties “held for sale/conveyance”, the 110 property portfolio was approximately 92.0% leased at June 30, 2011. The Company also owned approximately 185 acres of land parcels, a significant portion of which is under development.

The Company, organized as a Maryland corporation, has established an umbrella partnership structure through the contribution of substantially all of its assets to the Operating Partnership, organized as a limited partnership under the laws of Delaware. The Company conducts substantially all of its business through the Operating Partnership. At June 30, 2011, the Company owned 98.0% of the Operating Partnership and is its sole general partner. The approximately 1.4 million 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.

Summary of Critical Accounting Policies

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

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

Revenue Recognition

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

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

Real Estate Investments

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

A variety of costs are incurred in the acquisition, development and leasing of a property, such as pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs, and other costs incurred during the period of development. After a determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. The Company ceases capitalization on the portions substantially completed and occupied, or held available for occupancy, and capitalizes only those costs associated with the portions under construction. The Company considers a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but not later than one year from cessation of major development activity. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The effect of a longer capitalization period would be to increase capitalized costs and would result in higher net income, whereas the effect of a shorter capitalization period would be to reduce capitalized costs and would result in lower net income.

The Company allocates the fair value of real estate acquired to land, buildings and improvements. In addition, the fair value of in-place leases is allocated to intangible lease assets and liabilities.

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

The values of acquired above-market and below-market leases are recorded based on the present values (using discount rates which reflect the risks associated with the leases acquired) of the differences between the contractual amounts to be received and management's estimate of market lease rates, measured over the terms of the respective leases that management deemed appropriate at the time of the acquisitions. Such valuations include a consideration of the non-cancellable terms of the respective leases as well as any applicable renewal period(s). The fair values associated with below-market rental renewal options are determined based on the Company's experience and the relevant facts and circumstances that existed at the time of the acquisitions. The values of above-market leases are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of below-market leases associated with the original non-cancelable lease terms are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of the leases associated with below-market renewal options that are likely of exercise are amortized to rental income over the respective renewal periods. The value of other intangible assets (including leasing commissions, tenant improvements, etc.) is amortized to expense over the applicable terms of the respective leases. If a lease were to be terminated prior to its stated expiration or not renewed, all unamortized amounts relating to that lease would be recognized in operations at that time.

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

Management reviews each real estate investment for impairment whenever events or circumstances indicate that the carrying value of a real estate investment may not be recoverable. The review of recoverability is based on an estimate of the future cash flows that are expected to result from the real estate investment's use and eventual disposition. These estimates of cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If an impairment event exists due to the projected inability to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds estimated fair value. A real estate investment held for sale/conveyance is carried at the lower of its carrying amount or estimated fair value, less the cost of a potential sale. Depreciation and amortization are suspended during the period the property is held for sale/conveyance. Management is required to make subjective assessments as to whether there are impairments in the value of its real estate properties. These assessments have a direct impact on net income, because an impairment loss is recognized in the period that the assessment is made.

Stock-Based Compensation

The Company's 2004 Stock Incentive Plan (the "Incentive Plan") establishes the procedures for the granting of incentive stock options, stock appreciation rights, restricted shares, performance units and performance shares. The maximum number of shares of the Company's common stock that may be issued pursuant to the Incentive Plan is 4,850,000 (including a 2,100,000 share increase approved by shareholders on June 15, 2011), and the maximum number of shares that may be granted to a participant in any calendar year is 250,000. All grants issued pursuant to the Incentive Plan are "restricted stock grants" which generally vest (i) at the end of designated time periods for time-based grants, or (ii) upon the completion of a designated period of performance for performance-based grants. Time-based grants are valued according to the market price for the Company's common stock at the date of grant. For performance-based grants, the Company engages an independent appraisal company to determine the value of the shares at the date of grant, taking into account the underlying contingency risks associated with the performance criteria. These value estimates have a direct impact on net income, because higher valuations would result in lower net income, whereas lower valuations would result in higher net income. The value of such grants is being expensed on a straight-line basis over the respective vesting periods, as adjusted for fluctuations in the market value of the Company's common stock.

Results of Operations

Differences in results of operations between 2011 and 2010 were primarily the result of the impact of the Cedar/RioCan joint venture transactions, the Company's property acquisition/disposition program, continuing development/redevelopment activities, and the management transition charges. During the period January 1, 2010 through June 30, 2011, the Company acquired one shopping center aggregating approximately 475,000 square feet of GLA, wrote off its investment in an unconsolidated joint venture (\$8.0 million), and recorded an impairment charge related to the value of a 100%-owned adjacent property (\$9.1 million), as the Company determined that these development projects would not go forward. In addition, the Company sold or treated as "held for sale" 25 other properties (including a number of drug store/convenience centers) aggregating approximately 1,322,000 square feet of GLA for an aggregate estimated sales price of approximately \$79.5 million. The Company transferred five properties to the Cedar/RioCan joint venture, aggregating approximately 971,000 square feet of GLA. In connection with such transfers, the Company realized approximately \$34.0 million in net proceeds.

Net (loss) attributable to common shareholders was \$(27.7) million and \$(4.3) million for the three months ended June 30, 2011 and 2010, respectively, and \$(40.0) million and \$(7.7) million for the six months ended June 30, 2011 and 2010, respectively.

Comparison of the three months ended June 30, 2011 to 2010

	<u>2011</u>	<u>2010</u>	<u>Increase (decrease)</u>	<u>Percent change</u>	<u>Other</u>	<u>Properties held in both periods</u>
Total revenues	\$38,299,000	\$37,989,000	\$ 310,000	1%	\$ 553,000	\$ (243,000)
Property operating expenses	11,884,000	11,684,000	200,000	2%	129,000	71,000
Depreciation and amortization	10,917,000	11,222,000	(305,000)	-3%	543,000	(848,000)
General and administrative	2,691,000	2,106,000	585,000	28%	n/a	n/a
Management transition charges	6,350,000	—	6,350,000	n/a	n/a	n/a
Impairments	—	562,000	(562,000)	n/a	n/a	n/a
Acquisition transaction costs and terminated projects	73,000	2,000	71,000	n/a	n/a	n/a
Non-operating income and expense:						
Interest expense and financing cost amortization	11,773,000	12,292,000	(519,000)	-4%	n/a	n/a
Unconsolidated joint ventures:						
Equity in income	34,000	479,000	(445,000)	-93%	n/a	n/a
Write off of investment	7,961,000	—	7,961,000	n/a	n/a	n/a
Other	106,000	5,000	101,000	n/a	n/a	n/a
Discontinued operations:						
Income (loss) from operations	265,000	(157,000)	422,000	n/a	n/a	n/a
Impairment charges	12,258,000	2,990,000	9,268,000	n/a	n/a	n/a
Gain (loss) on sales	474,000	(5,000)	479,000	n/a	n/a	n/a

Properties held in both periods. The Company held 87 properties throughout the three months ended June 30, 2011 and 2010.

Total revenues decreased primarily as a result of (i) a decrease in non-cash amortization of intangible lease liabilities primarily as a result of the completion of scheduled amortization at certain properties (\$0.5 million, which was also the principal reason for the decrease in depreciation and amortization expense), (ii) a decrease in non-cash straight-line rents primarily as a result of early lease terminations (\$0.1 million) and (iii) a decrease in percentage rent and tenant recoveries (\$0.1 million), partially offset by (iv) an increase in base rents attributable to continued leasing at ground up developments and redevelopment properties (\$0.4 million) and (v) an increase in other income (\$0.1 million).

Property operating expenses increased primarily as a result of (i) an increase in bad debt expense (\$0.1 million), and (ii) an increase in real estate tax expense and other operating expenses (\$0.1 million), partially off-set by (iii) a decrease in repairs and maintenance expenses (\$0.1 million).

General and administrative expenses increased primarily as a result of (i) an increase in legal, accounting and other professional fees (\$0.3 million) and (ii) an increase in net mark-to-market adjustments related to stock-based compensation (\$0.2 million).

Management transition charges relate principally to the retirement of the Company's Chairman of the Board, CEO and President, and the end of the employment of the Company's Chief Financial Officer, and include (a) an aggregate of approximately \$3.7 million in cash severance payments (including the cost of related payroll taxes and benefits), (b) the accelerated amortization of deferred compensation costs related to the vesting of restricted share grants (an aggregate of approximately \$2.0 million), and (c) approximately \$0.6 million of other costs, primarily professional fees and expenses related to the hiring of a new President/CEO and Chief Financial Officer.

Impairments for the 2010 relate principally to the properties initially transferred to the Cedar/RioCan joint venture.

Interest expense and financing cost amortization decreased primarily as a result of (i) lower interest expense principally related to the reduction in the outstanding balance of the stabilized property credit facility from the net proceeds of the preferred stock offering completed in August 2010 (\$0.5 million), (ii) an increase in capitalized interest and amortization expense (\$0.1 million), and (iii) a decrease in amortization of deferred financing costs, principally related to the accelerated write-off of deferred financing costs in September 2010 (\$0.3 million), offset by (iv) an increase in mortgage interest expense related to additional property specific mortgage loans payable (\$0.3 million).

Equity in income of unconsolidated joint ventures decreased primarily as a result of the tenant vacating the premises at a property in Philadelphia, Pennsylvania, as more fully discussed elsewhere in this report.

Write off of joint venture investment relates to the Company's decision not to go forward with the development of two adjacent properties in Philadelphia, Pennsylvania, as more fully discussed elsewhere in this report.

Discontinued operations for 2011 and 2010 include the results of operations, impairment charges and gain on sales for 26 of the Company's properties (including a number of drug store/convenience centers) which it sold or treated as "held for sale/conveyance", as more fully discussed elsewhere in this report.

The "Other" column includes principally (a) the results of properties acquired after January 1, 2010, (b) the results of properties transferred to the Cedar/RioCan joint venture through the respective dates of transfer, (c) acquisition, financing and property management fees earned by the Company, (d) results of ground-up developments recently placed into service and on-going activities related to re-development properties, and (e) unallocated property and construction management compensation and benefits (including stock-based compensation), summarized as follows:

Revenues:

Cedar/RioCan joint venture properties	\$ (663,000)
Fees earned by the Company and other	41,000
Property acquisitions	1,292,000
Development and redevelopment properties	<u>(117,000)</u>
	<u>\$ 553,000</u>

Property operating expenses:

Cedar/RioCan joint venture properties	\$ (105,000)
Unallocated compensation and benefits	790,000
Property acquisitions	369,000
Development and redevelopment properties	<u>(925,000)</u>
	<u>\$ 129,000</u>

Depreciation and amortization expense:

Property acquisitions	\$ 830,000
Development and redevelopment properties	<u>(287,000)</u>
	<u>\$ 543,000</u>

Comparison of the six months ended June 30, 2011 to 2010

	<u>2011</u>	<u>2010</u>	<u>(Decrease)</u> <u>increase</u>	<u>Percent</u> <u>change</u>	<u>Other</u>	<u>Properties</u> <u>held in</u> <u>both years</u>
Total revenues	\$79,226,000	\$79,772,000	\$ (546,000)	-1%	\$ (378,000)	(168,000)
Property operating expenses	27,431,000	26,051,000	1,380,000	5%	329,000	1,051,000
Depreciation and amortization	21,250,000	21,370,000	(120,000)	-1%	639,000	(759,000)
General and administrative	5,216,000	4,317,000	899,000	21%	n/a	n/a
Management transition charges	6,530,000	—	6,530,000	n/a	n/a	n/a
Impairments	—	2,117,000	(2,117,000)	n/a	n/a	n/a
Acquisition transaction costs and terminated projects, net	1,242,000	1,322,000	(80,000)	n/a	n/a	n/a
Non-operating income and expense:						
Interest expense and financing cost amortization	23,863,000	25,574,000	(1,711,000)	-7%	n/a	n/a
Unconsolidated joint ventures:						
Equity in income	825,000	835,000	(10,000)	-1%	n/a	n/a
Write off of investment	7,961,000	—	7,961,000	n/a	n/a	n/a
Other	212,000	19,000	193,000	n/a	n/a	n/a
Discontinued operations:						
Income from operations	1,478,000	(514,000)	1,992,000	n/a	n/a	n/a
Impairment charges	22,544,000	3,238,000	19,306,000	n/a	n/a	n/a
Gain on sales	474,000	170,000	304,000	n/a	n/a	n/a

Properties held in both periods. The Company held 87 properties throughout the six months ended June 30, 2011 and 2010.

Total revenues decreased primarily as a result of (i) a decrease in non-cash amortization of intangible lease liabilities primarily as a result of the completion of scheduled amortization at certain properties (\$1.3 million, which was also the principal reason for the decrease in depreciation and amortization expense), (ii) a decrease in non-cash straight-line rents primarily as a result of early lease terminations (\$0.4 million), (iii) a decrease in percentage rent (\$0.1 million), partially offset by (iv) an increase in base rents attributable to continued leasing at ground-up developments and redevelopment properties (\$1.2 million), (v) an increase in tenant recovery income (\$0.2 million), and (vi) an increase in other income (\$0.2 million).

Property operating expenses increased primarily as a result of (i) an increase in bad debt expense (\$0.5 million), (ii) an increase in snow removal costs (\$0.4 million), (iii) an increase in real estate tax expense (\$0.1 million), and (iv) an increase in non-billable expenses (\$0.1 million).

General and administrative expenses increased primarily as a result of (i) a smaller litigation settlement received in 2011 as compared to a litigation settlement received in 2010 (\$0.5 million) and (ii) an increase in legal, accounting and other professional fees (\$0.3 million).

Management transition charges relate principally to the retirement of the Company's Chairman of the Board, CEO and President, and the end of the employment of the Company's Chief Financial Officer, and include (a) an aggregate of approximately \$3.7 million in cash severance payments (including the cost of related payroll taxes and benefits), (b) the accelerated amortization of deferred compensation costs related to the vesting of restricted share grants (an aggregate of approximately \$2.0 million), and (c) approximately \$0.8 million of other costs, primarily professional fees and expenses related to the hiring of a new President/CEO and Chief Financial Officer.

Impairments for 2010 relate principally to the remaining completion work at the Blue Mountain Commons property transferred to the Cedar/RioCan joint venture in December 2009 and to the five properties transferred to the Cedar/RioCan joint venture during the first and second quarters of 2010.

Interest expense and financing cost amortization decreased primarily a result of (i) lower interest expense principally related to the reduction in the outstanding balance of the stabilized property credit facility from the net proceeds of the preferred stock offering completed in August 2010 (\$1.7 million), (ii) a decrease in amortization of deferred financing costs, principally related to the accelerated write-off of deferred financing costs in September 2010 (\$0.6 million), partially offset by (iii) a decrease in capitalized interest and amortization (\$0.5 million), and (iv) an increase in mortgage interest expense related to additional property specific mortgage loans payable (\$0.2 million).

Equity in income of unconsolidated joint ventures decreased primarily as a result of the tenant vacating the premises at a property in Philadelphia, Pennsylvania, as more fully discussed elsewhere in this report, offset by operating results from an increased number of properties owned by the Cedar/RioCan joint venture.

Write off of joint venture investment relates to the Company's decision not to go forward with the development of two adjacent properties in Philadelphia, Pennsylvania, as more fully discussed elsewhere in this report.

Discontinued operations for 2011 and 2010 include the results of operations, impairment charges and gain on sales for 26 of the Company's properties (including a number of drug store/convenience centers) which it sold or treated as "held for sale/conveyance", as more fully discussed elsewhere in this report.

The "Other" column includes principally (a) the results of properties acquired after January 1, 2010, (b) the results of properties transferred to the Cedar/RioCan joint venture through the respective dates of transfer, (c) acquisition, financing and property management fees earned by the Company, (d) results of ground-up developments recently placed into service and on-going activities related to re-development properties, and (e) unallocated property and construction management compensation and benefits (including stock-based compensation), summarized as follows:

Revenues:

Cedar/RioCan joint venture properties	\$ (3,272,000)
Fees earned by the Company and other	\$ 574,000
Property acquisitions	2,639,000
Development and redevelopment properties	<u>(319,000)</u>
	<u>\$ (378,000)</u>

Property operating expenses:

Cedar/RioCan joint venture properties	\$ (809,000)
Unallocated compensation and benefits	643,000
Property acquisitions	665,000
Development and redevelopment properties	<u>(170,000)</u>
	<u>\$ 329,000</u>

Depreciation and amortization expense:

Cedar/RioCan joint venture properties	\$ (1,000)
Property acquisitions	1,076,000
Development and redevelopment properties	<u>(436,000)</u>
	<u>\$ 639,000</u>

Liquidity and Capital Resources

The Company funds operating expenses and other short-term liquidity requirements, including debt service, tenant improvements, leasing commissions, preferred and common dividend distributions, if made, and distributions to minority interest partners, primarily from operations and distributions from the Cedar/RioCan joint venture. The Company has also used its stabilized property credit facility for these purposes. The Company expects to fund long-term liquidity requirements for property acquisitions, development and/or redevelopment costs, capital improvements, joint venture contributions, and maturing debt initially with its credit facilities and construction financing, and ultimately through a combination of issuing and/or assuming additional mortgage debt, the sale of equity securities, the issuance of additional OP Units, distributions from the Cedar/RioCan joint venture, and the sale of properties or interests therein (including joint venture arrangements). Although there has been an improvement in general credit availability during the latter part of 2010 and continuing into 2011, for this and other reasons, there can be no assurance that the Company will have the availability of mortgage financing on completed development projects, additional construction financing, net proceeds from the contribution of properties to joint ventures, or proceeds from the refinancing of existing debt.

The Company has a \$185 million stabilized property credit facility with Bank of America, N.A. as administrative agent, together with three other lead lenders and other participating banks. The facility is expandable to \$400 million, subject principally to acceptable collateral and the availability of additional lender commitments and will expire on January 31, 2012, subject to a one-year extension option. The principal terms of the facility include (i) an availability based primarily on appraisals, with a 67.5% advance rate, (ii) an interest rate based on LIBOR plus 350 bps, with a 200 bps LIBOR floor, (iii) a leverage ratio limited to 67.5%, and (iv) an unused portion fee of 50 bps. Borrowings outstanding under the facility aggregated \$64.0 million at June 30, 2011; such borrowings bore interest at a rate of 5.5% per annum. The Company had pledged 29 of its shopping center properties as collateral for such borrowings, including five properties which are being treated as “held for sale/conveyance”.

The stabilized property credit facility has been, and will be, used to fund acquisitions, certain development and redevelopment activities, capital expenditures, mortgage repayments, dividend distributions, working capital and other general corporate purposes. The facility is subject to customary financial covenants, including limits on leverage and distributions (limited to 95% of funds from operations, as defined), and other financial statement ratios. Based on covenant measurements and collateral in place as of June 30, 2011, the Company was permitted to draw up to approximately \$140.8 million (\$138.0 million if the collateral properties being treated as “held for sale/conveyance” were removed), of which approximately \$76.8 million remained available as of that date. As of June 30, 2011, the Company was in compliance with the financial covenants as required by the terms of the stabilized property credit facility.

The Company has a \$150 million development property credit facility with KeyBank, National Association (as agent) and several other banks, pursuant to which the Company has pledged certain of its development projects and redevelopment properties as collateral for borrowings thereunder. The facility, as amended, is expandable to \$250 million, subject to certain conditions, including acceptable collateral, and the availability of additional lender commitments. In June 2011, the Company exercised its one-year extension option and the loan is now due on June 13, 2012. Borrowings under the facility bear interest at the Company’s option at either LIBOR or the agent bank’s prime rate, plus a spread of 225 bps or 75 bps, respectively. Advances under the facility are calculated at the least of 70% of aggregate project costs, 70% of “as stabilized” appraised values, or costs incurred in excess of a 30% equity requirement on the part of the Company. The facility also requires an unused portion fee of 15 bps. This facility has been and will be used to fund in part the Company’s and certain joint ventures’ development activities. In order to draw funds under this construction facility, the Company must meet certain pre-leasing and other conditions. Borrowings outstanding under the facility aggregated \$103.1 million at June 30, 2011, and such borrowings bore interest at a rate of 2.5% per annum. As of June 30, 2011, the Company was in compliance with the financial covenants as required by the terms of the development property credit facility.

The Company has a \$70.7 million construction facility, as amended, with Manufacturers and Traders Trust Company (as agent) and several other banks, pursuant to which the Company pledged its joint venture development project in Pottsgrove, Pennsylvania as collateral for borrowings to be made thereunder. The facility is guaranteed by the Company and will expire in September 2011, subject to a one-year extension option. Borrowings under the facility bear interest at the Company's option at either LIBOR plus a spread of 325 bps, or the agent bank's prime rate. Borrowings outstanding under the facility aggregated \$63.8 million at June 30, 2011, and such borrowings bore interest at an average rate of 3.5% per annum. As of June 30, 2011, the Company was in compliance with the financial covenants as required by the terms of the construction facility.

Other property-specific mortgage loans payable at June 30, 2011 consisted of fixed-rate notes totaling \$599.4 million, with a weighted average interest rate of 5.8%, and a variable-rate note of \$21.0 million, with a present interest rate of 5.9%, which is payable in September 2011. For the remainder of 2011, the Company has approximately \$4.5 million of scheduled debt principal amortization payments and no additional balloon payments.

Total mortgage loans payable and secured revolving credit facilities have an overall weighted average interest rate of 5.2% and mature at various dates through 2029. The terms of several of the Company's mortgage loans payable require the Company to deposit certain replacement and other reserves with its lenders. Such "restricted cash" is generally available only for property-level requirements for which the reserves have been established, and is not available to fund other property-level or Company-level obligations.

The Company has a Dividend Reinvestment and Direct Stock Purchase Plan ("DRIP") covering up to 5.0 million shares of its common stock. The DRIP offers a convenient method for shareholders to invest cash dividends and/or make optional cash payments to purchase shares of the Company's common stock at 98% of their market value. On March 17, 2011, an amendment to the DRIP became effective to have all stock purchased at 100% of their market value which was approved by the Board of Directors of the Company. During the six months ended June 30, 2011, the Company issued approximately 684,000 shares of its common stock at an average price of \$6.03 per share and realized proceeds after expenses of approximately \$4.1 million.

The Company has a Standby Equity Purchase Agreement (the “SEPA Agreement”) with an investment company for sales of its shares of common stock aggregating up to \$45 million over a commitment period ending in September 2011. During the six months ended June 30, 2011, there were no shares sold pursuant to the SEPA Agreement.

The Company expects to have sufficient liquidity to effectively manage its business. Such liquidity sources include, amongst others (i) cash on hand, (ii) operating cash flows, (iii) availability under its secured revolving credit facilities, (iv) property-specific financings, (v) sales of properties, (vi) proceeds from contributions of properties to joint ventures, and/or (vi) issuances of additional shares of common or preferred stock.

Net Cash Flows

Operating Activities

Net cash flows provided by operating activities amounted to \$13.6 million and \$16.8 million during the six months ended June 30, 2011 and 2010, respectively. The comparative changes in operating cash flows during the six months ended June 30, 2011 and 2010, respectively, were primarily the result of the cash elements of the management transition charges, the impact of the Cedar/RioCan joint venture transactions, the Company’s property acquisition/disposition program, and continuing development/redevelopment activities.

Investing Activities

Net cash flows used in investing activities were \$56.4 million for the six months ended June 30, 2011 and net cash flows provided by investing activities were \$16.5 million for the six months ended June 30, 2010; such cash flows were primarily the result of the Company’s acquisition/disposition activities. During the six months ended June 30, 2011, the Company (i) acquired one shopping center and incurred expenditures for property improvements (an aggregate of \$63.2 million), (ii) made loans and other advances (\$4.7 million), and (iii) investments in and advances to unconsolidated joint ventures (\$4.2 million), offset by the receipt of net proceeds from (iv) the sales of properties treated as discontinued operations and other real estate (\$11.6 million), (v) additional settlement payments related to the original transfers of properties to the Cedar/RioCan joint venture (\$2.9 million), and (vi) distributions of capital from unconsolidated joint ventures (\$3.0 million). During the six months ended June 30, 2010, the Company realized proceeds from (i) the transfers of five properties to the RioCan joint venture (\$31.5 million net of a settlement receivable of \$2.4 million), (ii) the sales of properties treated as discontinued operations (\$2.1 million), and (iii) distributions of capital from an unconsolidated joint venture (\$1.6 million), offset by (iv) expenditures for property improvements (\$15.5 million), and (iv) investments in an unconsolidated joint venture (\$4.3 million).

Financing Activities

Net cash flows provided by financing activities were \$42.1 million for the six months ended June 30, 2011 and net cash flows used in financing activities were \$36.6 million for the six months ended June 30, 2010. During the six months ended June 30, 2011, the Company had net proceeds from (i) net advances from its revolving credit facilities (\$34.5 million), (ii) mortgage financings (\$29.3 million), (iii) sales of common stock (\$4.3 million), and (iv) a contribution from consolidated joint venture minority interest (\$.03 million), offset by (v) preferred and common stock dividend distributions (\$19.2 million), (vi) repayment of mortgage obligations (\$4.8 million), and (vii) distributions paid to noncontrolling interests (minority interests and limited partners — \$2.3 million). During the six months ended June 30, 2010, the Company had (i) net repayments to its revolving credit facilities (\$89.8 million), (ii) repayment of mortgage obligations (\$16.5 million, including \$11.0 million of mortgage balloon payments), (iii) preferred and common stock distributions (\$14.4 million), (iv) a termination payment relating to interest rate swaps (\$5.5 million), (v) payment of debt financing costs (\$1.0 million), (vi) redemptions of OP Units (\$0.5 million), (vii) distributions paid to noncontrolling interests (limited partners — \$0.3 million), and offset by net proceeds from (viii) sales of common stock (\$65.9 million), (ix) mortgage financings (\$16.2 million), and (x) the exercise of the RioCan warrant of \$10.0 million.

Funds From Operations

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

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

FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income applicable to common shareholders or to cash flow from operating activities. FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. Although FFO is a measure used for comparability in assessing the performance of REITs, as the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another. The following table sets forth the Company's calculations of FFO for the three and six months ended June 30, 2011 and 2010:

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Net loss attributable to common shareholders	\$ (27,668,000)	\$ (4,251,000)	\$ (39,977,000)	\$ (7,741,000)
Add (deduct):				
Real estate depreciation and amortization	10,903,000	12,327,000	21,313,000	23,655,000
Noncontrolling interests:				
Limited partners' interest	(579,000)	(178,000)	(839,000)	(292,000)
Minority interests in consolidated joint ventures	(22,000)	(87,000)	(47,000)	388,000
Minority interests' share of FFO applicable to consolidated joint ventures	(1,237,000)	(1,686,000)	(2,573,000)	(3,377,000)
Equity in income of unconsolidated joint ventures	(34,000)	(479,000)	(825,000)	(835,000)
FFO from unconsolidated joint ventures	1,182,000	834,000	3,064,000	1,420,000
Gain on sale of land parcel	—	—	(28,000)	—
Gain on sales of discontinued operations	(474,000)	5,000	(474,000)	(170,000)
Funds (Used in) From Operations	<u>\$ (17,929,000)</u>	<u>\$ 6,485,000</u>	<u>\$ (20,386,000)</u>	<u>\$ 13,048,000</u>
FFO per common share (assuming conversion of OP Units)				
Basic and diluted	\$ (0.26)	\$ 0.10	\$ (0.30)	\$ 0.21
Weighted average number of common shares (basic):				
Shares used in determination of basic earnings per share	68,099,000	64,434,000	67,664,000	61,581,000
Additional shares assuming conversion of OP Units	1,415,000	1,945,000	1,415,000	1,965,000
Shares used in determination of basic FFO per share	<u>69,514,000</u>	<u>66,379,000</u>	<u>69,079,000</u>	<u>63,546,000</u>
Weighted average number of common shares (dilutive):				
Shares used in determination of diluted earnings per share	68,099,000	64,486,000	67,664,000	61,620,000
Additional shares assuming conversion of OP Units	1,415,000	1,945,000	1,415,000	1,965,000
Shares used in determination of diluted FFO per share	<u>69,514,000</u>	<u>66,431,000</u>	<u>69,079,000</u>	<u>63,585,000</u>

Inflation

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

The Company is exposed to interest rate changes primarily through (i) the variable-rate credit facilities used to maintain liquidity, fund capital expenditures, development/redevelopment activities, and expand its real estate investment portfolio, (ii) property-specific variable-rate construction financing, and (iii) other property-specific variable-rate mortgages. The Company's objectives with respect to interest rate risk are to limit the impact of interest rate changes on operations and cash flows, and to lower its overall borrowing costs. To achieve these objectives, the Company may borrow at fixed rates and may enter into derivative financial instruments such as interest rate swaps, caps, etc., in order to mitigate its interest rate risk on a related variable-rate financial instrument. The Company does not enter into derivative or interest rate transactions for speculative purposes. Additionally, the Company has a policy of entering into derivative contracts only with major financial institutions. At June 30, 2011, the Company had approximately \$19.9 million of mortgage loans payable subject to interest rate swaps which converted LIBOR-based variable rates to fixed annual rates ranging from 5.4% and 6.5% per annum. At that date, the Company had accrued liabilities of \$1.4 million (included in accounts payable and accrued expenses on the consolidated balance sheet) relating to the fair value of interest rate swaps applicable to these mortgage loans payable.

At June 30, 2011, long-term debt consisted of fixed-rate mortgage loans payable and variable-rate debt (principally the Company's variable-rate credit facilities). The average interest rate on the \$599.4 million of fixed-rate indebtedness outstanding was 5.8%, with maturities at various dates through 2029. The average interest rate on the \$251.9 million of variable-rate debt (including \$167.1 million in advances under the Company's revolving credit facilities) was 3.8%. The stabilized property credit facility matures in January 2012, subject to a one-year extension option. The development property credit facility matures on June 13, 2012. With respect to \$187.9 million of variable-rate debt outstanding at June 30, 2011, if interest rates either increase or decrease by 1%, the Company's interest cost would increase or decrease respectively by approximately \$1.9 million per annum. With respect to the remaining \$64.0 million of variable-rate debt outstanding at June 30, 2011, represented by the Company's stabilized property credit facility, interest is based on LIBOR with a 200 bps LIBOR floor. Accordingly, if interest rates either increase or decrease by 1%, the Company's interest cost applicable on this line would increase by approximately \$0.6 million per annum only if LIBOR was in excess of 2.0% per annum (as of June 30, 2011, LIBOR was 0.19%).

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures and internal controls designed to ensure that information required to be disclosed in its filings under the Securities Exchange Act of 1934 is reported within the time periods specified in the rules and regulations of the Securities and Exchange Commission ("SEC"). In this regard, the Company has formed a Disclosure Committee currently comprised of several of the Company's executive officers as well as certain other employees with knowledge of information that may be considered in the SEC reporting process. The Committee has responsibility for the development and assessment of the financial and non-financial information to be included in the reports filed with the SEC, and assists the Company's Chief Executive Officer and Chief Financial Officer in connection with their certifications contained in the Company's SEC filings. The Committee meets regularly and reports to the Audit Committee on a quarterly or more frequent basis. The Company's principal executive and financial officers have evaluated its disclosure controls and procedures as of June 30, 2011, and have determined that such disclosure controls and procedures are effective.

During the six months ended June 30, 2011, 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.

Part II Other Information

Item 6. Exhibits

Exhibit 10.1	Employment Agreement between Cedar Shopping Centers, Inc. and Philip R. Mays, dated as of May 24, 2011
Exhibit 10.2	Employment Agreement between Cedar Shopping Centers, Inc. and Bruce J. Schanzer, dated as of May 31, 2011
Exhibit 10.3	Letter Agreement between Cedar Shopping Centers, Inc. and Lawrence E. Kreider, Jr., dated as of June 1, 2011
Exhibit 10.4	Letter Agreement between Cedar Shopping Centers, Inc. and Leo S. Ullman, dated as of June 9, 2011
Exhibit 31	Section 302 Certifications
Exhibit 32	Section 906 Certifications
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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.

By: /s/ BRUCE J. SCHANZER

Bruce J. Schanzer
President and Chief
Executive Officer
(Principal executive officer)

By: /s/ PHILIP R. MAYS

Philip R. Mays
Chief Financial Officer
(Principal financial officer)

August 4, 2011

EMPLOYMENT AGREEMENT

AGREEMENT made as of the 24th day of May, 2011, 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 Philip Mays (the "Executive").

1. Position and Responsibilities.

1.1 The Executive shall serve in an executive capacity as Chief Financial Officer of both the Corporation and the Partnership with duties consistent therewith and shall perform such other functions and undertake such other responsibilities as are customarily associated with such capacity, including without limitation, the functions listed on Schedule A attached hereto. The Executive shall report directly to the Chief Executive Officer of the Corporation. The Executive shall also hold such directorships and officerships in the Corporation, the Partnership and any of their subsidiaries to which, from time to time, the Executive may be elected or appointed during the term of this Agreement.

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

2. Term of Employment.

2.1 The term of employment shall be four years, commencing with the date Executive commences employment, unless sooner terminated as provided in this Agreement.

2.2 Notwithstanding the provisions of Section 2.1 hereof, each of the Corporation and the Partnership shall have the right, on written notice to the Executive, to terminate the Executive's employment for Cause (as defined in Section 2.3), such termination to be effective as of the date on which notice is given or as of such later date otherwise specified in the notice and, upon such termination of employment for Cause, Executive shall not be entitled to receive any additional compensation hereunder. The Executive shall have the right, on 30 days advance written notice to the Corporation and the Partnership, to resign the Executive's employment for Good Reason (as defined in Section 2.4), such termination to be effective as of the 30th day following when such notice is given or as of such later date otherwise specified in the notice; provided, however, that Good Reason shall cease to exist for any event on the 60th day following the occurrence of the event unless the Executive has given the Corporation and the Partnership written notice, in accordance with this Section 2.2.

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

2.4 For purposes of this Agreement, the term "Good Reason" shall mean any of the following: (i) a material breach of this Agreement by the Corporation or the Partnership which shall not be cured within 10 days after written notice; (ii) a material reduction in the Executive's duties or responsibilities; (iii) the relocation of the Executive's office or the Corporation's or Partnership's executive offices to a location more than 30 miles from New York City; or (iv) a "Change in Control", as defined below. The Corporation or the Partnership, as applicable, shall have 30 days after receipt of the Executive's notice of termination for Good Reason in which to cure the failure, breach or infraction described in the notice of termination. If the failure, breach or infraction is timely cured by the Corporation or the Partnership, the notice of termination for Good Reason shall become null and void. As used herein, a "Change in Control" shall be deemed to occur if: (i) there shall be consummated (x) any consolidation or merger of the Corporation or the Partnership in which the Corporation or the Partnership is not the continuing or surviving corporation or pursuant to which the stock of the Corporation or the units of the Partnership would be converted into cash, securities or other property, other than a merger or consolidation of the Corporation or Partnership in which the holders of the Corporation's stock immediately prior to the merger or consolidation hold more than fifty percent (50%) of the stock or other forms of equity of the surviving corporation immediately after the merger, or (y) any sale, lease, exchange or other transfer (in one transaction or series of related transactions) of all, or substantially all, the assets of the Corporation or the Partnership; (ii) the Board approves any plan or proposal for liquidation or dissolution of the Corporation or the Partnership; or (iii) any person acquires more than 29% of the issued and outstanding common stock of the Corporation.

3. Compensation.

3.1 The Partnership shall pay to the Executive for the services to be rendered by the Executive hereunder to the Corporation and the Partnership a base salary at the rate of \$325,000 per annum. Upon Executive's commencement of employment, the Partnership shall pay to the Executive as a signing bonus the amount of \$200,000 in cash. The base salary shall be payable in accordance with the Corporation's or Partnership's normal payroll practices, but not less frequently than twice a month. Such base salary will be reviewed at least annually and may be increased (but not decreased) by the Board of Directors of the Corporation in its sole discretion. The Executive shall participate in the Corporation's annual bonus plan for senior executive officers. The payment of any bonus is within the discretion of the Board of Directors of the Corporation, based on recommendations of the Compensation Committee. For the period commencing the date of this Agreement and ending December 31, 2011, the Executive's bonus will be amount equal to \$240,000, payable all in cash. The payment of this bonus will be guaranteed and will be paid on the earlier of (i) signing of a contract by the Executive to purchase a permanent residence in New York or (ii) December 31, 2011. Future bonus payments, as specifically applicable to the Executive during the term of this Agreement, and subject in any event to recommendations of the Compensation Committee and approval of the Board of Directors, are expected to be in the range of 75% to 100% of base salary. The Executive will also be entitled to participate in the Corporation's long-term incentive compensation plan pursuant to which he will be granted annual long-term restricted stock grants as determined by the Board of Directors based on the recommendations of the Compensation Committee. Commencing on the date of this Agreement, the initial grant of long-term incentive compensation will be common stock in an amount equal to \$750,000, with the stock being valued at the closing price on the day prior to the date the Executive commences employment with the Corporation, subject to vesting in four equal annual installments commencing on the first anniversary of the date of grant, with respect to this specific payment only, thereafter, during the term of this Agreement and commencing January 2012, any such long-term grants of common stock, as specifically applicable to the Executive, are expected to be in the range of \$275,000 to \$300,000, subject to time and performance requirements established by the Board of Directors.

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

3.3 The Partnership agrees to reimburse the Executive for all reasonable and necessary business expenses incurred by the Executive on behalf of the Corporation or the Partnership in the course of Executive's duties hereunder upon the presentation by the Executive of appropriate vouchers therefore, including a cell phone, portable computer, continuing accounting and finance education, professional licenses and organizations and conferences such as ICSC and NAREIT.

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

3.5 In recognition of Executive's need for an automobile for business purposes, the Corporation or the Partnership will reimburse the Executive for Executive's lease payments or financing for an automobile in an amount not to exceed \$475.00 a month. In addition, the Executive shall be reimbursed for all costs of the automobile, such as maintenance and gasoline, incurred in connection with the Corporation's business in the same manner as other senior employees of the Corporation.

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

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

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

3.9 The Executive will be reimbursed for all reasonable costs of travel, lodging (including hotel), rental cars and other costs and expenses reasonably incurred by the Executive and his family for meetings, visits to the Corporation's offices and properties, searches for a house in New York or otherwise incurred in connection with Executive's employment with the Corporation and relocation to New York. The Corporation will also reimburse the Executive for all moving expenses reasonably incurred by the Executive and his family in connection with his relocation to New York, plus \$35,000 to defray any real estate brokerage fees, transfer taxes and mansion tax payable by the Executive. All moving expenses will be paid upon the presentation by the Executive of appropriate vouchers therefor.

4. Severance Compensation Upon Termination of Employment

4.1 Except as otherwise provided in Section 2.2 hereof, if the Executive's employment with the Corporation or the Partnership shall be terminated (a) by the Corporation or Partnership other than for Cause or pursuant to Sections 3.6 or 3.7, or (b) by the Executive for Good Reason, then the Corporation and the Partnership shall:

(i) pay to the Executive as severance pay, within five days after termination, a lump sum payment equal to 250% of the sum of the Executive's annual salary at the rate applicable on the date of termination and the highest of the Executive's annual bonus for the preceding two full fiscal years; provided, however, that the Executive's annual bonus for (x) the first year of this Agreement shall be the Executive's annual salary and (y) during the second year of this Agreement shall be the actual bonus for the first year; the reference to annual bonus herein shall not include any long-term incentive stock awards;

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

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

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

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

5. Other Activities During Employment.

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

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

5.3 The Executive shall not at any time during this Agreement or after the termination hereof directly or indirectly divulge, furnish, use, publish or make accessible to any person or entity any Confidential Information (as hereinafter defined), except pursuant to subpoena, court order or applicable law. Any records of Confidential Information prepared by the Executive or which come into Executive's possession during this Agreement are and remain the property of the Corporation or the Partnership, as the case may be, and upon termination of Executive's employment all such records and copies thereof shall be either left with or returned to the Corporation or the Partnership, as the case may be.

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

6. Post-Employment Activities.

6.1 During the term of employment hereunder, and absent any written waiver or agreement to the contrary, for a period of one year after termination of employment, regardless of the reason for such termination other than by the Corporation or Partnership without Cause or by the Executive for Good Reason, the Executive shall not directly or indirectly become employed by, act as a consultant to, or otherwise render any services to any person, corporation, partnership or other entity which is engaged in, or about to become engaged in, the retail shopping center business or any other business which is competitive with the business of the Corporation, the Partnership or any of their subsidiaries nor shall Executive use Executive's talents to make any such business competitive with the business of the Corporation, the Partnership or any of their subsidiaries. For the purpose of this Section, a retail shopping center business or other business shall be deemed to be competitive if it involves the ownership, operation, leasing or management of any retail shopping centers which draw from the same related trade area, which is deemed to be within a radius of 10 miles from the location of (a) any then existing shopping centers of the Corporation, the Partnership or any of their subsidiaries or (b) any proposed centers for which the site is owned or under contract, is under construction or is actively being negotiated. The Executive shall be deemed to be directly or indirectly engaged in a business if Executive participates therein as a director, officer, stockholder, employee, agent, consultant, manager, salesman, partner or individual proprietor, or as an investor who has made advances or loans, contributions to capital or expenditures for the purchase of stock, or in any capacity or manner whatsoever; provided, however, that the foregoing shall not be deemed to prevent the Executive from investing in securities if such class of securities in which the investment is so made is listed on a national securities exchange or is issued by a company registered under Section 12(g) of the Securities Exchange Act of 1934, so long as such investment holdings do not, in the aggregate, constitute more than 1% of the voting stock of any company's securities.

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

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

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

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

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

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

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

To the Corporation
or the Partnership:

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

To the Executive:

Philip Mays

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

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

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

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

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

16. Arbitration. Mindful of the high cost of litigation, not only in dollars but time and energy as well, the parties intend to and do hereby establish a quick, final and binding out-of-court dispute resolution procedure to be followed in the unlikely event any controversy should arise out of or concerning the performance of this Agreement. Accordingly, the parties do hereby covenant and agree that any controversy, dispute or claim of whatever nature arising out of, in connection with or in relation to the interpretation, performance or breach of this Agreement, including any claim based on contract, tort or statute, shall be settled, at the request of any party to this Agreement, through arbitration by a dispute resolution process administered by JAMS or any other mutually agreed upon arbitration firm involving final and binding arbitration conducted at a location determined by the arbitrator in New York City administered by and in accordance with the then existing rules of practice and procedure of such arbitration firm and judgment upon any award rendered by the arbitrator may be entered by any state or federal court having jurisdiction thereof; provided, however, that the Corporation and the Partnership shall be entitled to seek judicial relief to enforce the provisions of Sections 5 and 6 of this Agreement.

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

18. Section 409A.

18.1 It is the intention of the Corporation and the Partnership that all payments and benefits under this Agreement shall be made and provided in a manner that is either exempt from or intended to avoid taxation under Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), to the extent applicable. Any ambiguity in this Agreement shall be interpreted to comply with the above. The Executive acknowledges that the Corporation and the Partnership have made no representations as to the treatment of the compensation and benefits provided hereunder and the Executive has been advised to obtain his own tax advice.

18.2 Each amount or benefit payable pursuant to this Agreement shall be deemed a separate payment for purposes of Section 409A.

18.3 For all purposes under this Agreement, any iteration of the word “termination” (e.g., “terminated”) with respect to the Executive’s employment, shall mean a separation from service within the meaning of Section 409A.

18.4 Notwithstanding anything in this Agreement to the contrary, in the event the stock of the Corporation is publicly traded on an established securities market or otherwise and the Executive is a "specified employee" (as determined under the Corporation's administrative procedure for such determinations, in accordance with Section 409A) at the time of the Executive's termination of employment, any payments under this Agreement that are deemed to be deferred compensation subject to Section 409A shall not be paid or begin payment until the earlier of (i) the Executive's death or (ii) the first payroll date following the six (6) month anniversary of the Executive's date of termination of employment.

18.5 Any reimbursements provided under this Agreement shall be made no later than the December 31st following the year in which such expenses are incurred, or such earlier date as provided under any plan or policy of the Corporation or Partnership, as applicable.

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

Cedar Shopping Centers, Inc.

By: /s/ Brenda J. Walker
Title: Vice President

Cedar Shopping Centers Partnership, L.P.

By: Cedar Shopping Centers, Inc.,
General Partner

By: /s/ Brenda J. Walker
Title: Vice President

/s/ Philip Mays
Philip Mays

SCHEDULE A
CEDAR CFO JOB DESCRIPTION

The CFO shall report to the CEO, and, without limitation, shall have responsibility for:

- Preparation and filing of Company's and, where appropriate, joint venture financial statements, reports and tax returns, in accordance with GAAP, SEC, NYSE, Internal Revenue Code and other applicable state or federal requirements and in compliance with REIT tax requirements.
- Supervision of financial corporate, property accounting and bookkeeping staff.
- Preparation of consolidated cash flow budgets and analyses.
- Preparation, review and monitoring of budgets for properties, joint ventures and the Company.
- Preparation of supporting materials for FFO guidance, where applicable, and AFFO analysis; forecasting and ability to communicate bases and support for forecasting in the context of potential guidance.
- Representing the Company as CFO in investor relations matters.
- Review of financial and financial reporting implications of proposed purchase, sale, joint venture and financing of properties, or of the Company itself, as well as other strategic initiatives and transactions.
- Review of financial materials sent to Board of Directors.
- Interactions with Board and Board Committees on financial matters and presentations to the Board.
- Review of financial aspects of press releases.
- Review and sign off for certifications under Sarbanes Oxley requirements and on the Company's internal control system.
- Maintaining compliance with loan agreement and credit facility terms and covenants.

Other considerations and responsibilities include, again, without limitation, the following:

- To commit to work habits and energy levels equivalent to those of key management personnel in our office.
 - To establish, maintain and manage excellent relationships with investors and analysts.
-

- To establish confidence in our numbers with our investors, and both our buy- and sell-side analysts; this, in turn, will require an ability to analyze our performance figures, to have those quickly and comfortably at-hand; and to communicate with investors, analysts and others, effectively both verbally and in writing.
- To spend the requisite time and effort to become fully familiar with all of our operations and all of our properties, including a level of familiarity with leases, tenancies, properties, competition, and the like.
- To effectively formulate earnings and cash flow estimates, an understanding of key financial metrics, capital markets experience and specific REIT issues; also, to create effective financial models and projections, return analyses, net asset value computations, and the like.
- An understanding of FFO, AFFO, FAD and NOI (GAAP and cash) computations; familiarity with accounting treatment of interest, capitalized development and leasing costs, FAS 141 adjustments, financial and real estate-related issues and the like.
- Familiarity with other accounting issues particularly relevant to the real estate business and to the REIT business, including, for example, proposed accounting rules changes, such as lease accounting and effect thereof on Cedar, IFRS and financial statement format, treatment of various reserves and inter-relationship of reporting requirements with certain tax considerations, as well as monitoring non-qualifying REIT income or assets.
- Familiarity with, and understanding of, various available equity offerings, debt obligations and line of credit arrangements.
- To create and make effective presentations to institutional investors, the Audit Committee, the Company's auditors and its Board.
- To be, and to keep, up-to-date on developments in the REIT world and in the Company's competitive landscape.
- To fit in our management team; ability to get along; honesty, integrity, reliability, trustworthiness and loyalty; to communicate thoughts and comments effectively; respect for ideas of others, a balance of life in the office and outside the office; suppressed levels of ego and arrogance; ability to work under pressure and to retain equanimity under trying circumstances.
- Coordination and supervision of MIS, comprehensive risk analyses, financial public relations, financial, compensation and employee benefit matters, and the like.
- To build a succession team within his staff.

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") made as of the 31st day of May, 2011, 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 Bruce J. Schanzer (the "Executive").

1. Position and Responsibilities.

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

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

2. Term of Employment.

2.1 The term of employment shall be seven years, commencing June 15, 2011 (the "Effective Date"), unless sooner terminated as provided in this Agreement.

2.2 Notwithstanding the provisions of Section 2.1 hereof, each of the Corporation and the Partnership shall have the right, on written notice to the Executive, to terminate the Executive's employment for any reason, including Cause (as defined in Section 2.3), such termination to be effective as of the date on which notice is given or as of such later date otherwise specified in the notice. Upon a termination of employment for Cause, the Executive shall not be entitled to receive any additional compensation hereunder. The Executive shall have the right, on 30 days advance written notice to the Corporation and the Partnership, to resign the Executive's employment for Good Reason (as defined in Section 2.4), such termination to be effective as of the 30th day following when such notice is given or as of such later date otherwise specified in the notice; provided, however, that Good Reason shall cease to exist for any event on the 60th day following the date on which the Executive knew or should have known of the occurrence of the event unless the Executive has given the Corporation and the Partnership written notice, in accordance with this Section 2.2.

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

2.4 For purposes of this Agreement, the term “Good Reason” shall mean any of the following: (i) a material breach of this Agreement by the Corporation or the Partnership; (ii) a material reduction in the Executive’s duties or responsibilities; (iii) the relocation of the Executive’s office or the Corporation’s or Partnership’s executive offices to a location more than 30 miles from New York City; or (iv) any reason, during the 12 month period following a “Change in Control”, as defined below. The Corporation or the Partnership, as applicable, shall have 30 days after receipt of the Executive’s notice of termination for Good Reason in which to cure the failure, breach or infraction described in the notice of termination. If the failure, breach or infraction is timely cured by the Corporation or the Partnership, the notice of termination for Good Reason shall become null and void. As used herein, a “Change in Control” shall be deemed to occur if: (i) there shall be consummated (x) any consolidation or merger of the Corporation or the Partnership in which the Corporation or the Partnership is not the continuing or surviving corporation or pursuant to which the stock of the Corporation or the units of the Partnership would be converted into cash, securities or other property, other than a merger or consolidation of the Corporation or Partnership in which the holders of the Corporation’s stock immediately prior to the merger or consolidation hold more than fifty percent (50%) of the stock or other forms of equity of the surviving corporation immediately after the merger, or (y) any sale, lease, exchange or other transfer (in one transaction or series of related transactions) of all, or substantially all, the assets of the Corporation or the Partnership; (ii) the Board of Directors approves any plan or proposal for liquidation or dissolution of the Corporation or the Partnership; or (iii) any person acquires more than 29% of the issued and outstanding common stock of the Corporation.

3. Compensation.

3.1 (a) The Partnership shall pay to the Executive for the services to be rendered by the Executive hereunder to the Corporation and the Partnership a base salary at the rate of \$800,000 per annum. The base salary shall be payable in accordance with the Corporation's or Partnership's normal payroll practices, but not less frequently than twice a month. Such base salary will be reviewed at least annually and may be increased (but not decreased) by the Board of Directors in its sole discretion.

(b) The Executive shall participate in the Corporation's annual bonus plan for senior executive officers, with the payment of any bonus being within the discretion of the Board of Directors, based on recommendations of the Compensation Committee. Annual bonus payments, as specifically applicable to the Executive during the term of this Agreement, and subject in any event to recommendations of the Compensation Committee and approval of the Board of Directors, are expected to be an amount up to 100% of the Executive's base salary, subject to performance criteria established by the Board of Directors or Compensation Committee.

(c) Commencing on the Effective Date, the Executive will receive a long-term incentive compensation grant of 2,500,000 shares of restricted common stock of the Corporation, under the Corporation's long-term incentive plan (the "Equity Grant"). One-half of the Equity Grant shall vest on the 7th anniversary of the date of grant only if the Executive is still employed by the Corporation on such 7th anniversary. The other one-half of the Equity Grant shall vest on the 7th anniversary of the date of grant only if (i) the Executive is still employed by the Corporation on such 7th anniversary, and (ii) the Corporation's total stockholder return for the seven year period commencing on the Effective Date and ending on the 7th anniversary of the Effective Date averaged 6.5% or more per year for such seven year period. Such total stockholder return shall be calculated as follows: (i) the return for each 12 month period ending on an anniversary of the Effective Date shall consist of (A) the sum of (1) all dividends and distributions declared with respect to the Corporation's common stock during such 12 month period, plus (2) the difference between the average closing price of the Corporation's common stock for the 20 trading days prior to the last day of the 12 month period and the average closing price of such common stock for the 20 trading days prior to the first day of the 12 month period (except as provided in clause (ii) with respect to the first 12 month period), divided by (B) the average closing price of such common stock for the 20 days prior to the first day of that 12 month period (except as provided in clause (ii) with respect to the first 12 month period), and (ii) notwithstanding the foregoing, the initial price of the Corporation's common stock with respect to the first 12 month period shall equal the closing price of such common stock on the last trading day before the public announcement by the Corporation of the hiring of the Executive. If such total stockholder return is less than such 6.5%, then such one-half of the Equity Grant shall not vest and shall be forfeited. The Executive shall receive currently and free of any risk of forfeiture all dividends and distributions with respect to the shares of common stock that constitute the Equity Grant. As the result of the Equity Grant, the Executive will not otherwise be entitled to participate in the Corporation's long-term incentive compensation plan. In the event that prior to the full vesting of the Equity Grant the Corporation shall terminate this Agreement without Cause, the Executive shall resign for Good Reason, the Executive's employment with the

Corporation shall terminate by reason of death or disability, or a Change in Control shall occur prior to the termination of the Executive's employment with the Corporation, then the entire unvested Equity Grant shall fully vest on the date of such termination, resignation or Change in Control, as applicable. Notwithstanding anything to the contrary contained in this Agreement, the Equity Grant will not be granted on the Effective Date and it is subject to the shareholders of the Corporation approving either (i) an amendment to the Corporation's 2004 Stock Incentive Plan (the "2004 Plan") (x) increasing the number of Awards (as defined in the 2004 Plan) that may be granted in any one calendar year to any one person to 2,500,000 shares and (y) increasing the number of shares that may be issued under the 2004 Plan by 2,500,000 shares or (ii) the adoption of a new stock incentive plan that accomplishes the same results as (x) and (y) above; provided, however, that pending such shareholder approval, (A) effective as of the Effective Date the Corporation hereby grants to the Executive 250,000 restricted shares of the Corporation's common stock to be applied against such Equity Grant, and (B) on January 2 of each year during this Agreement, the Corporation will grant to the Executive an additional 250,000 restricted shares of such common stock to be applied against such Equity Grant. In the event that the shareholders of the Corporation do not timely approve either such an amendment to the 2004 Plan or the adoption of such a new stock incentive plan, the parties shall promptly and in good faith agree upon the terms of an economically equivalent substitute for the number of restricted shares that have not been granted pursuant to the Equity Grant.

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

3.3 The Partnership agrees to reimburse the Executive for all reasonable and necessary business expenses incurred by the Executive on behalf of the Corporation or the Partnership in the course of the Executive's duties hereunder upon the presentation by the Executive of appropriate vouchers therefore, including a cell phone, portable computer, blackberry or equivalent device, professional licenses and organizations and conferences such as ICSC and NAREIT.

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

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

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

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

3.8 The Executive agrees that he shall purchase on the open market \$200,000 of the Corporation's common stock within a reasonable period of time after the Effective Date (but no later than September 30, 2011).

4. Severance Compensation Upon Termination of Employment

4.1 Except as otherwise provided in Section 2.2 hereof, if the Executive's employment with the Corporation or the Partnership shall be terminated (a) by the Corporation or Partnership, other than for Cause or pursuant to Sections 3.5 or 3.6, or (b) by the Executive for Good Reason, then the Corporation and the Partnership shall:

(i) pay to the Executive as severance pay, on the 60th day following the Executive's termination of employment, 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 fiscal years; provided, however, that if the Executive is terminated at any time on or before December 31, 2012, the Executive's annual bonus for this purpose will be deemed to be \$625,000;

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

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

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

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

(c) Neither the Corporation or the Partnership shall be required to make the payments or provide the benefits specified in Section 4.1 unless the Executive executes and delivers to the Corporation or Partnership an agreement releasing the Corporation, the Partnership, their subsidiaries and affiliates, and their officers, directors, partners, managers, employees and members (and the directors, trustees, officers, partners or employees of any such direct or indirect entities) from all liability (other than any vested benefits and the payments and benefits under this Agreement) arising from his employment hereunder or the termination of that employment in a form reasonably satisfactory to the Corporation and the Partnership and such agreement has become effective.

5. Other Activities During Employment.

5.1 The Executive shall not during the term of this Agreement, without the prior approval of the Board of Directors, undertake or engage in any other employment, occupation or business enterprise. Subject to compliance with the provisions of this Agreement, the Executive may engage in reasonable activities with respect to personal investments of the Executive.

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

5.3 The Executive shall not at any time during this Agreement or after the termination thereof directly or indirectly divulge, furnish, use, publish or make accessible to any person or entity any Confidential Information (as hereinafter defined), except pursuant to subpoena, court order or applicable law. Any records of Confidential Information prepared by the Executive or which come into the Executive's possession during this Agreement are and remain the property of the Corporation or the Partnership, as the case may be, and upon termination of the Executive's employment all such records and copies thereof shall be either left with or returned to the Corporation or the Partnership, as the case may be.

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

6. Post-Employment Activities.

6.1 During the term of employment hereunder, and absent any written waiver or agreement to the contrary, for a period of one year after termination of employment, regardless of the reason for such termination, other than by the Corporation or Partnership without Cause or by the Executive for Good Reason, the Executive shall not directly or indirectly become employed by, act as a consultant to, or otherwise render any services to any person, corporation, partnership or other entity which is engaged in, or about to become engaged in, the retail shopping center business or any other business which is competitive with the business of the Corporation, the Partnership or any of their subsidiaries nor shall the Executive use his talents to make any such business competitive with the business of the Corporation, the Partnership or any of their subsidiaries. For the purpose of this Section, a retail shopping center business or other business shall be deemed to be competitive if it involves the ownership, operation, leasing or management of any retail shopping centers which draw from the same related trade area, which is deemed to be within a radius of 10 miles from the location of (a) any then existing shopping centers of the Corporation, the Partnership or any of their subsidiaries or (b) any proposed centers for which the site is owned or under contract, is under construction or is actively being negotiated. The Executive shall be deemed to be directly or indirectly engaged in a business if the Executive participates therein as a director, officer, stockholder, employee, agent, consultant, manager, salesman, partner or individual proprietor, or as an investor who has made advances or loans, contributions to capital or expenditures for the purchase of stock, or in any capacity or manner whatsoever; provided, however, that the foregoing shall not be deemed to prevent the Executive from investing in securities if such class of securities in which the investment is so made is listed on a national securities exchange or is issued by a company registered under Section 12(g) of the Securities Exchange Act of 1934, so long as such investment holdings do not, in the aggregate, constitute more than 1% of the voting stock of any company's securities.

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

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

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

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

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

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

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

To the Corporation
or the Partnership:

Cedar Shopping Centers, Inc.
44 South Bayles Avenue
Port Washington, NY 11050
Attn: Chairman of the Board

To the Executive:

Bruce J. Schanzer
22 Bayeau Road
New Rochelle, NY 10804

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

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

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

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

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

16. Arbitration. Mindful of the high cost of litigation, not only in dollars but time and energy as well, the parties intend to and do hereby establish a quick, final and binding out-of-court dispute resolution procedure to be followed in the unlikely event any controversy should arise out of or concerning the performance of this Agreement. Accordingly, the parties do hereby covenant and agree that any controversy, dispute or claim of whatever nature arising out of, in connection with or in relation to the interpretation, performance or breach of this Agreement, including any claim based on contract, tort or statute, shall be settled, at the request of any party to this Agreement, through arbitration by a dispute resolution process administered by JAMS or any other mutually agreed upon arbitration firm involving final and binding arbitration conducted at a location determined by the arbitrator in New York City administered by and in accordance with the then existing rules of practice and procedure of such arbitration firm and judgment upon any award rendered by the arbitrator may be entered by any state or federal court having jurisdiction thereof; provided, however, that the Corporation and the Partnership shall be entitled to seek judicial relief to enforce the provisions of Sections 5 and 6 of this Agreement.

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

18. Withholding. All payments and benefits under this Agreement shall be made subject to applicable withholding, and the Corporation and/or Partnership, as applicable, shall withhold from any payments or benefits under this Agreement all federal, state and local income, payroll, excise and other taxes, as the Corporation or Partnership believes it is required to withhold pursuant to any law or governmental rule or regulation. Except as specifically provided otherwise in this Agreement, the Executive shall bear all expense of, and be solely responsible for, all federal, state and local taxes due with respect to any payment and benefits received under this Agreement.

19. Interpretation. In the event of a dispute over the meaning of this Agreement or any provision thereof, neither party shall be entitled to any presumption of correctness in favor of the interpretation advanced by such party or against the interpretation advanced by the other party.

20. Survival of Terms. The provisions of this Agreement shall survive the termination of this Agreement to the extent consistent with, or necessary to carry out, the purposes thereof.

21. No Limitations. The Executive represents his employment by the Corporation and Partnership hereunder does not conflict with, or breach, any confidentiality, non-competition or other agreement, express or implied, to which he is a party or to which he may be subject.

22. Document and Property Surrender. Upon the termination of the Executive's employment for any reason, the Executive shall immediately surrender and deliver to the Corporation and Partnership, all documents, correspondence and any other information, of any type whatsoever, from the Corporation, Partnership or any of their agents, servants, employees, that came into the Executive's possession by any means whatsoever, during the course of employment and shall not retain any copies thereof and shall return all property of the Corporation and the Partnership, including, but not limited to, any computers, cell phones, handheld devices, credit cards, office keys, security passes or identification cards in the Executive's possession.

23. Section 409A.

23.1 It is the intention of the Corporation and the Partnership that all payments and benefits under this Agreement shall be made and provided in a manner that is either exempt from or intended to avoid taxation under Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"), to the extent applicable. Any ambiguity in this Agreement shall be interpreted to comply with the above. The Executive acknowledges that the Corporation and the Partnership have made no representations as to the treatment of the compensation and benefits provided hereunder and the Executive has been advised to obtain his own tax advice.

23.2 Each amount or benefit payable pursuant to this Agreement shall be deemed a separate payment for purposes of Section 409A.

23.3 For all purposes under this Agreement, any iteration of the word “termination” (e.g., “terminated”) with respect to the Executive’s employment, shall mean a separation from service within the meaning of Section 409A.

23.4 Notwithstanding anything in this Agreement to the contrary, in the event the stock of the Corporation is publicly traded on an established securities market or otherwise and the Executive is a “specified employee” (as determined under the Corporation’s administrative procedure for such determinations, in accordance with Section 409A) at the time of the Executive’s termination of employment, any payments under this Agreement that are deemed to be deferred compensation subject to Section 409A shall not be paid or begin payment until the earlier of (i) the Executive’s death or (ii) the first payroll date following the six (6) month anniversary of the Executive’s date of termination of employment.

Any reimbursements provided under this Agreement shall be made no later than the December 31st following the year in which such expenses are incurred, or such earlier date as provided under any plan or policy of the Corporation or Partnership, as applicable.

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

Cedar Shopping Centers, Inc.

By: /s/ Brenda J. Walker

Title: Vice President

Cedar Shopping Centers Partnership, L.P.

By: Cedar Shopping Centers, Inc.
General Partner

By: /s/ Brenda J. Walker

Title: Vice President

/s/ Bruce J. Schanzer

Bruce J. Schanzer

June 1, 2011

Mr. Lawrence E. Kreider, Jr.
Cedar Shopping Centers, Inc.
44 South Bayles Avenue
Port Washington, NY 11050

Dear Larry:

Pursuant to a letter dated March 31, 2011 (the "Letter") from Cedar Shopping Centers, Inc. (the "Company") to you, you were advised that your Employment Agreement would not be continued and that your employment with the Company would cease as of June 19, 2011 (the "Separation Date"). This letter agreement (this "Agreement") will supplement and amend the Letter and provide to you certain benefits not encompassed within your Employment Agreement.

1. Restricted Shares. All the shares of restricted stock previously granted to you pursuant to the Company's 2004 Stock Incentive Plan shall vest as of the Separation Date and shall otherwise be governed by the terms of such plan.

2. Consulting Period. Effective on the Separation Date, the Company engages you as a consultant (the "Consultant"), and the Consultant hereby accepts engagement by the Company, upon the terms and conditions hereinafter set forth for the period (the "Consulting Period") commencing the Separation Date and ending December 31, 2011 (the "Termination Date"), unless the Company or the Consultant provides the other party hereto not less than 30 days prior written notice of termination before the Termination Date. In the event of the death of the Consultant during the Consulting Period, the Consulting Period shall terminate on the date of death.

3. Services. During the Consulting Period, Consultant shall perform such corporate finance services as previously provided by the Consultant under the Employment Agreement as reasonably requested by the Board of Directors, Chief Executive Officer or Chief Financial Officer. The Consultant shall be available to the Company for such reasonable periods as shall be agreed between the Consultant and the Company. The Consultant shall also be available for telephone consultations upon reasonable notice during normal business hours. The Consultant agrees to undertake on the Company's behalf only those assignments directed by the Board of Directors, Chief Executive Officer or Chief Financial Officer and not to take any actions under this Agreement during the Consulting Period that would be outside the scope of his responsibility. In performing the services hereunder, the Consultant will use his best reasonable efforts to promote the business and interests of the Company and shall comply with the Company's policies and procedures.

4. Compensation. In consideration for the services to be rendered by the Consultant pursuant hereto, the Company hereby agrees to pay the Consultant the amount of \$30,940 per month (subject to applicable withholding taxes), payable in equal installments twice a month; provided, however, that if the Company shall terminate this Agreement prior to the Termination Date or if the Consultant shall die prior to the Termination Date, then the Company shall continue making the payments through the Termination Date.

5. Acts of the Consultant. The obligations of the Consultant described in this Agreement consist solely of providing the services described herein. In no event shall the Consultant make decisions for the Company. All final decisions with respect to acts of the Company or its affiliates, whether or not made pursuant to or in reliance on information or advice furnished by the Consultant hereunder, shall be those of the Company or such affiliates.

6. Independent Contractors. The Company and the Consultant acknowledge that they are entering into this Agreement as independent contractors and that this Agreement shall not create and shall not be construed to create a relationship of principal and agent, joint venturers, co-partners, employer and employee, master and servant or any similar relationship between the Company and the Consultant.

7. General Release. In exchange for the compensation set forth in paragraph 4, you and your heirs, legal representatives, and assigns, hereby voluntarily and knowingly release and forever discharge the Company and affiliated companies, their respective subsidiaries, divisions, affiliates and branches, and their respective predecessors, successors and assigns and their respective present, former, and future officers, directors, shareholders, parents, partners, owners, members, agents, attorneys, and/or employees, in both their individual and representative capacities (collectively, the "Released Parties"), from all actions, claims, demands, causes of action, obligations, damages, liabilities, expenses and controversies of any nature and description whatsoever up to the date you sign this Agreement, whether or not now known, suspected or claimed, which you had, have, or may have, against the Company and/or other Released Parties including, without limitation, all actions, claims, demands, causes of action, obligations, damages, liabilities, expenses and controversies of any kind which arise out of, relate to or are based on (i) your employment with the Company or your separation therefrom; (ii) statements, acts or omissions by the Company, other Released Parties or their respective representatives; (iii) express or implied agreements between you, on the one hand, and the Company and/or other Released Parties, on the other hand, including, without limitation, the Employment Agreement; (iv) any federal, state or local fair employment practices or civil rights law including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the New York State Human Rights Law, the New York City Human Rights Law, the Fair Labor Standards Act, the Family and Medical Leave Act, the Americans with Disabilities Act and the Employee Retirement Income Security Act of 1974, which, among other things, prohibit discrimination on such bases as race, color, religion, creed, national origin, family and/or medical leave, retaliation, protected activities, whistle blowing, citizenship, sex/gender, sexual orientation, marital status, age, disability, genetic information, predisposing genetic characteristics or uniformed service; (v) common law, public policy or breach of contract, including, without limitation, in any way related to the Employment Agreement, tort, including, without limitation, for emotional distress, libel, slander, defamation, fraud, wrongful discharge, or any other claim concerning the Company's right to terminate your employment; or (vi) wages, commission, bonuses, accrued vacation pay, employee benefits, expenses, allowances and any other payment or compensation of any kind whatsoever; provided, however, the foregoing release shall not (A) prevent you from bringing a claim that seeks compliance with this Agreement or (B) waive claims, if any, that arise after the date you sign this Agreement.

8. Non-Disparagement and Related Matters. You shall not at any time engage in any form of conduct, or make statements or representations, that disparage or otherwise impair the commercial reputation, goodwill or interests of the Company or other Released Parties. Further, you represent that you have delivered to the Company all property of the Company in your custody or control, including any phone, blackberry, computer equipment, keys and company ID's, and any originals or copies of Company documents or materials (other than documents or materials involving your own individual payroll or benefit information), whether or not such documents or materials were drafted by you or contain Confidential Information; provided, however, you may retain your Company-issued laptop computer after the Company's IT department has confirmed that all Company data and files have been deleted.

9. Non-Disclosure. You shall not disclose the terms or existence of this Agreement, except (x) to comply or to obtain compliance with this Agreement, (y) to your respective legal, financial or tax advisors (all of whom must first agree to be bound by this paragraph 9) and to the Internal Revenue Service or any analogous state or local taxation authority, and (z) to any entity if required by legal process upon not less than three work days prior written notice (or such shorter period required by any legal or quasi-legal entity or body) to the Company and agree to cooperate with the Company and its attorneys if the Company elects to contest such legal process. Notwithstanding the provisions of the Letter, the parties agree that the provisions of Section 6.1 of your Employment Agreement shall not remain in effect and are hereby terminated and of no further force or effect.

10. Breach; Remedies. If you breach this Agreement, then the Company may seek restitution and/or offset of the compensation payable to you to the extent permitted by law. Without limiting the generality of the foregoing, in the event of a breach or threatened breach of paragraph 8 or 9 hereof, then the Company shall have no adequate remedy at law and shall be able to enforce such paragraphs by seeking an injunction (without posting a bond) and such other relief as may be deemed just and proper; provided, however, the parties expressly acknowledge that their respective rights, duties and obligations under this Agreement are cumulative and that the Company taking any of the actions set forth in this paragraph shall not constitute retaliation or abrogate, diminish or otherwise impact the validity or enforceability of the release set forth in paragraph 7.

11. Cooperation. You agree that, upon reasonable notice, to cooperate fully with the Company and its legal counsel on any matters relating to the conduct of any litigation, claim, suit, investigation or proceeding involving the Company and/or other Released Parties, in connection with any facts or circumstances occurring during your employment or of which you have knowledge, if the Company determines that your cooperation is necessary or appropriate, provided that the Company shall reimburse you for any reasonable, pre-approved, out of pocket expenses incurred as a result of your performance of such cooperation.

12. Miscellaneous. This Agreement is not an admission of any liability or wrongdoing by you, the Company or other Released Parties. Further, this Agreement and the Letter set forth the entire understanding and agreement between the parties with respect to their subject matter, and supersede all prior agreements, understandings, memoranda, term sheets, conversations and negotiations regarding the same. This Agreement may only be modified by a writing signed by both parties. The provisions of this Agreement are severable and if any part of it is found to be unenforceable, the other parts shall remain valid and enforceable. Except as otherwise provided herein, no waiver by either party of a breach by the other party of any condition or provision of the Agreement to be performed by the other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time or at any other time.

13. Choice of Law; No Jury. This Agreement shall be governed and construed in accordance with the laws of the State of New York without regard to its principles of comity or conflicts of law and all disputes arising out of or relating to this Agreement or its breach shall be resolved in the courts located within the State of New York, New York County. You and the Company hereby submit exclusively to the jurisdiction and venue of those New York courts. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE ARISING OUT OF THIS AGREEMENT.

14. By entering into this Agreement, you acknowledge that you (a) waive any claim to reinstatement and/or future employment with the Company and/or other Released Parties; (b) agree that you will not seek, apply for or accept employment and/or future employment with the Company and/or other Released Parties; (c) have received all compensation, wages, bonuses, commissions and/or benefits to which you may be entitled; (d) have been paid in full for all time worked; and (e) are not and shall not be entitled to any payments, benefits or other obligations from the Company and/or other Released Parties whatsoever (except as expressly set forth herein).

Cedar Shopping Centers, Inc.

By: /s/ Brenda J. Walker
Brenda J. Walker, Vice President

/s/ Lawrence E. Kreider, Jr.
Lawrence E. Kreider, Jr.

June 9, 2011

Mr. Leo S. Ullman
Seacoast Lane
Sands Point, NY 11050

Dear Leo:

This letter (the "Agreement") is written to confirm the terms of your retirement from Cedar Shopping Centers, Inc. (the "Company").

1. Separation. Effective June 15, 2011 (the "Separation Date"), you have retired from your position as a director of the Company and as the Company's Chairman of the Board, President and Chief Executive Officer, as well as all other positions, directorships and/or officerships in the Company and its subsidiaries and any of their affiliates.

2. Compensation and Benefits. (a) Other than as set forth in this Agreement or as required by law, the compensation, payments and benefits that you receive as part of your employment will cease effective as of the Separation Date and you will not be entitled to receive any benefits of, or payments with respect to, employment or termination of employment following the Separation Date. Group medical will cease on June 15, 2011. You will be able to (i) continue group medical at your and/or your dependents' expense, subject to the eligibility and other requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"); and (ii) convert your group life and/or long term disability insurance to an individual policy in accordance with the terms of such insurance. You will receive a personalized COBRA packet, which contains details on each of these programs. If you elect COBRA, the Company will reimburse you for the cost of COBRA through June 15, 2012, unless to do so would subject the Company to fines or penalties under the Patient Protection and Affordable Care Act of 2010. Alternatively, with respect to clause (i), you may obtain your own medical insurance coverage and the Company will reimburse you for the cost of such coverage in an amount not to exceed the cost of COBRA.

(b) Your shares of restricted stock previously granted pursuant to the Company's 2004 Stock Incentive Plan, including time vesting and performance vesting shares, shall vest as of June 15, 2011 and shall otherwise be governed by the terms of such plan.

(c) You shall be entitled to withdraw or retain your vested account balance in the Company's 401(k) plan in accordance with the terms of the plan and applicable law.

(d) You shall be reimbursed for expenses incurred prior to the Separation Date on behalf of the Company in accordance with the terms of the Employment Agreement, dated as of November 1, 2003, as amended (the "Employment Agreement"), and applicable policy.

3. Consideration. (a) Provided you sign and deliver this Agreement to the Company, comply with its provisions and it becomes effective (as set forth in paragraph 12 below), the Company will contribute an amount equal to 299% of the sum of your annual salary presently in effect and the average of your annual bonus for 2009 and 2010, which you and the Company agree to be \$3,260,495 (the "Initial Severance Amount") to a rabbi trust (the "Trust") established by the Company, less applicable tax withholding for Medicare, if any. The Trust shall be subject to the claims of the Company's creditors in the event of the Company's insolvency. On the Payment Date (as defined below), all assets held in the Trust (i.e., the Initial Severance Amount adjusted for any investment income, gains or losses (the "Final Severance Amount")) shall be distributed to you in a lump sum in satisfaction of the amounts owed under this Section 3(a), less any required federal, state or local income or payroll tax withholding. Any and all expenses with respect to the establishment and maintenance of the Trust shall be the responsibility of the Company. The "Payment Date" for the Final Severance Amount shall be the earlier of (i) the six month anniversary of September 30, 2011 or (ii) your death. The Company will follow your directions with respect to the investment of the assets of the Trust unless, in the Company's sole discretion, the investment is inappropriate or detrimental to the Company's status as a REIT.

(b) Effective on the Separation Date and ending September 30, 2011, you agree to be available to the Company and to the Company's new CEO to assist in transition and other matters reasonably requested for such reasonable periods as shall be agreed to between you and the Company. In consideration for your availability to render these services, the Company will continue to pay to you through September 30, 2011 your current salary and automobile payments (subject to applicable withholding taxes) in accordance with the Company's normal payroll practices.

4. General Release. (a) In exchange for the payments set forth in paragraph 3, you and your heirs, legal representatives and assigns hereby voluntarily and knowingly release and forever discharge the Company and affiliated companies, their respective subsidiaries, divisions, affiliates and branches, and their respective predecessors, successors and assigns and their respective present, former, and future officers, directors, shareholders, parents, partners, owners, members, agents, attorneys, and/or employees, in both their individual and representative capacities (collectively, the "Released Parties"), from all actions, claims, demands, causes of action, obligations, damages, liabilities, expenses and controversies of any nature and description whatsoever up to the date you sign this Agreement, whether or not now known, suspected or claimed, which you had, have, or may have, against the Company and/or other Released Parties including, without limitation, all actions, claims, demands, causes of action, obligations, damages, liabilities, expenses and controversies of any kind which arise out of, relate to or are based on (i) your employment with the Company or your separation therefrom; (ii) statements, acts or omissions by the Company, other Released Parties or their respective representatives; (iii) express or implied agreements between you, on the one hand, and the Company and/or other Released Parties, on the other hand, including, without limitation, the Employment Agreement; (iv) any federal, state or local fair employment practices or civil rights law including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the New York State Human Rights Law, the Fair Labor Standards Act, the Family and Medical Leave Act, the Americans with Disabilities Act and the Employee Retirement Income Security Act of 1974, which, among other things, prohibit discrimination on such bases as race, color, religion, creed, national origin, family and/or medical leave, retaliation, protected activities, whistle blowing, citizenship, sex/gender, sexual orientation, marital status, age, disability, genetic information, predisposing genetic characteristics or unformed service; (v) common law, public policy or breach of contract, including, without limitation, in any way related to the Employment Agreement, tort, including, without limitation, for emotional distress, libel, slander, defamation, fraud, wrongful discharge, or any other claim concerning the Company's right to terminate your employment; or (vi) wages, commission, bonuses, accrued vacation pay, employee benefits, expenses, allowances and any other payment or compensation of any kind whatsoever; provided, however, the foregoing release shall not (A) prevent you from bringing a claim that seeks compliance with this Agreement or (B) waive claims, if any, that arise after the date you sign this Agreement.

(b) For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, on behalf of itself and its affiliated companies, their respective subsidiaries, divisions, affiliates and branches and their respective predecessors, successors and assigns, hereby voluntarily and knowingly release and forever discharge you and your heirs and legal representatives from all actions, claims, demands, causes of action, obligations, damages, liabilities, expenses and controversies of any nature and description whatsoever up to the date the Company signs this Agreement, whether or not now known, suspected or claimed, which the Company had, has, or may have, against you including, without limitation, all actions, claims, demands, causes of action, obligations, damages, liabilities, expenses and controversies of any kind which arise out of, relate to or are based on (i) your employment with the Company or your separation therefrom; (ii) statements, acts or omissions by you or your representatives; (iii) express or implied agreements between you, on the one hand, and the Company and/or other Released Parties, on the other hand, including, without limitation, the Employment Agreement; (iv) common law, public policy or breach of contract, including, without limitation, in any way related to the Employment Agreement, tort, including, without limitation, for emotional distress, libel, slander, defamation, fraud, wrongful discharge, or any other claim concerning the termination of your employment; provided, however, the foregoing release shall not (A) prevent the Company from bringing a claim that seeks compliance with this Agreement or (B) waive claims, if any, that arise after the date you sign this Agreement.

5. Non-Disparagement and Related Matters. You shall not at any time engage in any form of conduct, or make statements or representations, that disparage or otherwise impair the commercial reputation, goodwill or interests of the Company or other Released Parties. The Company, on behalf of itself and its affiliated companies, their respective subsidiaries, divisions, affiliates and branches and their respective predecessors, successor and assigns, shall not at any time engage in any form of conduct, or make statements or representations, that disparage or otherwise impair the commercial reputation, goodwill or interests of you or entities controlled by you. Further, you represent that you have delivered to the Company all property of the Company in your custody or control, including any phone, blackberry, computer equipment, keys and company ID's, and any originals or copies of Company documents or materials (other than documents or materials involving your own individual payroll or benefit information), whether or not such documents or materials were drafted by you or contain Confidential Information.

6. Non-Disclosure. You shall not disclose the terms or existence of this Agreement, except (w) as required by law, (x) to comply or to obtain compliance with this Agreement, (y) to your respective legal, financial or tax advisors (all of whom must first agree to be bound by this paragraph 6) and to the Internal Revenue Service or any analogous state or local taxation authority, and (z) to any entity if required by legal process upon not less than three work days prior written notice (or such shorter period required by any legal or quasi-legal entity or body) to the Company and agree to cooperate with the Company and its attorneys if the Company elects to contest such legal process.

7. Breach; Remedies. If you breach this Agreement, then the Company may seek restitution and/or offset of the payments to the extent permitted by law. Without limiting the generality of the foregoing, you acknowledge and agree that in the event of a breach or threatened breach of paragraphs 5 or 6 hereof, then the Company shall have no adequate remedy at law and shall be able to enforce such paragraphs by seeking an injunction (without posting a bond) and such other relief as may be deemed just and proper; provided, however, the parties expressly acknowledge that their respective rights, duties and obligations under this Agreement are cumulative and that the Company taking any of the actions set forth in this paragraph shall not constitute retaliation or abrogate, diminish or otherwise impact the validity or enforceability of the release set forth in paragraph 4.

8. Survival: Effective the Separation Date, the Employment Agreement is hereby terminated, is of no further force or effect and neither party shall have any further rights or obligations thereunder, except that the provisions of Sections 5.3, 5.4, 6.2, 6.3, 11, 14, 16 and 17 of the Employment Agreement (including the definitions related thereto) shall remain in full force and effect on and after the Separation Date. The parties agree that the provisions of Section 6.1 of the Employment Agreement shall not remain in effect and is hereby terminated and of no further force or effect.

9. Cooperation: You agree, upon reasonable notice, to cooperate fully with the Company and its legal counsel on any matters relating to the conduct of any litigation, claim, suit, investigation or proceeding involving the Company and/or other Released Parties, in connection with any facts or circumstances occurring during your employment or of which you have knowledge, if the Company determines that your cooperation is necessary or appropriate, provided that the Company shall reimburse you for any reasonable, pre-approved, out of pocket expenses incurred as a result of your performance of such cooperation.

10. Miscellaneous. This Agreement is not an admission of any liability or wrongdoing by you, the Company or other Released Parties. Further, this Agreement sets forth the entire understanding and agreement between the parties with respect to its subject matter, and supersedes all prior agreements, understandings, memoranda, term sheets, conversations and negotiations regarding the same, except as otherwise provided in paragraph 8. This Agreement may only be modified by a writing signed by both parties. The provisions of this Agreement are severable and if any part of it is found to be unenforceable, the other parts shall remain valid and enforceable. Except as otherwise provided herein, no waiver by either party of a breach by the other party of any condition or provision of the Agreement to be performed by the other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time or at any other time.

11. Choice of Law; Arbitration. This Agreement shall be governed and construed in accordance with the laws of the State of New York without regard to its principles of comity or conflicts of law and all disputes arising out of or relating to this Agreement or its breach shall be resolved in accordance with the procedures set forth in Section 16 of the Employment Agreement.

12. Acknowledgment. You acknowledge that:

- You have read this Agreement in its entirety and understand all of its terms, including that it constitutes a complete general release of all claims against the Company and other Released Parties;
- You have been advised, in writing, to review this Agreement with an attorney before signing it;
- You have had a sufficient period of time of up to 21 days within which to review this Agreement, including, without limitation, with your attorney, and that you did so to the extent you desired;
- You may not sign this Agreement until on or after the Separation Date;
- The payments of the amounts set forth in this Agreement are the only consideration for your signing this Agreement;
- The payments are provided at the Company's sole and absolute discretion and on a non-precedential basis and that you would not have received all such payments if you did not sign this Agreement;
- The headings used in this Agreement are intended solely for convenience of reference and shall not be used to amplify, limit, modify (or otherwise be used in the interpretation of) the terms of this Agreement;
- You knowingly and voluntarily agree to all the terms and conditions in this Agreement; and
- This Agreement shall not become effective until the 8th day after you sign it and you may at any time before the effective date revoke this Agreement by hand delivering, sending via overnight mail or e-mailing a written notice of revocation to the Company to its General Counsel at the Company's principal executive offices.

13. By entering into this Agreement, you acknowledge that you (a) waive any claim to reinstatement and/or future employment with the Company; (b) agree that you will not seek, apply for or accept employment and/or future employment with the Company; (c) have received all compensation, wages, bonuses, commissions and/or benefits to which you may be entitled; (d) have been paid in full for all time worked; and (e) are not and shall not be entitled to any payments, benefits or other obligations from the Company whatsoever (except as expressly set forth herein).

Cedar Shopping Centers, Inc.

By: /s/ Brenda J. Walker
Brenda J. Walker, Vice President

Voluntarily Agreed to and Accepted
This 9th day of June, 2011

/s/ Leo S. Ullman
Leo S. Ullman

STATE OF NEW YORK

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:ss.

COUNTY OF NASSAU

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On this 13th day of June, 2011, before me personally came Leo S. Ullman, to me known and known to me to be the individual described in, and who executed the foregoing Agreement and General Release, and duly acknowledged to me that he/she executed the same.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Lisa Greenbaum

Notary Public

CERTIFICATION

I, Bruce J. Schanzer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cedar Shopping Centers, Inc. (the "Company" or "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2011

/s/ BRUCE J. SCHANZER

Bruce J. Schanzer, Chief Executive Officer

CERTIFICATION

I, Philip R. Mays, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cedar Shopping Centers, Inc. (the "Company" or "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2011

/s/ PHILIP R. MAYS

Philip R. Mays, Chief Financial Officer

CERTIFICATION

I, Bruce J. Schanzer, 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 Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2011 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-Q 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 4th day of August, 2011.

/s/ BRUCE J. SCHANZER

Bruce J. Schanzer, Chief Executive Officer

CERTIFICATION

I, Philip R. Mays, 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 Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2011 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-Q 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 4th day of August, 2011.

/s/ PHILIP R. MAYS

Philip R. Mays, Chief Financial Office