

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 29, 2002

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CEDAR INCOME FUND, LTD.

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(Exact name of registrant as specified in charter)

Maryland	0-14510	42-1241468
----- (State or other Jurisdiction of Incorporation)	----- (Commission File Number)	----- (IRS Employer Identification No.)

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

Registrant's telephone number, including area code (516) 767-6492

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(Former name or former address, if changed since last report)

Item 2. Acquisition or Disposition of Assets

Purchase of 20% interest in API Red Lion Shopping Center Associates

On May 31, 2002, Cedar-RL, LLC ("Cedar-RL"), a newly-formed special purpose, wholly-owned subsidiary of Cedar Income Fund Partnership, L.P. (the "Operating Partnership") of which the Company is sole general partner, purchased from Silver Circle Management Corp. ("Silver Circle") an affiliate of Leo S. Ullman and Cedar Bay Company (the limited partner of the Operating Partnership and a 27.4% owner of the Company's outstanding shares) a 20% interest in API Red Lion Shopping Center Associates ("Red Lion Associates"), a partnership owned by Leo S. Ullman (as limited partner with an 8% ownership interest) and Silver Circle (as sole general partner with a 92% ownership interest). The purchase price was \$1,182,857, payable \$295,714 at closing (May 31, 2002) paid out of the Company's available cash with the balance evidenced by a promissory note (the "Note") payable in three equal annual installments commencing one year after closing and bearing interest at 7.5% due annually with each installment payment. The Note may be prepaid in whole or in part at any time. The security for the Note is a pledge by Cedar-RL of its interest in Red Lion Associates.

Also on May 31, 2002, Silver Circle and Leo S. Ullman sold an aggregate 69% limited partnership interest in Red Lion Associates to Philadelphia ARC-Cedar LLC ("ARC Cedar") for \$4,360,500. As a result of such transactions, Leo S. Ullman will have no continuing ownership interest in Red Lion Associates. The proceeds of sale of Mr. Ullman's interest in Red Lion Associates were used in their entirety to repay certain loans to Silver Circle. Mr. Ullman and Brenda J. Walker, President and Vice President of the Company, respectively, are officers of Silver Circle, but have no ownership interest in that entity.

The principal asset of Red Lion Associates is the Red Lion Shopping Center, a 218,000 sq. ft. shopping center in Philadelphia, Pennsylvania with Best Buy, Staples, Sports Authority and Pep Boys as anchor tenants. The property was built in 1972, substantially "rehabbed" in 1990 and subsequently expanded in 1998,

1999 and 2000 to accommodate the tenancies for Best Buy, Staples and Pets Plus, respectively. The Company will continue to operate the property as a shopping center.

The property is subject to a first mortgage with a principal balance of approximately \$16.8 million as of May 1, 2002, maturing in February 2010.

Silver Circle, in consideration of the purchase by Cedar-RL and ARC-Cedar, has entered into a master lease for a period ending on the earlier of (i) 10 years or (ii) the date on which approximately 49,600 sq. ft. of gross leaseable area (vacant space formerly occupied by Ross Dress for Less and Cost Less stores) has been leased to third parties meeting certain criteria at a minimum rent of \$11.50 per sq. ft. (\$570,262 per annum) plus taxes, common area maintenance and utilities payable by occupant. As security for such obligations, Silver Circle has deposited \$1.5 million into escrow to be drawn upon pursuant to the master lease.

In addition, Silver Circle will guarantee monthly minimum rental payments of the Sports Authority lease during the term of its existing lease (\$43,825 per month) until the earlier to occur of (i) exercise by Sports Authority of a renewal option, (ii) new leases to tenants approved by Red Lion Associates or (iii) five years after the earlier to occur of the date of any Sports Authority default or August 14, 2005, subject in each case to a maximum of \$200,000. This obligation and certain other obligations are secured by Silver Circle's partnership interest in Red Lion Associates.

The purchases by Cedar-RL and ARC-Cedar were determined on an arm's-length basis, based on a valuation of the Red Lion Shopping Center property at approximately \$23 million (approximately \$6 million above existing first mortgage financing of approximately \$17 million). The Company previously commissioned and received on December 14, 2001, an appraisal of the Red Lion Shopping Center from St. John Realty Associates, Inc. at \$23.7 million, including the value of the master lease described above.

The Board of Directors of the Company commissioned, and has received, a "fairness" opinion from the investment banking firm, Robert A. Stanger & Co. Inc., with respect to the purchase of the partnership interest in Red Lion Associates by the Operating Partnership.

As part of the two purchase transactions and effective as of the closing of such transactions, the Company and/or its affiliates entered into certain compensation arrangements and issued a warrant as further described in Item 5 of this filing.

Silver Circle, ARC-Cedar and Cedar-RL entered into an amended partnership agreement for Red Lion Associates effective as of the closing date with respect to the operation of the Red Lion Shopping Center. Cedar-RL under such agreement is the sole general partner of Red Lion Associates; ARC-Cedar and Silver Circle are limited partners.

Pursuant to the terms of the agreement, income and loss of the partnership will be allocated to the respective partners in accordance with their percentage interests. Silver Circle has a continuing right to receive on a priority basis upon a capital event, an amount equal to cash left in the partnership at closing in the amount of approximately \$185,000, which amount constitutes the approximate amount payable to lender for one month's debt service and reserves, respectively. Cash distributions from operations or from liquidation will also be allocated in accordance with their percentage interests.

The general partner will be reimbursed only for actual costs and expenses (including administrative) incurred for the Partnership's operations. Brentway Management LLC ("Brentway"), an affiliate of Mr. Ullman and Ms. Walker, will continue to provide management services in accordance with the existing management agreement for the property, which provides for leasing fees, construction management fees, and property management fees at customary rates.

The general partner will be indemnified to the full extent of Red Lion Associates' assets and the law against any loss or damage in connection with the business of the partnership resulting from any act or omission performed in good faith.

Approval by a majority of the limited partners will be required for:

- o Sale of the property, merger or consolidation.
- o Dissolution or termination of the partnership.
- o Modification or prepayment of existing mortgage financing or entering into a new mortgage.
- o Establishing unauthorized reserves.
- o Amendments to the management agreement which increase fees or reduce services.
- o Removal of the general partner (permitted solely for cause).
- o Transfer of a partner's partnership interest.
- o Amendment of the limited partnership agreement.

ARC Cedar has the following rights:

- o To compel a sale after April 1, 2009 (Cedar-RL may match the designated sales price).
- o Right of first refusal for any third party offer for the Red Lion Shopping Center property which Cedar-RL wishes to accept.
- o If Leo S. Ullman loses control of Cedar-RL, it may require that the property be marketed or to terminate Brentway as manager and to choose a new third party manager, subject to Cedar-RL's reasonable approval.
- o If, by the second anniversary of the agreement (May 31, 2004), cumulative distributions amount to less than 80% of certain targeted amounts and ARC-Cedar determines in its reasonable discretion that Brentway is not properly managing the Red Lion Shopping Center property, it may require marketing of the property or termination of Brentway as manager. Such right continues until cumulative distributions equal or exceed 80% of targeted amounts.
- o To compel refinancing if such refinancing can be made available on a non-recourse basis, at a fixed rate, with a minimum five year term and if economically more favorable than the existing loan.

Cedar-RL (and Philadelphia ARC-Cedar Manager, LLC, an affiliate of ARC-Cedar) have independent options effective one year after the closing to purchase the property or all of ARC-Cedar's interest for fair market value (based on a buyer-seller appraisal protocol). Upon exercise of such option at a specified price, ARC-Cedar Manager, LLC or Cedar-RL may purchase the property or the other partner's interests based on such price.

The Company's 20% indirect ownership interest as sole general partner of Red Lion Associates, provides the Company with control over all significant activities of Red Lion Associates. The specific narrow rights of the limited partners, which, in turn, are contingent, have been described above. Accordingly, the Company will report consolidated results of Red Lion Associates and will eliminate intercompany balances and transactions, as well as the limited partners' aggregate interest in the operating results of Red Lion Associates. In this manner, the accounting treatment for this property will be similar to the accounting treatment for The Point Shopping Center property in which the Operating Partnership, through a single-purpose entity, is similarly the sole general partner with controlling responsibility for the operations of that partnership.

SKR Management Corp. ("SKR"), an asset management company wholly-owned by Leo S. Ullman, is entitled to, and is expected to, collect a fee from Silver Circle in connection with the sale of its ownership interest in Red Lion Associates to ARC-Cedar and Cedar-RL in an amount equal to 1% of the sales price with a maximum of \$100,000. The fee payable to SKR at this time, based on cash proceeds of the sales to Silver Circle, will be \$43,767. Cedar Bay Realty Advisors, Inc. ("CBRA"), the management company which is investment advisor to the Company and to the Operating Partnership, and which is wholly-owned by Mr. Ullman, is generally entitled under the Administrative and Advisory Agreement between CBRA and the Company to an acquisition fee of 1% of the purchase price of any property acquired by the Company or the Operating Partnership. The fee to which CBRA would otherwise be entitled with respect to the purchase of the 20% interest in Red Lion Associates by the Operating Partnership, has been waived by CBRA.

#### Item 5. Other Events

##### 1) Compensation Arrangements and Warrant Issued to ARC Properties, Inc.

The Company, the Operating Partnership and/or their affiliates have entered into certain compensation arrangements with ARC Properties, effective as of April 1, 2002, which provide for a warrant, certain sharing of fees and payment of certain consulting fees as described below.

Management believes the arrangements to be beneficial to the Company in providing, among other things, continuing sources of joint venture capital to assist in expanding and diversifying the Company's portfolio.

#### Warrant Issued by the Operating Partnership - - - - -

The Warrant issued to ARC Properties at the closing of the Red Lion transactions, described in Item 2 of this filing, has the following features:

- o Units Purchasable Under the Warrant - 250,000 Units of the Operating Partnership. The number of Units and/or type of securities purchasable is subject to adjustment in the event of share dividends, reclassifications or changes of outstanding securities, or a reorganization or acquisition of the Operating Partnership, unit splits or reverse splits, in a manner to provide protection against dilution.

- o Schedule of Exercise - Exercisable in whole or in part at any time on or after May 31, 2002 (the "Commencement Date"), subject to the vesting schedule described below.
- o Expiration Date - the tenth anniversary of the Commencement Date.
- o Exercise Price - \$4.50 per Unit.
- o Trigger Events and Vesting - The right to purchase Units vests as follows: 83,333.33 Units as of the date of closing of the transaction, May 31, 2002; 83,333.33 Units on January 1 of the year following the closing; and 83,333.33 Units on January 1 of the second year following the closing. Vesting of rights subsequent to the initial closing is contingent in each case to ARC Properties continuing activities in arranging certain introductions and providing certain consulting activities for the benefit of the Company.
- o Unit Conversion Provisions - Operating Partnership Units received upon exercise of the Warrant are convertible at the option of the holder into shares of the Company's Common Stock on a one-for-one basis after 60 days' prior written notice to the Company, subject to certain procedural requirements of the Operating Partnership and the restrictions described below. There will be a sharing of the proceeds by the Operating Partnership and the Company upon exercise of the conversion into shares.
- o Liquidity of Warrant - The Warrant will not be listed or traded on any exchange, NASDAQ or over-the-counter markets, is not a registered security under the Securities Act of 1933 or any state securities laws, and is not transferable unless pursuant to an effective registration statement under the Securities Act of 1933 and any applicable state securities laws, or an opinion of counsel satisfactory to the Operating Partnership that the transfer is exempt from registration, or a no action letter from the Securities and Exchange Commission. However, the Warrant may be transferred to an affiliate of the holder or the holder's partners or members if the holder is a limited partnership or a limited liability company.
- o Liquidity of Units and Restriction on Conversion to Company Shares - The Units are not listed or traded on any exchange, NASDAQ or over-the-counter markets, are not registered in the Securities Act of 1933 or any state securities laws, and are not transferable unless the conditions described above for Warrant transferability are met. The Warrant and the Unit Conversion Provisions described above may not be exercised if the Board of Directors of the Company believes that such exercise would jeopardize the REIT qualification of the Company. In such event, the holder may assign the Warrant to a number of assignees deemed necessary to avoid such adverse effect, provided the assignment does not violate securities laws or exchange regulations.
- o Liquidity of the Shares - Upon conversion of the Units to Shares, the Shares may only be sold on the exchange pursuant to SEC Rule 144 or through a separate registration statement subject to the restrictions in a certain "standstill" agreement entered into by the parties.
- o Standstill Agreement - As a condition for the issuance of the Warrant, the holder is entering into a "standstill" agreement which prohibits the holder from, among other things, purchasing directly or indirectly any additional Shares or Units, conducting a proxy contest or a tender offer to the Company shareholders/unitholders without the prior approval of the Company, or selling, transferring, or pledging the Warrant or any Units or Shares except under SEC Rule 144 volume restrictions or through a broker/dealer, subject to certain restrictions to prevent disqualification as a REIT.
- o Voting Rights - The holder of the Warrant will have no voting rights or any rights of a shareholder in the Company or unitholder in the Operating Partnership prior to the exercise of the Warrant.
- o Valuation - Robert A. Stanger & Co., Inc., at the Board's request, valued the Warrant, as of April 1, 2002, at \$520,000 (\$2.08 per Unit).

An additional warrant of 250,000 units will be made available to ARC Properties on substantially similar terms, including partial vesting over a three-year period, if ARC Properties arranges the sale of at least a 20% interest to the Company or its affiliates (premised, in turn, on the sale of a substantial partial interest to investors introduced by it) in the Golden Triangle Shopping Center, Lancaster, Pennsylvania, owned by affiliates of Cedar Bay Company.

#### Sharing of Fees - - - - -

ARC will be entitled to 20% of fees (other than legal fees or amounts received from property ownership interests of the Company or Operating Partnership) received by Cedar Bay Realty Advisors, Inc., Brentway or their respective affiliates, from transactions in which ARC materially assists in raising capital for the Company or Operating Partnership, contributes property, or identifies and introduces acquisitions which are subsequently consummated, including those received with respect to the operations and from actions relating to the Red Lion Shopping Center.

#### Consulting Fees - - - - -

ARC will receive a consulting fee of \$100,000 from the Company and/or its affiliates, payable upon certain contributions to the Operating Partnership or its affiliates by ARC affiliates in amounts to be agreed for the purchase of an interest in the partnership which owns The Point Shopping Center (of which the

Company indirectly owns a 50% interest as sole general partner), and in amounts to be agreed for an interest in the entity which will acquire the property to be developed as an L.A. Fitness facility as previously described in the Company's SEC filings.

The purchase by ARC-Cedar of the 69% interest from Silver Circle and Ullman was based on the \$23 million valuation, as described above. That purchase price was then "grossed up" by an amount equal to approximately \$275,000, which amount represents certain fees paid to ARC Properties and/or its affiliates in connection with placement by ARC of participations in ARC-Cedar and reimbursement of certain expenses incurred by ARC Properties. Of such amount, \$40,000 was paid by ARC-Cedar to SKR for services rendered in connection with presentations made to potential investors arranged by ARC-Cedar in Philadelphia, Pennsylvania, Chicago, Illinois, Harrisburg, Pennsylvania, at its offices in Port Washington, New York and elsewhere. SKR is wholly-owned by Leo S. Ullman.

## 2) Refinancing of The Point Shopping Center, Harrisburg, Pennsylvania

On May 29, 2002, the Company completed the refinancing of The Point Shopping Center property, owned by The Point Associates, L.P., the general partner of which is The Point Shopping Center, LLC, with a 50% interest. The Operating Partnership is the sole member of The Point Shopping Center, LLC. The Company is the general partner of the Operating Partnership.

The new loan, for which the lender is Protective Life Insurance Company of Birmingham, Alabama, has a ceiling loan amount of \$21 million, of which a floor loan amount of \$20 million was drawn down on May 29, 2002. The additional \$1 million ceiling amount can be earned by the borrower with a lease-up, within two years of the date of closing, of approximately 22,500 sq. ft. (consisting primarily of the former Eckerd drug store premises) at \$11.50 per sq. ft. for a 10-year period to an acceptable creditworthy tenant. In the event the lease-up conditions are not satisfied and the \$1 million ceiling amount has not been funded within such two year period, borrower's rights to any of such ceiling amounts will be terminated.

The interest rate is 7.625%. The maturity date of the loan is 25 years. The call date (at which time the lender can call for replacement of the loan and the borrower shall have the continuing option of repaying the loan without penalty) is 10 years. The amortization is on a 25-year schedule.

Certain title costs, borrower's and lender's counsel fees, and other closing costs aggregating approximately \$96,000 were paid (a commitment fee to the lender of \$420,000 will be fully refunded). An "exit" fee was paid to Salomon Smith Barney in the amount of \$268,500 (1.5% of the loan balance). A placement fee of \$210,000 was paid to Ekstein Rothenberg Corp.; \$100,000 was paid to Brentway Management LLC, the management company for The Point Shopping Center property, which is an affiliate of Leo S. Ullman and Brenda J. Walker pursuant to the management agreement. The Operating Partnership received a distribution of approximately \$600,000 of such proceeds in connection with its 50% ownership interest in The Point Shopping Center, LLC.

Debt service under the loan (at the initial funding level of \$20 million) is \$1,781,816.50 per annum (\$148,484.71 per month).

The loan may be pre-paid in full at any time upon 90-days' prior written notice and payment of a prepayment premium equal to the greater of (i) 1% of the then-unpaid principal balance of the loan, or (ii) a yield maintenance formula.

The borrower is required to escrow with the lender, amounts equal to annual real estate taxes and insurance premiums.

The new loan replaces a 2-year floating rate borrowing in the amount of \$17.9 million from Salomon Smith Barney, due June 1, 2002, but subject to two six-month extensions, the proceeds of which, together with certain additional amounts contributed by the borrower; were used to construct improvements to the center, including, without limitation, the new +/-55,000 sq. ft. Giant supermarket, a new facade on the Burlington Coat store, parking lot and site improvements, new store premises, demolition of the former mall space of approximately 110,000 sq. ft., construction of a new Pennsylvania Liquor Control Board store and related matters.

## Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

- (a) Financial statements of the property acquired will be filed separately.
- (b) Pro Forma financial information relative to the acquired property will be filed separately.
- (c) Exhibits

The following exhibits are included herein:

- (10.1) Property Management Agreement by and between API Red Lion Shopping Center Associates and SKR Management Corp., dated as of January 1, 1995;
- (10.2) Assignment of Property Management Agreement by and between SKR Management Corp. and Brentway Management LLC, dated as of January 1, 1996;
- (10.3) Standstill Agreement by and between Robert J. Ambrosi and ARC Properties, Inc. and Cedar Income Fund, Ltd., dated May 31, 2002;
- (10.4) Purchase and Sale Agreement by and between Silver Circle Management Corp. and Leo S. Ullman and Philadelphia Cedar-RL, LLC, dated as of February 6, 2002;
- (10.5) Indemnity Agreement by Cedar-RL, LLC to and for the benefit of Leo S. Ullman, dated as of May 31, 2002;
- (10.6) Promissory Note between Cedar-RL, LLC to Silver Circle Management Corp., dated as of May 31, 2002;
- (10.7) Subordinate Pledge and Security Agreement by Cedar-RL, LLC and Silver Circle Management Corp., dated as of May 31, 2002;
- (10.8) Compensation Agreement between Cedar Income Fund, Ltd., Cedar Income Fund Partnership, L.P., SKR Management Corp., Cedar Bay Realty Advisors, Inc., Brentway Management LLC, Leo S. Ullman and ARC Properties, Inc., dated May 31, 2002;
- (10.9) Lease Guaranty Maximum Liability \$200,000 from The Sports Authority (Tenant at Red Lion) for the benefit of API Red Lion Shopping Center Associates and Silver Circle Management Corp., dated as of May 31, 2002;
- (10.10) Master Lease Agreement by and between API Red Lion Shopping Center Associates and Silver Circle Management Corp., dated as of May 31, 2002;
- (10.11) Amended and Restated Limited Partnership Agreement of API Red Lion Shopping Center Associates, L.P., a New York Limited Partnership among Cedar-RL, LLC and Silver Circle Management Corp. and Philadelphia ARC-Cedar, LLC, dated as of May 31, 2002;
- (10.12) Warrant by Cedar Income Fund Partnership, L.P. to ARC Properties, Inc., dated as of May 31, 2002;
- (10.13) "Side Letter" to Cedar Income Fund, Ltd. from ARC Properties, Inc. dated May 31, 2002;
- (10.14) Subordinate Pledge and Security Agreement by Silver Circle Management Corp. and API Red Lion Shopping Center Associates, dated as of May 31, 2002;
- (10.15) Agreement Regarding Master Lease between Silver Circle Management Corp. and API Red Lion Shopping Center Associates, dated May 31, 2002;
- (10.16) Permanent Loan Commitment by Protective Life Insurance Company to The Point Associates, L.P., its general partner The Point Shopping Center, LLC, and its sole member, Cedar Income Fund Partnership, L.P., dated April 1, 2002;
- (10.17) Property Management Agreement by and between The Point Associates, L.P. and SKR Management Corp., dated as of December 1, 1994;
- (10.18) Assignment of Property Management Agreement by and between SKR Management Corp. and Brentway Management LLC, dated as of January 1, 1996;
- (10.19) Administrative and Advisory Agreement dated April 2, 1998, between Cedar Bay Realty Advisors, Inc. and the Company. Incorporated by reference to Exhibit 10.1 to Form 10-K for the year ended 1998 ("1998 10-K");
- (10.20) Assignment of Administrative and Advisory Agreement dated April 30, 1999, between Cedar Income Fund, Ltd. and Cedar Income Fund Partnership, L.P.; Amendment of Administrative and Advisory Agreement dated August 21, 2000, between Cedar Income Fund Partnership, L.P. and Cedar Bay Realty Advisors, Inc.; Second Amendment of Administrative and Advisory Agreement dated August 21, 2000, between Cedar Income Fund Partnership, L.P. and Cedar Bay Realty Advisors, Inc.; and Third Amendment of Administrative and Advisory Agreement dated as of January 1, 2002, between Cedar Income Fund Partnership, L.P. and Cedar Bay Realty Advisors, Inc., incorporated by reference to Exhibit 10.3 of Form 10-K for the year ended 2001 ("2001 10-K"); and
- (99) Press Release dated June 4, 2002, regarding purchase of ownership interest in Red Lion Shopping Center, Philadelphia, Pennsylvania and refinancing of The Point Shopping Center, Harrisburg, Pennsylvania.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

CEDAR INCOME FUND, LTD.

By: /s/ Leo S. Ullman

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Leo S. Ullman  
Chairman

Dated: June 13, 2002

PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT ("Agreement") made as of January 1, 1995 by and between API RED LION SHOPPING CENTER ASSOCIATES, a New York limited partnership ("Owner") and SKR MANAGEMENT CORP., a New York corporation ("Agent").

BACKGROUND

A. Owner is the owner of the land and improvements known as Red Lion Shopping Center, 9898-9850 Roosevelt Boulevard, Philadelphia, Pennsylvania (the "Property").

B. Owner desires to retain Agent as its exclusive agent for the purposes of leasing and managing the Property on behalf of Owner and Agent is willing to act as agent for Owner with respect to the Property on the terms and conditions of the Agreement as more fully set forth herein.

NOW THEREFORE, in consideration of the agreements and covenants herein contained, and intending to be legally bound hereby, Owner and Agent agree as follows:

1. Owner hereby employs Agent to manage and lease as the exclusive broker the property upon the terms and conditions hereinafter set forth for an initial term of three (3) years from the date hereof unless otherwise extended, renewed or terminated as hereinafter set forth.

2. Agent agrees to perform the following:

2.1. Use its best efforts to lease or cause brokers or other agents to lease on behalf of Owner all available space in the Property;

2.2. Diligently to collect rents, additional rents and all other sums due from tenants when due and, where necessary or appropriate, and except as directed otherwise by Owner (in which event Owner shall bear the administrative costs of relieving Agent of such duty or duties), take all such actions as Agent shall deem necessary or advisable to enforce all rights and remedies of Owner under the leases relating to the Property (the "Leases") or to protect the interest of Owner, including, without limitation, the preparation and delivery to tenants under the Leases ("Tenants") of all "late payment", default, and other appropriate notices, requests, bills, demands, and statements. Agent may retain counsel, collection agencies, and such other persons and firms as Agent shall deem appropriate or advisable to enforce, after notification to Owner, by legal action the rights and remedies of Owner against any Tenant default in the performance of its obligations under a Lease. Agent shall promptly notify Owner of the progress of any such legal action;

2.3. To pay from the operating funds of the Property or such other funds as are provided by Owner bills and expenses for the maintenance, repair and operation of the Property, provided, however, that all expenditures in excess of \$5,000 in any single transaction or more than \$50,000 in the aggregate in any period of twelve (12) consecutive months shall be subject to Owner's approval unless such expenditure is included in the operating budget for the Property that has been approved by Owner, and provided further that Agent shall notify Owner of any budget expenditures cumulatively exceeding ten percent (10%) of any approved annual budget;

2.4. To establish and maintain such books of account, records, and other documentation pertaining to the operation and maintenance of the Property as are customarily maintained by managing agents of properties similar in location and size to that of the Property. Agent shall prepare or cause to be prepared and file all returns and other reports relating to the Property, other than income tax returns and any reports or returns that may be required of any foreign owner of U.S. real property, as may be required by any governmental authority or otherwise under this Agreement. Agent shall periodically report to Owner on the general operations, occupancy, physical condition, disbursements, delinquencies, uncollectible accounts, and other matters relating to the Property. Agent shall prepare and forward to Owner a written report each month showing the receipts and expenditures for such month, the receipts and expenditures year-to-date and the variations from the agreed upon budget. These statements shall, upon Owner's request, be accompanied by appropriate documentation of all expenditures made by Agent under this Agreement. As soon as practicable after the end of each calendar year and after the expiration or termination of this Agreement, Agent shall use reasonable efforts to prepare and deliver to Owner statements pertaining to the operation and maintenance of the Property during the preceding calendar year. Agent shall prepare and submit to Owner for its approval no later than December 1st of each calendar year (or such later date as the parties agree) a proposed pro forma budget for all costs pertaining to the operation and maintenance of the Property during the ensuing calendar year. Each such budget shall be substantially in the same form as the approved budget in effect for the prior calendar year, shall set forth expenditures on an annual and a monthly basis, and shall not, except for informational purposes, include estimates for costs and expenses for which Owner will be reimbursed by Tenants under the Leases. Agent shall make such reasonable



modifications to each proposed pro forma budget it prepares in accordance with this section until Owner shall have approved this budget in writing, which approval shall not be unreasonably withheld or delayed. Such budget and revisions shall be deemed to be accepted and approved by Owner unless specifically rejected or accepted within fifteen (15) days of submission;

2.5. To account for all advance deposits of Tenants;

2.6. To refund to Tenants from escrow accounts, funds of the Property or funds provided by Owner, as appropriate, pro-rated rents, rebates, allowances, advance deposit refunds, and such other amounts as are legally due Tenants;

2.7. To collect from Tenants all insurance policies, Tenant insurance certificates, or other evidence of insurance required to be carried by Tenants;

2.8. Unless otherwise instructed by Owner, to secure for and on behalf of and at the expense of Owner such insurance, including without limitation, employee dishonesty insurance, fire and extended coverage property insurance, public liability insurance and workers' compensation insurance, as may be deemed by Owner (or any mortgagees) to be necessary or appropriate, in amounts satisfactory to Owner and Agent and naming Owner and Agent as co-insureds and in form and substance satisfactory to Owner, Agent and any mortgagees; provided, however, that if Agent promptly notifies Owner of the insurance so secured on behalf of Owner, and promptly complies with Owner's instructions regarding such insurance, Owner releases and holds Agent harmless of and from any claims, loss, damages and liability of any nature whatsoever based upon or in any way relating to Agent's securing or failure to secure any insurance, or any decision made by Agent with respect to the amount or extent of coverage thereof or the company or companies issuing, brokering or negotiating such insurance;

2.9. To respond to complaints and inquiries by Tenants, prospective tenants and others, and to take such corrective actions as Agent deems appropriate;

2.10. To contract on behalf of and at the expense of Owner for such supplies and services in reasonable quantities and at reasonable prices as may be appropriate with respect to the Property, and to supervise and administer such contracts, including, without limitation, contracts for mechanical maintenance (including preventative maintenance), window and facade maintenance and cleaning, metal maintenance, pest control, trash removal, janitorial and maintenance supplies, building security, public relations, collection and credit reporting, legal and accounting services, computer services, architectural and engineering services, laundry services, and janitorial or cleaning services. In so contracting, Agent may contract with entities or persons affiliated with it, provided, however, that the rates and charges of the affiliated entity or person are generally competitive and consistent with rates and charges by non-affiliated entities and will obtain a minimum of two competitive bids from nonaffiliated contractors respecting any contract exceeding Ten Thousand Dollars (\$10,000.00);

2.11. To negotiate on behalf of Owner any applicable labor or collective bargaining agreements related to employees of Owner at the Property;

2.12. To hire, discharge, promote or demote, and supervise the on-site employees of Owner, if any, which employees may include, but are not necessarily limited to, a building executive director or supervisor, building manager, leasing specialist or leasing agent, secretarial and clerical staff, maintenance personnel, porters, laborers, security staff and watchmen, provided, however, that any personnel hired by Agent whose wages are not provided for in the approved budget, or otherwise approved by Owner and shall be employees of Agent and their wages and fringe benefits shall be paid by Agent without reimbursement by Owner;

2.13. To supervise and coordinate the moving in and moving out of Tenants to accomplish efficient and time saving use of personnel and elevators and maintain appropriate public relations with Tenants and prospective tenants;

2.14. To prepare and file and/or cause to be prepared and filed on behalf of Owner necessary forms for insurance, hospitalization, benefits, social security taxes, union dues and contributions and such other forms, documents and returns as may be required by any governmental authority, a collective bargaining agreement, or otherwise with respect to employees of Owner at the Property;

2.15. To prepare and file or cause to be prepared and filed on behalf of Owner such applications for permits, and/or licenses as may be required for the operation of the Property;

2.16. To prepare and, where appropriate, transmit payroll records, accounting reports, vacancy and occupancy reports, delinquency reports, cash

flow reports, and disbursement ledgers. Agent may contract with others, including but not limited to entities or persons affiliated with it, or provide its own personnel for the performance of accounting, bookkeeping and computer services in connection with such preparation and transmittal, all without any additional charge to Owner;

2.17. To institute and prosecute on behalf of Owner such legal actions or proceedings as the Agent deems appropriate; to collect sums due Owner; with Owners approval, to evict a Tenant, former Tenant or occupant of the Property; to regain possession of the Property or any part thereof; to contest any bill or charge asserted against or with respect to the Property; to defend any administrative or legal action brought against Agent and/or Owner with respect to the Property; with Owner's approval, to commence litigation pertaining to any labor or employment related dispute; to administratively process or litigate any tax related issue or other issues relating to the Property; to appeal all such proceedings and law suits; and to settle or compromise any claims, law suits, judgments and proceedings relating to the Property, provided however that Agent shall first notify Owner of any compromise which would result in an expenditure by or loss to Owner in excess of \$10,000;

2.18. To maintain such bank or similar accounts on behalf of Owner as are necessary or appropriate in the operation of the Property, including such reserve, investment, security, escrow and other accounts;

2.19. To open and maintain accounts on behalf of Owner with such suppliers and vendors as are necessary or appropriate for the efficient operation of the Property;

2.20. Subject to the approval by the Owner, to join and participate on Owner's behalf in such professional, trade or industry organizations and associations relating to office buildings as is necessary or appropriate with respect to the operation of the Property;

2.21. To notify Owner of any violations of any laws, orders, rules, or determinations of any governmental authority or agency affecting the Property promptly after such occurrence is known to Agent;

2.22. To notify Owner of any catastrophe or major loss or damage or other material adverse change with respect to the property, and to similarly notify all appropriate insurance authorities of the same, promptly upon Agent's knowledge thereof;

2.23. To supervise and arrange for all construction work performed on behalf of Owner at, in or about the Property, provided, however, that with respect to any construction work in excess of \$10,000, Agent shall be paid a construction supervision fee in the amount of five percent (5%) of the total construction costs or such greater amount as is negotiated and agreed upon by Agent and Owner;

2.24. Upon request of Owner, to provide or arrange for such engineering, architectural, design or consulting services with respect to construction, rehabilitation or decorating work or proposed construction, rehabilitation or design work at the Property, all such services to be paid for by Owner;

2.25. To handle on behalf of Owner the submission to appropriate insurance officials of insurance claims and the settlement thereof, provided however, that with respect to any proceeds or reimbursements with respect to such claim which is in excess of Twenty Five Thousand Dollars (\$25,000), Agent shall be paid a processing fee, in addition to all other fees set forth herein, in an amount equivalent to three percent (3%) of the amount received by the Owner with respect to that claim;

2.26. To prepare such reports, data, presentations, market surveys or other material as Owner requests in connection with the sale, refinancing, disposition or master leasing of the Property;

2.27. To institute at Owner's expense, advertising, marketing and public relations campaigns pertaining to the Property;

2.28. To recommend to Owner, where Agent deems it appropriate, programs for the rehabilitation, remodeling, repairs and marketing of the Property; and

2.29. To perform such other services on behalf of Owner with respect to the Property customarily performed by agents within the Property's geographical area as shall be reasonably requested from time to time by Owner. If Owner and Agent disagree as to which services are customarily performed by agents as aforesaid, Agent shall not be required to perform such service until resolution of such dispute, and such non-performance shall not be the basis of termination by Owner of this Agreement.

3. Owner expressly withholds from Agent any power or authority to make any structural changes in any building or to make any other major alterations or additions in or to any such building or equipment therein, or to incur any

expense chargeable to Owner other than expenses related to exercising the express powers above vested in Agent without the prior written direction of Owner (or any party that Owner shall direct), except such emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the Property or the safety of the occupants thereof or are required to avoid the suspension of any necessary service to the Property.

3.1. Agent agrees to remit promptly to the account designated by Owner, all receipts received in the prior calendar month with respect to the Property in excess of budgeted operating expenses and reserves.

4. Owner shall, at all times, provide necessary funds to maintain and operate the Property as efficiently as possible and in a first class manner in keeping with the standards of operations for similarly situated shopping centers in the area. Owner shall advance such funds to Agent no later than fifteen (15) days after its receipt from Agent of notice of the necessity for such advance. Owner agrees to provide any anticipated cash deficits fifteen (15) days prior to its occurrence.

5. Except as otherwise provided for herein, Owner shall pay to Agent a property management fee in an amount equal to four percent (4 %) of the gross receipts of the Property. This fee shall be payable in monthly installments from the operating accounts maintained pursuant to Section 2.17 hereof. Gross receipts of the Property shall include all rents, percentage rents, tenant charges, reimbursements from Tenants for common area maintenance charges, insurance, utilities and real estate taxes and such other amounts as are collected from Tenants and shall exclude the proceeds from any sale or refinancing of the Property or any portion thereof and the proceeds of any settlements, insurance award (except as provided in Section 2.24) or condemnation award. This fee does not include payment for leasing services.

5.1. To the extent that operating revenues of the Property are insufficient to pay the management fee in full when due, and to the extent that Agent agrees in writing in advance to defer receipt by it of any part of the management fee due it, the amount so deferred shall bear interest at the rate of two percentage points in excess of the "prime rate" or "base rate" from time to time announced by Citibank N.A., New York New York compounded monthly. Nothing herein contained, however, shall be construed to obligate Agent to defer receipt by it of any management fee or other fees whatsoever.

5.2. Agent or its affiliate shall be the leasing agent for the Property. Owner shall pay brokerage commissions to outside brokers, if used in connection with negotiating a lease, at the rates annexed hereto as Schedule of Brokerage Commissions. Owner shall pay Agent or its affiliate a leasing commission for each lease signed during the term of this Agreement upon occupancy by the tenant pursuant thereto in an amount equal to ninety percent (90%) of the full leasing commission; provided however, the leasing commission to Agent or its affiliate shall be reduced to forty five percent (45%) of a full commission in the event that an outside broker is the procuring broker and is paid a full commission. In the event of a renewal, the commission payable to Agent shall be one-half of the commission otherwise payable. This limitation shall not apply to commissions for the expansion of an existing tenant.

5.3. Owner agrees to pay to Agent or its affiliate a sales commission equal to 1% of the sales price of the Property, not to exceed \$100,000 provided that no outside broker is involved. However, if there is an outside broker involved, then Owner shall pay Agent an amount equal to one-half of the difference between 3% of the sales price and the commission payable to the outside broker, not to exceed \$100,000.

5.4. Owner agrees to pay to Agent or its affiliate a commission equal to 1% of the principal amount of any financing/refinancing arranged for the Property, not to exceed \$100,000, provided that aggregate commissions for financing to all involved parties shall not exceed 2%.

6. Owner shall reimburse Agent for reasonable, actual out-of-pocket expenses including telephone and facsimile charges, postage and express mail service and travel and food expenses incurred by Agent in connection with Agent's on site supervision of the Property by Agent's officers and personnel (evidenced by receipts submitted to Owner).

7. The Agent, on behalf of Owner, shall engage Stuart H. Widowski, Esq., or his successor, as legal counsel to provide legal services for Owner and the Property. Such services shall be provided as required and at a rate of \$200 per hour unless otherwise agreed to by Owner or Agent.

8. In performing its obligations hereunder, Agent shall comply with all applicable federal, state and local laws and regulations.

9. The initial term of this Agreement shall be for a period of three (3) years from the date hereof and this Agreement shall automatically renew from year to year thereafter unless and until terminated by either party upon ninety (90) days' prior written notice thereof. Notwithstanding the foregoing, Owner

shall be entitled to terminate this Agreement (with no additional compensation) at any time upon fifteen (15) days' notice to Agent in the event of the malfeasance or breach of this Agreement by Agent or upon the filing of a bankruptcy petition against or by Agent. This Agreement shall terminate automatically (with no additional compensation) if:

(i) all or substantially all of the Property is condemned or acquired by eminent domain; or

(ii) all or substantially all of the Property is destroyed by fire or other casualty as a result of which all or substantially all of Tenants are unable to continue the normal conduct of their business in their respective occupied spaces and are permanently released under their respective leases from the payment of all rent thereunder; or

(iii) all of the Property is sold to an unrelated, third-party purchaser; or

(iv) in the event of the death, disability (for a period of 180 days during any 365 consecutive days) or incompetency of Leo S. Ullman, or if Leo S. Ullman is no longer chief executive officer of the Agent or the Agent's permitted assign.

10. Owner shall pay or reimburse Agent for any monies due it under this Agreement for services prior to termination, notwithstanding termination of this Agreement. All provisions of this Agreement that require Owner to have insured or to defend, reimburse or indemnify Agent shall survive any termination and, if Agent is or becomes involved in any proceeding or litigation by reason of having been Owner's Agent, such provisions shall apply as if this Agreement were still in effect. Owner agrees that Agent may withhold funds for thirty (30) days after the end of the month in which this Agreement is terminated to pay bills previously incurred but not yet invoiced, and to close accounts.

11. Owner agrees to release, indemnify, defend, and save the Agent, its officers and employees harmless from and against all claims, disputes, losses, liabilities and suits (including but not limited to all attorneys' fees and litigation expenses and Agent's costs in connection therewith) in any way:

(i) relating to or arising in connection with the Property and/or damage to property and injuries to or death of any employee, invitee or other person whomsoever, and/or Agent's performance of its duties hereunder;

(ii) relating to any proceeding or suit involving an alleged violation by Owner of any law applicable to the Property or operations thereof; and

(iii) relating to obligations assumed by Agent, its officers or employees in connection with any financing or refinancing entered into in connection with the Property.

11.1. The obligations of Owner to indemnify, hold harmless, and reimburse Agent are subject to the following conditions:

(i) Agent shall promptly notify Owner of any matter with respect to which Owner is required to indemnify, hold harmless, or reimburse Agent; and

(ii) Agent shall not take or fail to take any actions, including an admission of liability, which would bar Owner from enforcing any applicable coverage under policies of insurance held by Owner or would prejudice any defense of Owner in any appropriate legal proceedings pertaining to any such matter or otherwise prevent Owner from defending itself with respect to any such matter, provided such action or failure to act resulted from the gross negligence or willful malfeasance of Agent.

Notwithstanding the foregoing, Owner shall not be required to indemnify, hold harmless, or reimburse Agent with respect to any matter to the extent the same resulted from the gross negligence or willful malfeasance of Agent or actions taken by Agent outside of the scope of Agent's authority under this Agreement or any express or implied direction of Owner.

The provisions of this section shall survive the expiration and any termination of this Agreement.

12. Owner and Agent shall each waive any claim for loss or damage against the other and mutually agree to hold each other harmless for loss to the Property to the extent that either party is reimbursed or indemnified by insurance coverage.

13. Agent will promptly notify Owner of any violations of any requirements of any statute, ordinance, law or regulation of any Governmental body or any public authority or official thereof having jurisdiction and shall promptly take all actions necessary to cure such violations and to prevent any

civil or criminal liability from being imposed.

14. In the event it is alleged or charged that the Property or any equipment therein or any act or failure to act by the Owner or its agents with respect to the Property or the sale, rental, or other disposition thereof fails to comply with, or is in violation of, any of the requirements of any provision, statute, ordinance, law, or regulation of any Governmental body or any order or ruling of any public authority or official thereof having or claiming to have jurisdiction thereover, and Agent, in its sole and absolute discretion' considers that the action or position of Owner may result in damage or liability to Agent, Agent shall have the right to cancel this Agreement at any time by giving not less than thirty (30) days' prior written notice to Owner of its election so to do, which cancellation shall be effective upon the service of such notice. Such notice may be served personally or by United States certified mail, and if served by mail shall be deemed to have been served when deposited in the United States mail system. Such cancellation shall not release the indemnities of Owner and Agent set forth herein and shall not terminate (i) any liability or obligation of Owner to Agent for any payment, reimbursement, or other sum of money then due and payable to Agent hereunder as of the date of such cancellation, or (ii) any obligation of Agent to remit moneys to Owner or to complete its obligations hereunder to the date of such cancellation. Agent shall cooperate with Owner to ensure a smooth and efficient transition to a new managing agent, including but not limited to, prompt delivery of files relating to the Property.

15. Agent agrees to release, indemnify, defend and save Owner harmless from and against all claims, disputes, losses, liabilities and suits (including but not limited to all attorneys' fees and litigation expenses and Owner's costs in connection therewith) in any way resulting from the gross negligence or willful malfeasance of Agent, or its employees:

(i) Relating to or arising in connection with the Property and/or damage to property and injuries to or death of any employee, invitee or other person whomsoever, and/or Agent's performance of its duties hereunder; and

(ii) Relating to any proceeding or suit involving an alleged violation by Agent of any law applicable to the Property or operations thereof.

16. It is expressly agreed by the parties that:

16.1. The parties have entered into this Agreement without any inducements, representations, statements, warranties or agreements made by either party other than those expressly stated herein.

16.2. This Agreement embodies the entire understanding of the parties with respect to the subject matters stated herein and there are no other understandings or undertakings related to the within subject matters. This Agreement may be modified only by a written agreement signed by the parties hereto.

16.3. The provisions of this Agreement are severable and to the extent that any provision herein is determined by court order, law or rule to be invalid, such invalidity shall in no way affect nor invalidate the other provisions of this Agreement.

16.4. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16.5. With respect to any and all disputes under or relating to this Agreement, the parties consent to the exclusive jurisdiction and venue of the Supreme Court of the State of New York Nassau County and the United States District Court for the Eastern District of New York and the appellate courts with supervisory powers thereover.

16.6. The parties agree that in any litigation or proceeding commenced by either party against the other, service of process shall be deemed to be effective either by hand delivery thereof or by the mailing thereof via certified mail, postage prepaid, with a proof of mailing receipt validated by the U.S. Postal Service constituting the sufficient evidence of service of process.

16.7. With respect to any notices that are required or permitted to be made pursuant to this Agreement, they shall be in writing and either delivered personally or sent by United States mail addressed as follows:

As to Owner:

API RED LION SHOPPING CENTER ASSOCIATES  
c/o SKR Management Corp.  
44 South Bayles Avenue, Suite 304  
Port Washington, New York 11050  
Attention: Leo S. Ullman

As to Agent:

SKR Management Corp.  
44 South Bayles Avenue, Suite 304  
Port Washington, New York 11050  
Attention: Brenda J. Walker

16.8. This Agreement may not be assigned by Agent without the prior written consent of Owner, provided, however, that Owner consents to Agent's designating a subsidiary or affiliate of Agent to act on behalf of Agent as leasing and rental agent for the Property. This Agreement shall be binding upon and benefit the parties hereto and their respective successors and permitted assigns.

17. Owner expressly consents to the assignment of Agent's rights and obligations hereunder to Acadia Management Company.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have executed this Property Management Agreement as of the day and year first set forth above.

AGENT

SKR MANAGEMENT CORP.

By: /s/ Brenda J. Walker

-----  
Brenda J. Walker  
Vice President

OWNER

API RED LION SHOPPING  
CENTER ASSOCIATES

By: SILVER CIRCLE MANAGEMENT CORP.  
General Partner

By: /s/ Leo Ullman

-----  
Leo Ullman  
President

ASSIGNMENT OF PROPERTY MANAGEMENT AGREEMENT

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This Assignment of Property Management Agreement ("Assignment") made as of January 1, 1996 by and between SKR MANAGEMENT CORP., a New York corporation ("Assignor") and BRENTWAY MANAGEMENT L.L.C., a New York limited liability company ("Assignee").

BACKGROUND

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(a) Assignor has entered into a Property Management Agreement ("Agreement") dated as of January 1, 1995 with API Red Lion Shopping Center Associates, a New York limited partnership ("Owner") with respect to the land and improvements owned by Owner, known as the Red Lion Shopping Center, Roosevelt Boulevard, Philadelphia, Pennsylvania ("Property").

(b) Pursuant to the Agreement, Owner retained Assignor as its exclusive agent for the purposes of leasing and managing the Property on behalf of Owner.

(c) Assignor desires to assign its rights and obligations under the Agreement to Assignee and Assignee desires to assume such rights and obligations.

NOW THEREFORE, in consideration of the agreements and covenants herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Assignor and Assignee agree as follows:

(1) Assignor hereby assigns to Assignee all of its right, title and interest to the Agreement.

(2) Assignee hereby assumes all of the duties and obligations under the Agreement.

(3) Assignor hereby assigns to Assignee all documents, records, plans, accounts and any other property maintained by Assignor in connection with the Property.

(4) This agreement contains the entire understanding of the parties with respect to the subject matter contained herein and there are no other understandings or undertakings related to such matters. This agreement may be modified only by a written agreement signed by both parties.

(5) This agreement shall be governed by and construed in accordance with the laws of the State of New York.

SKR MANAGEMENT CORP.

By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman, President

BRENTWAY MANAGEMENT L.L.C.

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

The foregoing Assignment is hereby consented to:

API RED LION SHOPPING CENTER  
ASSOCIATES  
By: Silver Circle Management Corp.

By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman, President

STAND-STILL AGREEMENT

THIS AGREEMENT dated May 31, 2002 by and between ROBERT J. AMBROSI ("Ambrosi"), residing at 1401 Broad Street, Clifton, NJ 07013 and ARC PROPERTIES, INC., ("ARC") with an office at 1401 Broad Street, Clifton, NJ 07013 (together sometimes referred to herein as "Warrant-Holder") and CEDAR INCOME FUND, LTD., a Maryland corporation, with offices at 44 South Bayles Avenue, Port Washington, NY 11050 ("CIF");

WITNESSETH:

WHEREAS, ARC has acquired warrants (the "Warrants") to purchase operating partnership units (the "Operating Partnership Units") in Cedar Income Fund Partnership L.P. (the "Partnership"), which are redeemable for shares of Common Stock of CIF ("Shares") in accordance with the terms of the partnership agreement of the Partnership;

WHEREAS, CIF is a real estate investment trust, qualified as such under the applicable provisions of the Internal Revenue Code and would lose its qualification as a real estate investment trust in the event that five or fewer (individual) shareholders own in the aggregate, directly or indirectly, more than 50% of its stock;

WHEREAS, CIF is a corporation whose shares are listed on the NASDAQ (Small Cap) Stock Market and is subject to the applicable provisions of the Securities Act, the Securities and Exchange Act and the rules and regulations promulgated by the Securities and Exchange Commission and NASDAQ, and Warrant-Holder will be required to effect certain filings pursuant to those laws, rules and regulations with respect to the purchase of a substantial ownership interest;

WHEREAS, CIF believes it to be in its best interests and in the best interest of its shareholders to avoid a possible adverse holding or change of control involving a shareholder or operating partnership unit-holder whose interests may or may not coincide with those of CIF and its shareholders;

WHEREAS, CIF wishes to limit any sale of the Warrants, Operating Partnership Units and/or the stock of CIF held by Warrant-Holder to avoid undue harm to shareholders and CIF or undue disruption of trading in CIF's stock; and

WHEREAS, Warrant-Holder wishes to establish a long-term positive relationship with CIF, its directors and its management, and has agreed to enter into certain "standstill" arrangements pursuant to which it will undertake, among other things, to acquire no substantial additional Operating Partnership Units or stock of CIF or to sell or otherwise dispose of the Warrants, Operating Partnership Units or CIF stock without approval of CIF's Board of Directors;

NOW, THEREFORE, the parties hereto hereby, for good and valuable consideration, the receipt of which is hereby acknowledged, have entered into this Agreement.

1. Restriction on Certain Actions. During the term of this Agreement, Warrant-Holder, without the prior consent of CIF's Board of Directors, will not, nor will he or it permit any affiliate (as such term is defined in Rule 12b-2 of Regulation 12B under the Securities Exchange Act of 1934, as amended, (the "Act")) of Warrant-Holder, to:

(a) acquire (other than through stock splits or stock dividend), directly or indirectly or in conjunction with or through any other person, by purchase or otherwise, beneficial ownership of any additional Shares or any other securities of CIF entitled to vote generally for the election of directors ("Voting Securities"), Warrants or Operating Partnership Units or any right or option to acquire additional Operating Partnership Units or Shares;

(b) directly or indirectly or through any other person, solicit proxies with respect to Voting Securities under any circumstance; or become a "participant" in any "election contest" relating to the election of directors of CIF (as such terms are used in Rule 14a-11 of Regulation 14A under the Act);

(c) deposit any Voting Securities in a voting trust, or subject any Voting Securities to a voting or similar agreement;

(d) directly or indirectly or through or in conjunction with any other person, engage in a tender or exchange offer for CIF's Voting Securities made by any other person or entity without the prior written approval of CIF, or engage in any proxy solicitation or any other activity with any other person or entity relating to CIF without the prior approval of CIF;



(e) take any action alone or in concert with any other person to acquire or change the control of CIF or, directly or indirectly, participate in, or encourage the formation of, any group seeking to obtain or take control of CIF; or

(f) sell, transfer, pledge or otherwise dispose of or encumber any Warrants, Operating Partnership Units or Voting Securities except (i) as set forth in Section 2 hereof, (ii) by operation of law, provided that the transferee agrees to be bound by all the provisions of this Agreement.

2. Sale of Voting Securities. During the term of this Agreement, Warrant-Holder may sell all or part of his or its holding of Voting Securities as follows:

(a) in accordance with the volume limitations of Rule 144 under the Securities Act of 1933, as amended, in unsolicited brokerage transactions effected on a national securities exchange or in the over-the-counter market; or

(b) otherwise through a broker-dealer, provided that not more than the number of Voting Securities which, when added to the number of Voting Securities held by the four (4) largest shareholders equals 50% of the Voting Securities outstanding, are placed with any one person or group. Warrant-Holder shall give CIF prior written notice of any proposed sale pursuant to this paragraph.

(c) If sales are to be made pursuant to subdivision (a) or (b) above, they shall be made in accordance with Rule 144 if applicable and in such a manner as to effect as wide a distribution of the Voting Securities as reasonably practicable.

3. Voting of Voting Securities. During the term of this Agreement,

(a) Warrant-Holder shall vote all Voting Securities owned by him or it or their affiliates on any matters proposed by the Board of Directors and presented to CIF's stockholders; provided, however, that Warrant-Holder shall not vote any Voting Securities owned by him or it or their respective affiliates in favor of nominees for directors of CIF if such nominees have not been nominated by the Board of Directors.

(b) Warrant-Holder and his or its affiliates shall cause their Voting Securities to be duly represented, in person or by proxy, at each meeting of stockholders of CIF duly called by the Board of Directors.

4. Term. Subject to the provisions of Section 5 hereof, the term of this Agreement shall be for a period of five (5) years commencing on the date hereof;

5. Termination of Restrictions. The restrictions on sale of Voting Securities contained in Sections 1(f) and 2 hereof shall terminate in any of the following events:

(a) a person or group of persons unaffiliated with Warrant-Holder shall make an offer to purchase a number of shares of Common Stock or other Voting Securities which would entitle such person or persons to vote a majority of the Voting Securities of CIF and a majority of the members of the Board of Directors of CIF does not oppose such offer or recommend against acceptance thereof by the shareholders of CIF; or

(b) CIF shall enter into an agreement with any party providing for an offer to be made to purchase shares of Common Stock of CIF and a majority of the Board of Directors approves or recommends acceptance of such tender offer; or

(c) CIF enters into an agreement calling for the merger or consolidation of CIF with or into any other corporation in which CIF shall not be the survivor or in which CIF's outstanding capital stock shall be converted into cash or other property and notice of a meeting of shareholders called for approval of such merger agreement shall be given; provided, however, that Warrant-Holder shall not thereafter effect any sale or disposition of Voting Securities in such manner as to materially change the terms of the proposed merger; or

(d) there shall occur the election or appointment to the Board of Directors of CIF at any time or from time to time of a number of persons equal to or greater than a majority of the number of members of the Board of Directors of CIF in opposition to nominees of the Board of Directors of CIF or without the approval or consent of the majority of the Board of Directors of CIF.

6. Legend and Stop Transfer Order.

(a) Warrant-Holder agrees:

(i) to the placement of the following legend on each certificate representing Voting Securities (and Operating Partnership Units, as applicable) owned by Warrant-Holder of any affiliate:

"The shares evidenced by this certificate are subject to, and may be sold, transferred or otherwise disposed of only upon compliance with, the terms and the provisions of a certain Agreement by and between Robert Ambrosi, ARC Properties, Inc. and Cedar Income Fund, Ltd., a copy of which is on file and may be examined at the office of the Secretary of Cedar Income Fund, Ltd."

(ii) That CIF may give stop transfer orders to its transfer agent with respect to the Shares.

(b) The transfer of any Voting Securities (or Operating Units or Warrants) which are sold in contravention of the provisions of this Agreement shall not be registered on the books of CIF, and no person to whom any such sale is made shall be recognized as the holder of such Voting Securities (or Operating Units or Warrants) or acquire any voting, dividend or other rights in respect thereof.

(c) At any time after the termination of this Agreement and, during the term of this Agreement, so long as Warrant-Holder is not in default hereunder, Warrant-Holder may submit certificates bearing the legend set forth in (a) above to the Company's transfer agent and CIF agrees to have such transfer agent promptly exchange such certificates for new certificates without any legend. If the Warrant-Holder has the right to have the legend removed from the certificate following the sale of the Shares represented thereby, CIF agrees to have its transfer agent promptly issue a new certificate to the purchaser without any legend thereon.

7. Specific Enforcement. The parties hereto recognize and agree that, in the event that any of the terms of Sections 1, 2 and 3 were not performed in accordance with their specific terms or were otherwise breached, immediate irreparable injury would be caused, for which there is no adequate remedy at law. It is accordingly agreed that in the event of a failure by any party to perform its obligations hereunder, any other party shall be entitled to specific performance through injunctive relief to prevent breaches of the terms of such sections and to specifically enforce such sections and the terms and provisions thereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction, in addition to any other remedy to which the party may be entitled, at law or in equity.

8. Miscellaneous.

(a) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the successors and assigns, and transferees by operation of law, of the parties hereto or otherwise bound hereby, whether or not any such person is a party hereto. Except as otherwise expressly provided for herein, this Agreement shall not inure to the benefit of, be enforceable by or create any right or cause of action in any person, including without limitation any stockholder of CIF, other than the parties hereto.

(b) Amendments. This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by the parties hereto. However, a party may waive in writing any condition to the obligations of another party hereunder.

(c) Notices. All notices hereunder shall be given as set forth in the Warrant between Cedar Income Fund Partnership, L.P. and the Warrant-Holder.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the internal law of the State of New York without giving effect to the principles of conflicts of laws thereof.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement on the date first above written.

WITNESS:

ARC PROPERTIES, INC.

By: /s/ Robert J. Ambrosi  
-----

Name: Robert J. Ambrosi  
Title: President

/s/ Robert J. Ambrosi  
-----

Robert J. Ambrosi

CEDAR INCOME FUND, LTD.

By: /s/ Leo S. Ullman  
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Name: Leo S. Ullman  
Title: President

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") dated as of February 6, 2002, by and between SILVER CIRCLE MANAGEMENT CORP. ("Seller"), a Delaware corporation, having an address c/o Brentway Management LLC, 44 South Bayles Avenue, Port Washington, New York 11050, and CEDAR-RL, LLC ("Buyer"), a Delaware limited liability company, having an address c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Port Washington, New York 11050.

W I T N E S S E T H :  
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A. WHEREAS, Seller is the owner of general partnership interests (the "Partnership Interests") in API Red Lion Shopping Center Associates, a New York limited partnership (the "Partnership"), as more particularly described on Schedule A annexed hereto and hereby made a part hereof.

B. WHEREAS, the Partnership owns the real property described on Exhibit A annexed hereto and hereby made a part hereof.

C. WHEREAS, Seller desires to sell to Buyer and Buyer desires to purchase from Seller a portion of the Partnership Interests as more particularly described on Schedule A (such portion, the "Conveyed Interests"), upon the terms and conditions and for the purchase price hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration set forth herein, the parties hereto agree as follows:

SECTION 1. Certain Definitions.

"Actions" mean any claims, actions, suits, proceedings or investigations, whether at law, in equity or in admiralty or before any court, arbitrator, arbitration panel or Governmental Authority.

"Acceptable Form" has the meaning set forth in Section 9.1.

"Actual Knowledge of Seller" has the meaning set forth in Section 8.1

"Acknowledgment Agreement" has the meaning set forth in Section 6.1.

"Affiliate" of a party means any Person which, directly or indirectly, controls, is controlled by or is under common control with, such party.

"ARC" has the meaning set forth in Section 6.1.

"ARC Agreement" has the meaning set forth in Section 6.1.

"Assignment and Assumption" has the meaning set forth in Section 6.1(a).

"Best Buy Overpayment" has the meaning set forth in Section 8.1(1).

"Broker" has the meaning set forth in Section 11.

"Closing" has the meaning set forth in Section 5.

"Closing Date" means [\_\_\_\_], as such date may be accelerated or adjourned pursuant to the written agreement of Buyer and Seller.

"Closing Payment" has the meaning set forth in Section 3(a).

"Court Order" means any judgment, decree, injunction, order, decision, directive, regulation or ruling of any Governmental Authority that is binding on any Person or its property under Law.

"Designated Individuals" has the meaning set forth in Section 8.1

"Employees" means Robert Egrie and Kenneth Egrie who are both currently employed by Seller to perform maintenance at the Property.

"Existing Partnership Agreement" means that certain Agreement of Limited Partnership of the Partnership, dated as of October 1, 1987, as

amended by (i) that certain Amendment to Agreement of Limited Partnership of the Partnership, dated as of November 26, 1997, and (ii) that certain Second Amendment to Agreement of Limited Partnership, dated as of February 7, 2000.

"Governmental Authority" means any agency, instrumentality, department, commission, court, tribunal or board of any government, whether foreign or domestic and whether national, federal, state, municipal or local.

"Guaranty" has the meaning set forth in Section 6.1.

"Hazardous Substances" means, without limitation, (i) all substances which are designated pursuant to Section 311(b)(2)(A) of the Federal Water Pollution Control Act ("FWPCA"), 33 U.S.C. ss.1251 et seq.; (ii) any element, compound, mixture, solution, or substance which is designated pursuant to Section 102 of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. ss.9601 et seq.; (iii) any hazardous waste having the characteristics which are identified under or listed pursuant to Section 3001 of the Resource Conservation and Recovery Act ("RCRA"), ss.6901 et seq.; (iv) any toxic pollutant listed under Section 307(a) of the FWPCA; (v) any hazardous air pollutant which is listed under Section 112 of the Clean Air Act, 42 U.S.C. ss.7401 et seq.; (vi) any imminently hazardous chemical substance or mixture with respect to which action has been taken pursuant to Section 7 of the Toxic Substance Control Act, 15 U.S.C. ss.2601 et seq.; and (vii) petroleum, petroleum products, petroleum by-products, petroleum decomposition by-products, and waste oil; (viii) "hazardous materials" within the meaning of the Hazardous Materials Transportation Act, 49 U.S.C. ss. 1802 et seq., (ix) any hazardous substance or material identified or regulated by or under any applicable provisions of the laws of the State of Pennsylvania; (x) asbestos or any asbestos containing materials; (xi) any radioactive material or substance; (xii) all toxic wastes, hazardous wastes and hazardous substances as defined by, used in, controlled by or subject to all implementing regulations adopted and publications promulgated pursuant to the foregoing statutes; and (xiii) any other hazardous or toxic substance or pollutant identified in or regulated under any other applicable federal, state or local Laws.

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"Improvements" means the buildings, improvements, structures and fixtures located upon the Land.

"Land" means that certain parcel of real property commonly known as Red Lion Shopping Center, Philadelphia, Pennsylvania, as more particularly described on Exhibit A annexed hereto and hereby made a part hereof.

"Laws" mean laws, statutes, rules, regulations, codes, orders, ordinances, judgments, injunctions, decrees and policies of any Governmental Authority.

"Leasing Reserve" has the meaning set forth in Section 7.1.

"Lender" means Salomon Brothers Realty Corp., and its Affiliates, successors and assigns.

"Liabilities" mean debts, liabilities, obligations, guarantees, indemnities, duties and responsibilities of any kind and description, whether absolute or contingent, monetary or non-monetary, direct or indirect, known or unknown or matured or unmatured, or of any other nature.

"Licenses" means licenses, franchises, permits, certificates, certificates of occupancy, easements, rights and other authorizations issued by a Governmental Authority or any other Person.

"Loan Documents" means the documents executed and delivered to Lender in connection with the Mortgage.

"Major Leases" has the meaning set forth in Section 9.1.

"Master Lease" has the meaning set forth in Section 6.1.

"Mortgage" means that certain Amended and Restated Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, dated as of February 8, 2000, made by the Partnership to Lender.

"Non-Permitted Encumbrances" has the meaning set forth in Section 4.

"Note" has the meaning set forth in Section 3(b).

"Operating Agreements" mean any all reciprocal easement agreements, development agreements, concession agreements, operating agreements, service agreements, maintenance agreements, supply agreements, and any other

contracts and agreements affecting the Land and the Improvements.

"Owner's Policy" has the meaning set forth in Section 4.

"Permitted Encumbrances" has the meaning set forth in Section 4(b).

"Person" means any natural person, corporation, business trust, joint venture, association, company, limited liability entity, firm, partnership, or other entity or government or Governmental Authority.

"Pledge" has the meaning set forth in Section 3.1.

"Property" means: (a) the Land, (b) the Improvements, (c) all easements, rights of way, privileges, appurtenances, strips, gores and other rights pertaining to the Land and the Improvements, if any, including, without limitation, development rights, and all income therefrom, (d) any land in the bed of any street, road, avenue, open or proposed, public or private, in front of or adjoining the Land or any portion thereof, to the center line thereof, and any award to be made in lieu thereof and in and to any unpaid award for damage to the Land and the Building by reasons of change of grade of any street occurring after the date of execution and delivery of this Agreement, (e) all Tenant Leases, (f) all Operating Agreements, (g) any Licenses required or used in or relating to the ownership, use, maintenance, occupancy or operation of any part of the Property.

"Purchase Price" has the meaning set forth in Section 3.

"Rent Roll" has the meaning set forth in Section 8.1.

"Restated Partnership Agreement" has the meaning set forth in Section 6.1.

"Rodin" has the meaning set forth in Section 8.1.

"Silver Circle Pledge" has the meaning set forth in Section 6.1.

"Sports Authority Claim" has the meaning set forth in Section 8.1.

"Survey" means that certain survey, prepared by Barry Slepion for the Fourth Survey District, dated as of December 12, 2001.

"Tenant Leases" mean all leases, subleases, lettings, and licenses affecting the Property.

"Tenants" mean the tenants, subtenants, licensees, and other parties under Tenant Leases.

"Title Company" has the meaning set forth in Section 4.

"Title Commitment" has the meaning set forth in Section 4(c).

"Ullman" means Leo S. Ullman, an individual.

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SECTION 2. Purchase and Sale. Based upon and subject to the terms, agreements, warranties, representations and conditions of this Agreement, Seller hereby agrees to sell, convey, transfer, assign and deliver to Buyer on the Closing Date, and Buyer hereby agrees to buy and accept on the Closing Date, the Conveyed Interests.

SECTION 3. Purchase Price. The total consideration (the "Purchase Price") to be paid by Buyer for the Conveyed Interests shall be the sum of One Million One Hundred Eighty Two Thousand Eight Hundred Fifty Seven Dollars (\$1,182,857.00) Dollars, payable by Buyer as follows:

(a) Two Hundred Ninety Five Thousand Seven Hundred Fourteen Dollars and 25/100 (\$295,714.25) Dollars (the "Closing Payment"), at the Closing, by wire transfer of immediately available federal funds, to an account designated in writing by Seller to Buyer not less than three (3) business days prior to the Closing Date;

(b) The balance of the Purchase Price, in the amount of Eight Hundred Eighty Seven Thousand One Hundred Forty Two and 75/100 (\$887,142.75) Dollars, as same may be adjusted pursuant to the terms of this Agreement, by

Buyer executing, acknowledging, and delivering to Seller at the Closing, a promissory note (the "Note"), in the form annexed hereto as Exhibit B and a pledge of partnership interests (the "Pledge"), as security for the Note, in the form annexed hereto as Exhibit C.

#### SECTION 4. Title Matters.

(a) As a condition to Buyer's obligation to close hereunder, the Partnership shall have good, marketable, insurable title to the Property, subject only to the Permitted Encumbrances as reflected by an ALTA owner's title insurance policy (the "Owner's Policy") issued by Commonwealth Land Title Insurance Company (the "Title Company"), insuring the title of the Partnership in the Property, in the standard form issued by the Title Company in the Commonwealth of Pennsylvania, dated on or about the Closing Date, without exception or reservations of any kind, including, without limitation, the standard pre-printed exceptions to the title policy, other than the Permitted Encumbrances (any such other exceptions or reservations, the "Non-Permitted Encumbrances").

(b) The term "Permitted Encumbrances" as used in this Agreement shall mean:

1. any state of facts shown on the Survey;
  2. those matters specifically set forth on Exhibit D annexed hereto and hereby made a part hereof;
  3. all laws, ordinances, rules and regulations of the United States, the State of Pennsylvania or any Governmental Authority, as the same may now exist or may be hereafter modified, supplemented or promulgated, provided same to not prohibit the use of the Property as a shopping-center;
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4. all presently existing and future liens of real estate taxes or assessments and water rates, water meter charges, water frontage charges and sewer taxes, rents and charges, if any, provided that such items are not yet due and payable;
  5. all violations of Laws applicable to the Property whether or not noted in the records of or issued by, any Governmental Authority, existing on the Closing Date;
  6. such matters as the Title Company shall be willing to omit as exceptions to coverage with respect to the Owner's Policy issued by the Title Company on the Closing Date;
  7. the Tenant Leases; and
  8. the Operating Agreements.

(c) If Buyer's commitment for a fee title policy (the "Title Commitment") discloses judgments, bankruptcies or other returns against other Persons having names the same as or similar to that of the Partnership or Seller, on the request of Buyer, Seller shall, and shall cause the Partnership to, deliver to Buyer and the Title Company affidavits showing that such judgments, bankruptcies or other returns are not against the Partnership or Seller, as applicable. Seller shall cause the Partnership to deliver any customary affidavits required by the Title Company to eliminate exceptions other than the Permitted Encumbrances appearing in the Title Commitment.

(d) At the Closing, Seller shall, and shall cause the Partnership to, deliver to each of Buyer and the Title Company an affidavit and/or indemnity (i) with respect to mechanic's liens certifying that there are no unpaid bills for services rendered or materials furnished to the Property, and (ii) sufficient to allow the Title Company to issue to Buyer, a "Fairway Endorsement" and a "Non-Imputation Endorsement", as applicable, in connection with the Owner's Policy insuring the title of the Partnership in the Property, provided that no such affidavit shall require that Seller have assets other than its interest in the Partnership and further provided that any indemnity shall be limited in accordance with Section 11(c) hereof.

SECTION 5. Closing. The closing (the "Closing") of the sale and purchase contemplated herein shall occur on the Closing Date, by mail using escrow arrangements reasonably satisfactory to Seller and Buyer.

#### SECTION 6. Closing Deliveries and Closing Costs.

6.1 Seller Deliveries. At the Closing, Seller shall deliver or cause to be delivered to Buyer the following items:

(a) the Assignment and Assumption of Partnership Interests (the "Assignment and Assumption"), duly executed and delivered by Seller, in the forms of Exhibit E annexed hereto and hereby made a part hereof.

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(b) all Consents and Licenses required in connection with the execution and delivery of this Agreement.

(c) good and marketable title to the Conveyed Interests, free and clear of all liens (other than liens created pursuant to the Loan Documents) and an affidavit and/or indemnity sufficient to allow the Title Company to issue to Buyer, a "Fairway Endorsement" and a "Non-Imputation Endorsement", as applicable, in connection with the Owner's Policy, subject to the limitations set forth in Section 4(d) above.

(d) evidence reasonably satisfactory to Buyer and the Title Company respecting the due organization of Seller and the due authorization and execution by Seller of this Agreement and the documents required to be delivered hereunder.

(e) a statement or agreement signed by a duly authorized officer, employee or agent of Lender (the "Acknowledgment Agreement"), dated no more than thirty (30) days before the Closing: (i) stating the amount of the unpaid principal of the loan secured by the Mortgage, the date to which interest has been paid and the amounts, if any claimed to be unpaid for principal and interest, and itemizing the same, (ii) stating the nature and itemized balances (as of the Closing Date) of all escrows and reserves (the "Reserves") held by Lender in connection with the Loan Documents, (iii) certifying that no defaults exist under the monthly payment provisions of the Loan Documents, and (iv) consenting to the transactions contemplated by this Agreement.

(f) a duly executed and delivered Amended and Restated Partnership Agreement (the "Restated Partnership Agreement"), duly executed and delivered by Seller, in the form of Exhibit F annexed hereto and hereby made a part hereof, effective as of the Closing Date.

(g) a guaranty (the "Guaranty"), duly executed and delivered by Seller, in the form of Exhibit G annexed hereto and hereby made a part hereof, effective as of the Closing Date. The parties acknowledge that, pursuant to the terms and conditions of that certain Purchase and Sale Agreement (the "ARC Agreement"), between Seller and Ullman, collectively, as seller, and Philadelphia ARC-Cedar, LLC ("ARC"), as purchaser, Seller is also obligated to deliver the Guaranty. In the event the closing under the ARC Agreement occurs prior to, or simultaneously with, the Closing (and Seller, pursuant to that closing, has already delivered, or is delivering, simultaneously herewith, the Guaranty), Seller shall not be required to deliver the Guaranty in connection with the Closing.

(h) a Master Lease (the "Master Lease"), duly executed and delivered by the Partnership, as landlord, and Seller, as tenant, in the form of Exhibit H annexed hereto and hereby made a part hereof, effective as of the Closing Date. The parties acknowledge that, pursuant to the terms of the ARC Agreement, Seller is also obligated to deliver the Master Lease. In the event the closing under the ARC Agreement occurs prior to, or simultaneously with, the Closing (and Seller, pursuant to that closing, has already delivered, or is delivering, simultaneously herewith, the Master Lease), Seller shall not be required to deliver the Master Lease in connection with the Closing.

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(i) an Agreement regarding Master Lease (the "Side Letter"), duly executed and delivered by the Partnership and Seller, in the form of Exhibit H-1 annexed hereto and hereby made a part hereof, effective as of the Closing Date. The parties acknowledge that, pursuant to the terms of the ARC Agreement, Seller is also obligated to deliver the Side Letter. In the event the closing under the ARC Agreement occurs prior to, or simultaneously with, the Closing (and Seller, pursuant to that closing, has already delivered, or is delivering, simultaneously herewith, the Side Letter), Seller shall not be required to deliver the Side Letter in connection with the Closing.

(i) Subject to the approval of the Lender, a pledge (the "Silver Circle Pledge"), duly executed and delivered by Seller, in the form of Exhibit I annexed hereto and hereby made a part hereof. The parties acknowledge that, pursuant to the terms and conditions of the ARC Agreement, Seller is also obligated to deliver the Silver Circle Pledge. In the event the closing under



the ARC Agreement occurs prior to, or simultaneously with, the Closing (and Seller, pursuant to that closing, has already delivered, or is delivering, simultaneously herewith, the Silver Circle Pledge), Seller shall not be required to deliver the Silver Circle Pledge in connection with the Closing.

(j) such other documents required by the terms of this Agreement or as may otherwise be reasonably necessary to consummate the transactions contemplated under this Agreement, taking into account the terms and conditions of this Agreement.

6.2 Buyer Deliveries. At the Closing, Buyer shall deliver or cause to be delivered to Seller the following items executed and acknowledged by Buyer, as appropriate:

(a) the Closing Payment, to be made in accordance with Section 3 above.

(b) the Assignment and Assumptions, duly executed and delivered by Buyer.

(c) the Note, duly executed and delivered by Buyer;

(d) the Pledge, duly executed and delivered by Buyer, together with such UCC-1 financing statements, duly executed and delivered by Buyer, as Seller may reasonably require, in order to perfect the security interest created by the Pledge;

(e) the Restated Partnership Agreement, duly executed and delivered by Buyer and ARC;

(f) the Indemnity Agreement, in the form annexed hereto as Exhibit J, duly executed and delivered by Buyer; and

(g) such other documents as may be required under the terms of this Agreement or as may otherwise be reasonably necessary to consummate the transactions contemplated under this Agreement, taking into account the terms and conditions of this Agreement.

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6.3 Closing Costs. At the Closing, Seller shall pay the cost of all transfer taxes, if any, including transfer taxes of the Commonwealth of Pennsylvania and of the county in which the Property is located, payable in connection with the transaction contemplated hereby. Seller shall pay (a) the title insurance premium for the Owner's Policy, and (b) the costs of the Survey. Buyer shall pay (a) the cost of any endorsements to the Owner's Policy required or requested by Buyer, and (b) all fees, costs or expenses in connection with Buyer's due diligence reviews hereunder. Except as expressly provided in the indemnities set forth in this Agreement, Seller and Buyer shall pay their respective legal, consulting, and other professional fees and expenses incurred in connection with this Agreement and the transaction contemplated hereby and their respective shares of prorations as hereinafter provided.

## SECTION 7. Use of Reserves/Closing Adjustments.

### 7.1 Reserves

Pursuant to Section 8.1(g) hereof, Seller has made a representation that the amount of Reserves held by Lender are set forth on Exhibit K annexed hereto and hereby made a part hereof. Buyer acknowledges and agrees that, to the extent Seller incurs expenses in connection with subleasing the space demised by the Master Lease or performing tenant improvements in connection with any such subleases, Seller shall, subject to Lender's approval, be permitted to utilize, in connection with any such expenses, the balance existing, as of the Closing Date, in that certain Reserve identified on Exhibit K as the "Leasing/TI Reserve" (the "Leasing Reserve"). Buyer agrees that it shall, upon notice from Seller (and without obligation to incur cost or expense), attempt to facilitate with Lender the disbursement of such funds from the Leasing Reserve.

### 7.2 Special Adjustments.

(a) At the Closing, Buyer shall reimburse Seller, or Seller shall deliver or allow Buyer a credit against the Purchase Price, as appropriate, in accordance with the various adjustments described on Exhibit L annexed hereto and hereby made a part hereof.

(b) Errors or omissions in computing adjustments at Closing shall be promptly corrected and the proper party reimbursed.

## SECTION 8. Representations, Warranties and Covenants.

8.1 Representations, Warranties and Covenants of Seller. Seller hereby represents and warrants to Buyer that, as of the date hereof:

(a) The Partnership is a limited partnership, duly organized, validly existing and in good-standing under the laws of the State of New York. The Partnership has all requisite power and authority to own, lease, and operate its assets and property and to conduct its business as now being conducted.

(b) Seller is a corporation, duly organized, validly existing and in good-standing under the laws of the State of Delaware, and has full power and authority to own and operate its properties and assets and to conduct its business as now being conducted.

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(c) The Partnership engages in no business other than the ownership, maintenance and operation of the Property and has no direct or indirect ownership interests in any other Person and neither owns, leases nor has any tangible property other than the Property. The Partnership has not qualified to do business in any jurisdiction other than Pennsylvania and the character of the properties and assets owned by or leased to the Partnership and the nature of the business transacted by the Partnership does not require that the Partnership qualifies to do business in any jurisdiction other than Pennsylvania.

(d) Seller owns the Partnership Interests (including subscriptions and other rights to purchase or acquire any partnership interest of the Partnership). Seller has not sold, conveyed, transferred, given, pledged, mortgaged or otherwise disposed of, encumbered or granted in any manner all or any portion of the Conveyed Interests (other than in connection with the Loan Documents); there are no outstanding warrants, options, rights, agreements, calls or other commitments to which Seller is a party relating to or providing for the sale, conveyance, transfer, gift, pledge, mortgage or other disposition, encumbrance or granting of, or permitting any Person to acquire all or any portion of the Conveyed Interests (other than as contained in the Loan Documents); Seller owns the Conveyed Interests free and clear of any liens (other than as created by the Loan Documents), and, subject to the receipt of Lender's consent, has the absolute right, power and capacity to sell, assign, convey, transfer and deliver the Conveyed Interests as contemplated by this Agreement, free and clear of any liens (other than as created by the Loan Documents); Seller (subject to Lender's consent) has the full and unrestricted right, power and authority to admit (or to cause the Partnership to admit) Buyer as a partner of the Partnership pursuant to all the terms and conditions of the Existing Partnership Agreement.

(e) Annexed hereto as Exhibit M is a true and complete copy of (a) the Existing Partnership Agreement, and (b) the existing certificate of Limited Partnership of the Partnership. To the best Actual Knowledge of Seller, the same are in full force and effect and have not been modified, supplemented or amended, and there will be no amendments thereto prior to the Closing Date. Seller has the full power and authority to enter into this Agreement and, subject to Lender's consent, to carry out the transactions contemplated hereby and the execution, delivery and performance of this Agreement by Seller has been duly authorized by all necessary action. The sale of the Conveyed Interests by Seller to Buyer, the execution and delivery of this Agreement, the fulfillment of the terms set forth in this Agreement and the consummation of the transactions contemplated by this Agreement will not (i) conflict with or constitute a default under the Existing Partnership Agreement, or a default under any Operating Agreement by which Seller or the Partnership is bound or to which the Property is subject, or would be a violation of any Laws or Court Orders applicable to Seller, the Partnership or the Property or (ii) require the consent of any other Person under any Operating Agreement by which the Partnership or any partner is bound or to which the Property is subject. This Agreement has been duly executed and delivered and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as enforceability may be limited by applicable law affecting creditors' rights generally and principles of equity, whether considered in a proceeding at law or in equity. Neither Seller nor the Partnership, require any consent, approval, authorization or order of, or declaration, filing or registration with, any Governmental Authority or Person in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby other than the consent of Lender.

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(f) To the best Actual Knowledge of Seller, the Partnership

has paid all Taxes due or assessed against it or the Property and has duly filed all Federal, State and local franchise, income and other tax returns required to be filed by it prior to the date hereof, has filed all franchise, income and other tax returns required (or which will be required) to be filed by it in respect of the fiscal year ending December 31, 2000, and all Taxes due (whether or not reflected on such returns) with respect to the periods covered thereby have been paid. To the best Actual Knowledge of Seller: (i) neither Seller nor the Partnership has received from any authority any written notice of underpayment of any Taxes by the Partnership, (ii) no Actions relating to the tax liability of the Partnership, or Seller, is pending, (iii) the institution of any such Action is not contemplated by any authority, and (iv) neither Seller nor the Partnership has waived restrictions on assessment or collection of taxes or consented to the extension of any statute of limitations with respect to taxation of the Partnership.

(g) To the best Actual Knowledge of Seller, except for the Mortgage: (i) there are no deeds of trust and/or mortgages on the Property, and (ii) the Partnership has not consented to the placement of any mortgages or deeds of trust on the Property. To the best Actual Knowledge of Seller, neither Seller nor the Partnership has received any written notice or other communication claiming that a default exists under the Loan or any mortgages presently affecting the Property, or any part thereof. To the best Actual Knowledge of Seller, Lender presently holds Reserves in the amounts set forth on Exhibit K annexed hereto. Seller is not in default in any of its obligations under the Loan Documents and has no outstanding liabilities or obligations thereunder.

(h) To the best Actual Knowledge of Seller, other than with respect to the Sports Authority Claim, neither Seller nor the Partnership has received written notice of any Actions (whether or not purportedly on behalf of the Partnership) pending or threatened against or affecting the Partnership which are not otherwise covered by insurance.

(i) Seller is not a party to, and to the best Actual Knowledge of Seller, is not subject to or bound by, any Court Order or Operating Agreement that could prevent the performance of all or any of the terms of this Agreement.

(j) This Agreement constitutes the legal, valid, and binding obligation of Seller, enforceable against Seller in accordance with its terms. Seller has taken all necessary actions to authorize and approve the execution and delivery of this Agreement and the consummation of the transaction contemplated hereby. Provided Seller shall have received the consent of Lender to the transactions contemplated by this Agreement, the fulfillment of the terms set forth in this Agreement and the consummation of the transactions contemplated by this Agreement will not (i) conflict with or constitute a default under any agreement by which Seller is bound or to which the Property is subject, including, without limitation, the Mortgage, or a violation of any Laws or Court Orders applicable to Seller, the Partnership, or the Property.

(k) The Partnership is the owner of the Property. The Land and Improvements are free of any liens and encumbrances other than the Permitted Encumbrances.

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(l) All of the Tenant Leases to which either the Partnership is a party (by assignment or otherwise) or is bound in existence on the date hereof have been delivered or made available to Buyer. The copies of the Tenant Leases that have been delivered or made available by Seller to Buyer are true, correct and complete. Exhibit N annexed hereto and hereby made a part hereof sets forth a list of all Tenant Leases to which either the Partnership is a party or is bound, and is true, complete and correct in all material respects. Except as set forth on Exhibit N, the Tenant Leases are in full force and effect. To the best actual knowledge of Seller, there are no parties in possession of the Property, except the Tenants and any subtenants disclosed in Exhibit N. Except as set forth in Exhibit N, all tenant improvements required under the Tenant Leases to be completed by the date hereof by the landlord thereunder have been completed and all tenant allowances required under the Tenant Leases to be paid in full as of the date hereof have been paid in full. Except as set forth on Exhibit N and other than the Sports Authority Claim, to the best actual knowledge of Seller, there is no material uncured default under any Tenant Leases and the Partnership has not received from any Tenant any written notice claiming any default by the landlord under its Tenant Lease which default remains uncured. Neither the Partnership nor Seller has received notice of any defense to, offsets, claims or disputes against rental payable or obligations under any Tenant Lease other than the Best Buy Overpayment. To the best actual knowledge of Seller, no guarantor of any Tenant Lease has been released or discharged, voluntarily (involuntarily, or by operation of law) from any obligation related to such Tenant Lease except in accordance with the terms of such Tenant Lease. For purposes of this Agreement (i) the term, the "Sports Authority Claim" shall mean that certain claim made by The Sports Authority,

Inc, relating to alleged errors made the Partnership in the calculation of additional rent under the Lease, as more particularly described on Exhibit N annexed hereto, and (ii) the term, the "Best Buy Overpayment" shall mean the overpayments in rent, in the amount of \$0.50 per square foot per year, which Best Buy Stores, L.P. has been paying to the Partnership during the period beginning upon the opening for business at the Property of the store operated by Staples, Inc. and continuing through and including the Closing Date (but not any overpayments made by Best Buy Stores, L.P. after the Closing Date). Seller shall indemnify and hold Buyer harmless, and defend Buyer from and against any claim, loss, damage, liability, cost and expense suffered by Buyer in connection with (i) the Sports Authority Claim, and (ii) any future claims made with respect to the Best Buy Overpayment.

(m) Annexed hereto as Exhibit O is a rent roll and security deposit schedule (the "Rent Roll") for all Tenant Leases in effect as of the date hereof. The Rent Roll is true, complete and correct in all material respects.

(n) All of the Operating Agreements to which either the Partnership is a party (by assignment or otherwise) or is bound in existence on the date hereof have been delivered or made available to Buyer. The copies of the Operating Agreements that have been delivered or made available by the Partnership to Buyer are true, correct and complete. Exhibit P annexed hereto and hereby made a part hereof sets forth a list of all Operating Agreements to which either the Partnership is a party or is bound, and is true, complete and correct in all material respects. Except as set forth on Exhibit P, the Operating Agreements are in full force and effect. Except as set forth on Exhibit P, to the best actual knowledge of Seller, no material uncured default exists under any Operating Agreement.

(o) There are no unpaid brokerage commissions due or, with the passage of time or the occurrence of an event, to be due, in connection with the current term of any Tenant Lease entered into by the Partnership, other than commissions due to Rodin Commercial Management Incorporated ("Rodin"), in the amounts and with respect to the Tenant Leases described on Exhibit Q annexed hereto and hereby made a part hereof. As contemplated by Section 9.2 hereof, Seller shall remain responsible for the payment of all such commissions to Rodin.

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(p) The Employees are the only employees of the Partnership, at the Property or otherwise. There are no union or employment contracts or agreements (written or oral) affecting the Property (including, without limitation, any such agreement relating to the Employees' employment at the Property).

(q) To the best Actual Knowledge of Seller, except for the Mortgage: (i) there are no deeds of trust and/or mortgages on the Property, and (ii) Seller has not consented to the placement of any mortgages or deeds of trust on the Property. The copies of the Mortgage that have been delivered or made available by Seller to Buyer are true, correct and complete, and have not been modified or amended. Seller has not received any written notice or other communication claiming that a default exists under the Mortgage and, to the best Actual Knowledge of Seller, no default exists under the Mortgage.

(r) To the best Actual Knowledge of Seller, the only consent needed by Seller in connection with the consummation of the transactions contemplated by this Agreement, is the consent of Lender.

(s) To the best Actual Knowledge of Seller, the Property is in material compliance with all applicable Laws.

"Actual Knowledge of Seller" shall mean only the actual knowledge of Ullman and/or Brenda Walker (the "Designated Individuals"), and shall not be construed to impose upon the Designated Individuals any duty to investigate the matter to which such Actual Knowledge, or the absence thereof, pertains. Seller represents that the Designated Individuals are those individuals who are most knowledgeable about the Property.

8.2 GENERAL DISCLAIMER. THE SALE OF THE CONVEYED INTERESTS HEREUNDER IS AND WILL BE MADE ON AN "AS IS" , "WHERE IS," AND "WITH ALL FAULTS" BASIS, AND EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, WITHOUT REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR OTHERWISE, INCLUDING ANY REPRESENTATION OR WARRANTY CONCERNING TITLE TO THE CONVEYED INTERESTS OR THE PROPERTY, THE PHYSICAL CONDITION OF THE PROPERTY, THE ENVIRONMENTAL CONDITION OF THE PROPERTY (INCLUDING THE PRESENCE OR ABSENCE OF HAZARDOUS SUBSTANCES ON OR AFFECTING THE PROPERTY), THE COMPLIANCE OF THE PROPERTY WITH APPLICABLE LAWS AND REGULATIONS (INCLUDING ZONING AND BUILDING CODES OR THE STATUS OF DEVELOPMENT OR USE RIGHTS RESPECTING THE PROPERTY), THE FINANCIAL CONDITION OF THE PARTNERSHIP OR THE PROPERTY, OR ANY OTHER REPRESENTATION OR WARRANTY RESPECTING ANY INCOME,

EXPENSES, CHARGES, LIENS OR ENCUMBRANCES, RIGHTS OR CLAIMS ON, AFFECTING OR PERTAINING TO THE CONVEYED INTERESTS, THE PARTNERSHIP, OR THE PROPERTY OR ANY PART THEREOF. EXCEPT AS TO MATTERS SPECIFICALLY SET FORTH IN THIS AGREEMENT, BUYER WILL ACQUIRE THE CONVEYED INTERESTS SOLELY ON THE BASIS OF ITS OWN PHYSICAL AND FINANCIAL EXAMINATIONS, REVIEWS AND INSPECTIONS AND THE TITLE INSURANCE PROTECTION AFFORDED BY THE OWNER'S POLICY (IN THE EVENT BUYER ELECTS TO PURCHASE SAME).

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### 8.3 Representations, Warranties and Covenants of Buyer.

(a) Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware, and has full power and authority to own, lease and operate its properties and assets and to conduct its business as now being conducted.

(b) Buyer has the full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby, and the execution, delivery and performance of this Agreement by Buyer has been duly authorized by all necessary action. The purchase of the Conveyed Interests by Buyer from Seller, the execution and delivery of this Agreement, the fulfillment of the terms set forth in this Agreement and the consummation of the transactions contemplated by this Agreement will not conflict with or constitute a default under the organizational documents of Buyer, or a default under any contract by which Buyer is bound, or would be a violation of any Laws or Court Orders applicable to Buyer. This Agreement has been duly executed and delivered and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Buyer does not require any consent, approval, authorization or order of, or declaration, filing or registration with, any Governmental Authority or Person in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

## SECTION 9. Conditions To Closing and Post-Closing Matters.

9.1 Conditions of Buyer's Obligation to Close. (a) The obligations of Buyer to consummate the transactions contemplated by this Agreement are, at the option of Buyer, subject to the condition set forth below, which condition may be waived by Buyer without releasing or waiving of its rights hereunder:

(i) Buyer shall, at its sole cost and expense, have obtained a "fairness opinion", issued by Robert A. Stanger & Company, in form and substance satisfactory to Buyer, in the exercise of its sole discretion, indicating that the transaction contemplated by this Agreement is fair, from a financial point of view.

(ii) Buyer shall, at its sole cost and expense, have obtained an appraisal of the Property prepared by St. Johns Realty Associates evidencing that the fair market value of the Conveyed Interests is at least equal to the Purchase Price.

(iii) Seller shall cause the Partnership to deliver to Buyer, a duly executed and delivered Estoppel Certificate, substantially in the form of Exhibit R annexed hereto and hereby made a part hereof (such form, "Acceptable Form"), from all Tenants under those Tenant Leases demising more than Five Thousand (5,000) net rentable square feet of space in the Improvements (the "Major Leases"). To the extent the Major Leases do not, in the aggregate, demise at least eighty-five (85%) of the total net, rentable square footage in the Improvements, Seller shall cause the Partnership to deliver Estoppel Certificates from a sufficient number of additional Tenants so that Estoppel Certificates shall have been received with respect to at least eighty-five (85%) of the total net, rentable square footage in the Improvements. Any reference made in an Estoppel Certificate received from The Sports Authority, Inc. to the Sports Authority Claim shall not, in and of itself, prevent such Estoppel Certificate from being deemed to be in Acceptable Form.

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(b) In the event that any condition contained in this Section 9.1 is not satisfied, Buyer shall have as its sole remedy hereunder the right to (i) waive such unsatisfied condition whereupon the transactions contemplated by this Agreement shall be consummated as provided in this Agreement, or (ii) terminate this Agreement, by notice to Seller. Upon the giving of such termination notice, this Agreement shall terminate and, except as otherwise set forth herein, neither party to this Agreement shall have any further rights or obligations hereunder.

9.2 Seller's Ongoing Obligation. (a) Seller acknowledges that, as more particularly set forth in the Restated Partnership Agreement, Seller shall be obligated to contribute to the Partnership all amounts necessary to pay all Business Privilege Tax and Net Profits Tax to which the Partnership is subject.

(b) Seller acknowledges that, as more particularly set forth in the Master Lease, Seller has ongoing obligations under the Master Lease, in its capacity as tenant thereunder.

(c) Seller acknowledges that, as more particularly set forth in the Guaranty, Seller has ongoing obligations under the Guaranty, in its capacity as guarantor thereunder.

(d) Seller acknowledges that, pursuant to the terms of the form of Acknowledgment Agreement which Lender has agreed to deliver, Lender has required that Purchaser assume all past (to the extent unsatisfied), present and future liabilities, terms, provisions, covenants and obligations of Seller (in its capacity as the general partner of the Partnership) under the Loan Documents. Accordingly, Seller hereby agrees to defend, indemnify and hold harmless Seller from and against any and all costs, liabilities, claims, damages and expenses (to the extent same relate to matters occurring or accruing prior the Closing), including, without limitation, reasonable attorneys' fees and disbursements, incurred by Purchaser as a result of Purchaser's assumption of Seller's liabilities, terms, provisions, covenants and obligations under the Loan Documents.

9.3 Buyer's Assumed Responsibilities. (a) Without limiting the generality of any other provision of this Agreement, from and after the Closing Date, Buyer specifically assumes the obligation to cause the Partnership to pay when due those brokerage commissions referenced on Exhibit Q.

(b) Buyer agrees that, from and after the Closing, for such time as Buyer, in its sole discretion, elects, it shall cause the Partnership to retain the Employees to act in the capacity in which they currently serves.

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SECTION 10. NOTICES. All notices, requests or other communications which may be or are required to be given, served or sent by either party hereto to the other shall be deemed to have been properly given, if in writing and, unless otherwise specified herein, and (a) upon delivery, if delivered in person or by facsimile transmission with receipt thereof confirmed by printed facsimile acknowledgment, (b) one (1) Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (c) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the United States Postal Office and sent by registered or certified mail, postage paid, return receipt requested, and in each case, addressed as follows:

To Seller:  
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c/o Brentway Management LLC  
44 South Bayles Avenue  
Port Washington, New York 11050  
Facsimile: 516/767-6497  
Telephone: 516/883-5577

With a Copy To:  
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Nikolaus & Hohenadel, LLP  
212 North Queen Street  
Lancaster, Pennsylvania 17603  
Attention: Richard Greiner, Esq.  
Facsimile: 717/299-1811  
Telephone: 717/299-3726

To Buyer:  
-----

c/o Cedar Bay Realty Advisors, Inc.  
44 South Bayles Avenue  
Port Washington, New York 11050  
Attention: Ms. Brenda Walker  
Facsimile: 516/767-6497

Telephone: 516/883-5577

With a Copy To:  
-----

Stroock & Stroock & Lavan LLP  
180 Maiden Lane  
New York, New York 10038  
Attention: Peter A. Miller  
Facsimile: 212/806-6006  
Telephone: 212/806-5466

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SECTION 11. MISCELLANEOUS (a) Buyer and Seller each warrant and represent to the other that SKR Management Corp. (the "Broker") is the sole broker involved in the negotiation and consummation of this transaction. Buyer and Seller each agree to indemnify and hold the other harmless, and defend the other from and against any claim, loss, damage, liability, cost and expense (including, without limitation, reasonable attorneys' fees) resulting from the claims of any other broker that shall involve a breach of the foregoing warranty and representation. Seller agrees to pay the commission of the Broker pursuant to a separate agreement.

(b) This Agreement shall be construed and enforced in accordance with the laws of the State of Pennsylvania, without giving effect to principles of conflicts of law.

(c) The parties hereto agree that all representations, warranties, covenants, indemnifications, conditions and agreements contained herein or in any instrument or other document delivered pursuant to this Agreement or in connection with the transactions contemplated hereby shall survive the Closing for a period of twelve (12) months from the Closing or earlier termination of this Agreement, provided, however Sections 7, 9.2, 9.3, 11(a), and this Section 11(c) hereof shall survive the Closing without regard to such twelve (12) month limitation. In the event that either party commences an action against the other, the damages payable shall not exceed Five Hundred Thousand (\$500,000.00) Dollars.

(d) Neither this Agreement nor any memorandum thereof shall be recorded and any attempted recordation hereof shall be void and shall constitute a default hereunder.

(e) This Agreement, including the Exhibits and Schedules hereto, sets forth the entire agreement and understanding between the parties and merges and supersedes all prior discussions, agreements and understandings of every kind and nature among them as to the subject matter hereof, and no party shall be bound by any condition, definition, warranty or representation other than as expressly provided for in this Agreement or as may be on the date hereof or subsequent hereto, duly set forth in writing signed by each party which is to be bound thereby. Unless otherwise expressly defined, terms defined in the Agreement shall have the same meanings when used in any Exhibit or Schedule and terms defined in any Exhibit or Schedule shall have the same meanings when used in this Agreement or in any other Exhibit or Schedule. This Agreement (including the Exhibits and Schedules hereto) shall not be changed, modified or amended except by a writing signed by each party to be charged and this Agreement may not be discharged except by performance in accordance with its terms or by a writing signed by each party to be charged.

(f) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Agreement may not be assigned by Seller except with the prior written consent of Buyer, which can be withheld in Buyer's sole discretion. This Agreement may not be assigned by Buyer except with the prior written consent of Seller, which can be withheld in Seller's sole discretion. Nothing herein contained shall confer or is intended to confer on any third party or entity which is not a party to this Agreement any rights under this Agreement.

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(g) Whenever the context requires, the use in this Agreement of a pronoun of any gender shall be deemed to refer also to any other gender, and the use of the singular shall be deemed to refer also to the plural.

(h) The headings in the sections, paragraphs, and Exhibits and Schedules of this Agreement are inserted for convenience of reference only and shall not constitute a part hereof. The words "herein," "hereof," "hereto" and "hereunder," and other words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement.

(i) If any provision of this Agreement is held to be invalid or unenforceable as against any person or under certain circumstances, the remainder of this Agreement and the applicability of such provision to other persons or circumstances shall not be affected thereby. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(j) This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute but one and the same instrument. This Agreement may be executed by facsimile which shall be deemed an original for all purposes. In the event this Agreement is executed by the exchange of facsimile copies, the parties agree to exchange ink-signed counterparts promptly after the execution and delivery of this Agreement.

(k) No failure or delay of any party in the exercise of any right given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right, or satisfaction of such condition, has expired) shall constitute a waiver of any other or further right nor shall any single or partial exercise of any right preclude other or further exercise thereof or any other right. The waiver of any breach hereunder shall not be deemed to be a waiver of any other or any subsequent breach hereof.

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

SELLER:

SILVER CIRCLE MANAGEMENT CORP.

By: /s/ Leo S. Ullman

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Name: Leo S. Ullman  
Title: President

/s/ Leo S. Ullman

-----  
LEO S. ULLMAN

BUYER:

PHILADELPHIA ARC-CEDAR, LLC

By: /s/ Robert J. Ambrosi

-----  
Name: Robert J. Ambrosi  
Title: President

THE TERMS OF THE FOREGOING AGREEMENT ARE HEREBY ACKNOWLEDGED AND CONSENTED TO:

API RED LION SHOPPING CENTER ASSOCIATES

By: Silver Circle Management Corp.

By: /s/ Brenda J. Walker

-----  
Brenda J. Walker



EXHIBIT A

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(Land)

EXHIBIT B

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(Additional Exceptions to Title)

EXHIBIT C

-----

(Assignment and Assumption of Partnership Interests)

EXHIBIT C

-----  
(Assignment and Assumption of Partnership Interests)

ASSIGNMENT AND ASSUMPTION OF PARTNERSHIP INTEREST

THIS ASSIGNMENT AND ASSUMPTION OF PARTNERSHIP INTEREST is made as of the \_\_\_\_ day of \_\_\_\_\_, 2002, by and between SILVER CIRCLE MANAGEMENT CORP. ("Assignor"), a Delaware corporation having an office c/o Brentway Management, 44 South Bayles Avenue, Port Washington, New York 11050 and CEDAR-RL, LLC ("Assignee"), a Delaware limited liability company having an office c/o Brentway Management, 44 South Bayles Avenue, Port Washington, New York 11050.

W I T N E S S E T H :  
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WHEREAS, Assignor is the general partner of API Red Lion Shopping Center Associates (the "Partnership"), a New York limited partnership, pursuant to the terms of that certain Agreement of Limited Partnership of the Partnership, dated as of October 1, 1987, as amended by (i) that certain Amendment to Agreement of Limited Partnership of the Partnership, dated as of November 26, 1997, and (ii) that certain Second Amendment to Agreement of Limited Partnership, dated as of February 7, 2000 (collectively, the "Partnership Agreement").

WHEREAS, Assignor desires to assign and transfer to Assignee, and Assignee desires to receive from Assignor, a 20% partnership interest in the Partnership (the "Assigned Interest").

WHEREAS, Simultaneously herewith, the Partnership Agreement is being amended by that certain Amended and Restated Agreement of Limited Partnership of API Red Lion Shopping Center Associates (the "Restated Agreement"), which Restated Agreement, among other things, contemplates the assignment and transfer of the Assigned Interest.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. All capitalized terms used herein, but not otherwise defined herein, shall have the meanings set forth with respect thereto in the Restated Agreement.
2. As of the date hereof Assignor hereby assigns, transfers, and sets over to Assignee all of Assignor's right, title and interest in and to the Assigned Interest, including, without limitation (i) all right, title and interest of Assignor from time to time in and to the Partnership, (ii) all right, title and interest of Assignor pursuant to the Restated Agreement from time to time in and to all real and personal property and every other right, however characterized, now or hereafter held by the Partnership and (iii) all of Assignor's respective claims, rights, powers, privileges, security interests, liens and remedies under the Restated Agreement free of all liens, claims and encumbrances.
3. The parties hereto agree that the consideration paid by Assignee to Assignor for the Assigned Interest shall be in the amount set forth in that certain Agreement for Purchase and Sale of Partnership Interests, of

even date herewith, between Assignor, as seller, and Assignee, as purchaser.

TO HAVE AND TO HOLD the same unto Assignee, its successors and assigns from and after the date hereof.

4. Assignee does hereby assume and agree to perform from and after the date hereof all of the terms, covenants and conditions on the part of Assignee to be performed pursuant to the Restated Agreement.

5. The provisions of this Assignment shall be binding upon Assignor, its successors and assigns, and all persons claiming by, under or through Assignor or any such successor or assign, and shall inure to the benefit of and be enforceable by Assignee and its successors and assigns.

6. This Assignment shall be construed in accordance with and governed by the internal laws of the State of New York, without regard to principles of conflicts of law.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

ASSIGNOR:

SILVER CIRCLE MANAGEMENT CORP.

By: \_\_\_\_\_  
Name:  
Title:

ASSIGNEE:

CEDAR-RL, LLC

By: Cedar Income Fund Partnership, L.P.

By: Cedar Income Fund, Ltd.

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT D

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(Guaranty by Silver Circle)

EXHIBIT E

-----

(Pledge by Silver Circle)

EXHIBIT F

-----

(Master Lease)

EXHIBIT G

-----

(Tenant Leases)

EXHIBIT H  
-----  
(Rent Roll)

EXHIBIT I  
-----  
(Operating Agreements)

EXHIBIT J

-----

(Unpaid Brokerage Commissions)

EXHIBIT K

-----

(Pending Claims)

EXHIBIT L

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(Restated Partnership Agreement)

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this "Indemnity") is entered into as of the 31st day of May, 2002 by Cedar-RL, LLC ("GP"), to and for the benefit of Leo S. Ullman ("Ullman").

W I T N E S S E T H:  
- - - - -

A. Pursuant to the terms of that certain Amended and Restated Limited Partnership Agreement of API Red Lion Shopping Center Associates (the "Restated Partnership Agreement"), of even date herewith, GP replaced Silver Circle Management Corp. as the general partner of API Red Lion Shopping Center Associates (the "Partnership");

B. Pursuant to the terms of that certain Guaranty of Non-Recourse Obligations and that certain Environmental Indemnity Agreement (collectively, the "Indemnity and Guaranty"), dated as of February 8, 2000, made by Ullman in favor of Salomon Brothers Realty Corp., its successors and assigns (collectively "Lender") in connection with the Salomon Brothers Mortgage Loan (as that term is defined in the Restated Partnership Agreement), Ullman personally guaranteed to Lender certain obligations of the Partnership under the Salomon Brothers Mortgage Loan and indemnified Lender against certain claims and liabilities;

C. Notwithstanding that Ullman shall, from and after the date hereof, no longer has any partnership interest in the Partnership, Lender has required that the Indemnity and Guaranty remain in full force and effect, and

D. Ullman and GP desire that GP indemnify Ullman for any costs and expenses he incurs in connection with his ongoing obligations under the Indemnity and Guaranty.

NOW, THEREFORE, in consideration of the foregoing premises and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, GP agrees as follows:

1. GP hereby agrees to defend, indemnify and hold Ullman harmless from and against any and all costs, liabilities, claims, damages and expenses, including, without limitation, reasonable attorneys' fees and disbursements (other than those occurring as a result of the gross negligence or bad-faith conduct of Ullman), relating to any payment(s) required to be made by Ullman under the Indemnity and Guaranty with respect to matters occurring or accruing from and after the date hereof.

2. This Indemnity shall (a) inure to the benefit of Ullman and any of Ullman's successors and/or assigns, (b) be binding upon GP and its respective successors and assigns, to the extent permitted by law, and (c) be construed in accordance with the internal laws of the State of New York without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, this document is executed as of the date first above written.

CEDAR-RL, LLC

By: Cedar Income Fund Partnership, L.P.

By: Cedar Income Fund, Ltd.

By: /s/ Brenda J. Walker

-----  
Name: Brenda J. Walker  
Title: Vice President



PROMISSORY NOTE

\$887,142.75

As of May 31, 2002

FOR VALUE RECEIVED, CEDAR-RL, LLC (the "Maker"), a Delaware limited liability company having an office c/o Brentway Management LLC, 44 South Bayles Avenue, Port Washington, New York 11050, promises to pay to SILVER CIRCLE MANAGEMENT CORP. (the "Payee"), a Delaware corporation, having an office c/o Brentway Management LLC, 44 South Bayles Avenue, Port Washington, New York 11050, or at such other place as may be designated in writing by the holder of this Note, or order, the principal sum of Eight Hundred Eighty Seven Thousand One Hundred Forty Two and 75/100 (\$887,142.75) Dollars, payable in three (3) equal payment of Two Hundred Ninety Five Thousand Seven Hundred Fourteen and 25/100 (\$295,714.25) Dollars each together with interest accrued thereon, as hereinafter provided, on the first day of June, 2003, June, 2004, and June, 2005, when the unpaid balance hereof, and accrued interest thereon, shall be due and payable.

This Note shall bear interest, payable annually, in arrears, computed on the basis of a 360-day year for the actual number of days elapsed, at a rate per annum of seven and 50/100 (7.50%) percent.

If the principal balance of this Note shall not be paid at its maturity, or on its acceleration pursuant to the provisions hereof, interest thereon shall thereafter be computed and paid at a rate (the "Default Rate"), equal to the lesser of (a) sixteen (16%) percent per annum, or (b) the maximum rate of interest allowed by applicable law to be charged to the Maker.

It is not intended hereby to charge interest at a rate in excess of the maximum rate of interest permitted to be charged to the Maker under applicable law, but if, notwithstanding, interest in excess of said maximum rate shall be paid hereunder, the excess shall be retained by the holder of this Note as additional cash collateral for the payment of said principal sum, or the amount thereof outstanding, and shall be returned to the Maker upon full repayment of said principal sum, all accrued interest thereon.

The privilege is reserved to prepay the entire unpaid balance hereof, or a portion thereof, without penalty but with accrued interest to the date of prepayment, upon five (5) days prior notice to the Payee. Any partial prepayments shall be applied to any principal payments due hereunder in the inverse order of their maturity. Upon the giving of such notice, the amount so noticed to be prepaid, together with accrued interest thereon, shall become due and payable on the date specified in such notice for prepayment.

IT IS EXPRESSLY AGREED that the said principal sum shall become due at the option of the holder of this Note on the happening of any Event of Default under the terms of the Pledge (as those terms are hereinafter defined) said principal sum may or shall become due and payable; also that all of the conditions and agreements contained in the Pledge are hereby made part of this instrument.

No failure on the part of the Payee to exercise, and no delay in exercising, any right or remedy hereunder, under the Pledge shall operate as a waiver thereof; nor shall any single or partial exercise by the Payee of any right or remedy hereunder, or under the Pledge preclude any other or further exercise thereof or the exercise of any other right or remedy that the Payee may have under this Note, the Pledge, or applicable law or otherwise. The receipt by the Payee of payments of interest or principal hereunder or any other sums due hereunder or under the Pledge with knowledge on the part of the Payee of the existence of a default hereunder or under the Pledge shall not be deemed a waiver of such default. Any payment by the Maker or receipt by the Payee of less than the full amount of interest, principal and/or other sums due hereunder or under the Pledge shall be deemed to be on account of all such interest, principal and other sums and shall be applied against such interest, principal and/or other sums in such manner and order as the Payee shall choose in its sole and absolute discretion. The rights and remedies provided in this Note and the Pledge are cumulative and not exclusive and are in addition to all others that may be provided by other agreements and documents and applicable law.

The Maker hereby further agrees, on demand, to pay, reimburse and satisfy in full any and all expenses that may be paid or incurred by the Payee in the collection of all or any portion of the indebtedness evidenced hereby or the exercise or enforcement of any one or more of the other rights, powers, privileges, and remedies of the Payee hereunder or under the Pledge,

irrespective of the manner or success of any such collection, exercise or enforcement. Any such expenses shall bear interest at the Default Rate from the date the same are incurred by the Payee until repaid to it by the Maker.

Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived.

This Note is secured by a Pledge and Security Agreement (the "Pledge") made by the Maker to the Payee of even date herewith covering the collateral more particularly described in the Pledge.

The Maker agrees that this Note shall be construed in accordance with and governed by the laws of the State of New York. The Maker further agrees that in any action or proceeding brought by the Payee against the Maker in connection with this Note, (i) the Maker and, by its acceptance hereof, the Payee, shall and do hereby waive trial by jury, (ii) the Supreme Court of the State of New York for the County of New York, or (in a case involving diversity of citizenship) the United States District Court for the Southern District of New York, shall have jurisdiction of any such action or proceeding, (iii) service of any summons and complaint or other process in any action or proceeding may be made by registered or certified mail directed to the Maker at its address hereinabove set forth, the Maker hereby waiving personal service thereof, and (iv) within thirty (30) days after such mailing the Maker shall appear or answer to any summons and complaint or other process, and should the Maker fail to appear or answer within said thirty-day period, the Maker shall be deemed in default and judgment may be entered by the Payee against the Maker for the amount as demanded in any summons or complaint or other process so served.

2

The terms and provisions of this Note are severable, and if any term or provision shall be determined to be superseded, illegal, invalid or otherwise unenforceable in whole or in part pursuant to applicable law by a governmental authority having jurisdiction, such determination shall not in any manner impair or otherwise affect the validity, legality or enforceability of that term or provision in any other jurisdiction or any of the remaining terms and provisions of this Note in any jurisdiction.

This Note may not be changed or terminated orally. This Note shall bind the heirs, legal representatives, successors and assigns of the Maker and shall inure to the benefit of the holder hereof and its legal representatives, successors and assigns.

CEDAR-RL, LLC

By: Cedar Income Fund Partnership, L.P.

By: Cedar Income Fund, Ltd.

By: /s/ Brenda J. Walker

-----  
Name: Brenda J. Walker  
Title: Vice President

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SUBORDINATE PLEDGE AND SECURITY AGREEMENT  
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THIS PLEDGE AND SECURITY AGREEMENT (this "Security Agreement") is dated as of May 31, 2002, made by CEDAR-RL, LLC, a Delaware limited liability company, having an address c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Port Washington, New York 11050 ("Pledgor"), and SILVER CIRCLE MANAGEMENT CORP., a Delaware corporation, having an address c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Port Washington, New York 11050 ("Secured Party").

R E C I T A L S :  
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A. Secured Party has, as of the date hereof, made a loan to Pledgor, in the amount of [Eight Hundred Eighty Seven Thousand One Hundred Forty Two and 75/100 (\$887,142.75)] (the "Loan"), which Loan is evidenced by that certain Promissory Note made by Pledgor to the order of Secured Party dated the date hereof and in the original principal amount of [Eight Hundred Eighty Seven Thousand One Hundred Forty Two and 75/100 (\$887,142.75)] (as amended, restated or otherwise modified from time to time, the "Note").

B. The proceeds of the Loan are being used by Pledgor to acquire (1) a 20% partnership interest (the "Partnership Interest") in API Red Lion Shopping Center Associates, a New York limited partnership (the "Partnership"), pursuant to the terms of that certain Purchase and Sale Agreement, dated as of [\_\_\_], between Secured Party, as seller, and Pledgor, as purchaser. The Partnership is the owner in fee simple of certain real property described on Exhibit A annexed hereto and hereby made a part hereof, together with the improvements located thereon (the "Property").

C. As an inducement to Secured Party to make the Loan to Pledgor, Pledgor desires to pledge, assign and hypothecate to Secured Party, all of its right, title and interest as partner in the Partnership attributable to the Partnership Interest, in, to and under the Partnership and the Partnership Agreement (as that term is hereinafter defined) and the rights appurtenant to being a partner in the Partnership (collectively, the "Interests").

D. Secured Party is willing to make the Loan, but only on the condition, among others, that Pledgor executes and delivers this Security Agreement to Secured Party.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Pledgor hereby agrees with Secured Party as follows:

1. Defined Terms. All capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Note. As used in this Security Agreement, the following terms shall have the following meanings:

"Lender" means Salomon Brothers Realty Corp., and its successors and assigns.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction in respect of any of the foregoing).

"Loan Documents" means any and all mortgages, notes, pledges or other agreements executed by the Partnership and/or any partner therein in connection with the loan made by Lender to the Partnership in the original principal amount of \$17,000,000.

"Obligations" means the unpaid principal of and interest on the Note and all other obligations and liabilities of Pledgor to Secured Party with respect thereto.

"Partnership Agreement" means that certain Amended and Restated Agreement of Limited Partnership of API Red Lion Shopping Center Associates.

"Proceeds" means all "proceeds" as such term is defined in Section 9-306(1) of the UCC on the date hereof and, in any event, shall

include, without limitation, all dividends or other income from the Interests, collections thereon or distributions with respect thereto.

"UCC" means the Uniform Commercial Code from time to time in effect in the State of New York.

2. Grant of Security Interest. As security for the Obligations, Pledgor hereby pledges, assigns, hypothecates, delivers and sets over to Secured Party and grants to Secured Party, subject to the Loan Documents, a lien on and security interest in the Interests and in all Proceeds thereof (collectively, the "Collateral") as collateral security for the due and punctual payment and performance of all the Obligations. Notwithstanding the foregoing grant, so long as no Event of Default shall have occurred and be continuing, Pledgor shall, subject to the Loan Documents, be entitled to receive and retain and otherwise deal with, all Proceeds. Upon the occurrence and during the continuance of an Event of Default, Pledgor's right to receive Proceeds shall cease, and all such rights shall thereupon become vested in Secured Party which shall thereupon have the sole right to receive such Proceeds, subject to the Loan Documents.

3. Exculpation. Secured Party shall have no obligation or liability whatsoever for the obligations of Pledgor by reason of or arising out of this Security Agreement, nor shall Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Pledgor under or pursuant to the Partnership Agreement. Nothing contained in this Security Agreement shall be construed or interpreted (i) to transfer to Secured Party any of the rights and obligations of a partner in the Partnership other than the rights of collateral security in and to the Collateral or (ii) to constitute Secured Party a partner in the Partnership, provided that such limitation, in no manner, shall otherwise limit the rights of Secured Party granted under this Security Agreement. This Security Agreement (i) shall not be deemed to terminate Pledgor's status as a partner in the Partnership and (ii) shall not be construed as constituting a current conveyance, but rather as creating a security interest in the Interests.

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4. Limitation on Voting Rights of Pledgor. In connection with the Partnership and the Partnership Agreement, Pledgor shall cast no vote, and no consent, waiver or ratification shall be given or action taken that would directly or indirectly impair the Collateral or be inconsistent with or violate any provision of this Security Agreement or the Note.

5. Covenants of Pledgor. Pledgor hereby covenants and agrees as follows:

(a) Pledgor shall not sell, lease, assign, transfer, convey or otherwise dispose of, all or any part of Pledgor's right, title or interest in any of the Collateral or the Proceeds thereof and will not create, incur, or permit to exist on or with respect to, all or any part of Pledgor's right, title and interest in any of the Collateral or the Proceeds thereof, any Lien except for a Lien in favor of Secured Party, which shall be subordinate to the Lien of Lender.

(b) Pledgor shall, following the occurrence of any Event of Default, promptly reimburse Secured Party for all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred by Secured Party in connection with the enforcement of Secured Party's rights under this Security Agreement.

(c) If and to the extent required, Pledgor shall file this Security Agreement, and any other agreements or instruments which are required to be filed with any regulatory body, in accordance with the rules and regulations of such regulatory body.

1. Event of Default. An "Event of Default" shall exist if any of the following shall have occurred and be continuing:

(a) Pledgor shall default in the observance or performance of any covenant or agreement contained in this Agreement and such default continues for more than thirty (30) days after notice from Secured Party, provided that if such default cannot reasonably be cured within such thirty (30) day period and Pledgor shall have commenced to cure such default in a manner reasonably satisfactory to Secured Party within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Pledgor in the exercise of due diligence to cure such default.

(b) If any payment due with respect to the Note is not made on or before the date which is ten (10) business days after Pledgor shall have been given notice thereof.

2. Remedies. (a) upon the occurrence of any Event of Default, Secured Party may, without notice (except as set forth below) to or assent of Pledgor, forthwith collect, receive, appropriate and realize upon the Collateral or any part thereof, and/or may forthwith sell, assign, give option or options to purchase, contract to sell or otherwise dispose of and deliver the Collateral or any part thereof, in one or more parcels at public or private sale or sales, upon such terms and conditions as it may deem advisable and at such prices as it may deem best. Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any and all of the said Collateral or in any way relating to the rights of Secured Party under this Security Agreement, including all reasonable attorneys' fees and legal expenses actually incurred, to the payment, in whole or in part, of the Obligations in such order as Secured Party may elect, and only after so applying such net proceeds and after the payment by Secured Party of any other amount required by any Legal Requirement, need Secured Party account for the surplus, if any, to Pledgor. Pledgor agrees that Secured Party will give ten (10) business days' notice of the time and place of any public sale or of the time after which such a private sale may take place and that such notice is reasonable notification of such matters. In addition to the rights and remedies granted to it in this Security Agreement, Secured Party shall have all the rights and remedies of a secured party under the UCC. Pledgor shall remain liable for any deficiency if the proceeds of any sale or other disposition of Collateral are insufficient to pay the Obligations and the reasonable fees and disbursements of any attorneys employed by Secured Party to collect such deficiency.

(b) In the event of any breach of any of the covenants, agreements, terms or conditions contained in this Security Agreement, and notwithstanding to the contrary (but without in any way negating or impairing) any exculpatory or nonrecourse language which may be contained herein or in any document executed in connection herewith, Secured Party shall be entitled to enjoin such breach and obtain specific performance of any covenant, agreement, term or condition and Secured Party shall have the right to invoke any equitable right or remedy as though other remedies were not provided for in this Security Agreement.

3. Successors and Assigns. This Security Agreement shall be binding upon Pledgor, its successors and assigns, and shall inure to the benefit of Secured Party and its successors and assigns.

4. Governing Law. THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF PLEDGOR AND SECURED PARTY UNDER THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

5. Pledgor and Secured Party hereby irrevocably and unconditionally waive trial by jury in any legal action or proceeding relating to this Security Agreement and for any counterclaim therein.

6. Indemnification. Pledgor hereby saves, indemnifies and holds harmless Secured Party from and against all expense, loss or damage, including, without limitation, reasonable attorneys' fees and expenses, suffered by Secured Party arising out of or in connection with this Security Agreement and the granting of the security interest pursuant to this Security Agreement.

7. Termination. Anything in this Security Agreement to the contrary notwithstanding, this Security Agreement shall terminate, and all of Secured Party's rights in and to the Collateral or Proceeds shall terminate when the Note has been fully paid and Pledgor's obligations hereunder have been satisfied, whereupon Secured Party will execute and deliver such instruments of reassignment and notices to the Partnership as Pledgor reasonably may request.

IN WITNESS WHEREOF, Pledgor has caused this Security Agreement to be duly executed and delivered as of the day and year first above written.

CEDAR-RL, LLC

By: Cedar Income Fund Partnership, L.P.

By: Cedar Income Fund, Ltd.

By: /s/ Brenda J. Walker

-----  
Name: Brenda J. Walker  
Title: Vice President

Acknowledged and approved:

API Red Lion Shopping Center Associates:

By: Cedar-RL, LLC, its general partner

By: Cedar Income Fund Partnership, L.P.

By: Cedar Income Fund, Ltd.

By: /s/ Brenda J. Walker

-----  
Name: Brenda J. Walker  
Title: Vice President

ARC PROPERTIES, INC.  
1401 Broad Street  
Clifton, New Jersey 07013

May 31, 2002

Cedar Income Fund, Ltd.  
44 South Bayles Avenue, Suite 304  
Port Washington, New York 11050  
Attn: Leo S. Ullman, President

Re: Compensation Agreement

Gentlemen:

This letter confirms and comprises the agreement ("Agreement") between (i) Cedar Income Fund, Ltd. ("Cedar") and Cedar Income Fund Partnership, L.P. ("Operating Partnership"), and any individual or entity that directly or indirectly is controlled by Cedar and/or Operating Partnership (individually and collectively, "Cedar Group"), (ii) SKR Management Corp. ("SKR"), Cedar Bay Realty Advisors, Inc. ("CBRA"), Brentway Management, LLC ("Brentway"), Leo S. Ullman ("Ullman") and any individual or entity that directly or indirectly controls, or is controlled by, or is under common control with, SKR, CBRA, Brentway and/or Ullman (individually and collectively, "Advisor Group"), and (iii) ARC Properties, Inc. or assigns ("ARC"), regarding certain services to be provided by ARC.

1. Scope of Services. The parties acknowledge and agree that ARC has assisted Cedar Group and Advisor Group by providing introductions to (i) an independent broker-dealer network through which Cedar Group and Advisor Group may raise capital during the Term of this agreement (as defined below) for specific properties and (ii) certain financial and financing sources for current assets and possible future acquisitions. In addition, during the Term, ARC agrees that it will continue in good faith to provide certain limited services with respect to the properties acquired by Cedar Group as a result of this Agreement (the "Properties"), specifically to (i) assist Cedar Group and Advisor Group with the acquisition, financing, and closing of the Properties; (ii) review the operating performance of the Properties; (iii) plan for possible future financing, refinancing and sale of the Properties; (iv) coordinate with third party owners or investors; and (v) continue to make its key employees available to assist in connection with the matters set forth in this Section 1. Finally, during the Term, ARC agrees that it will continue in good faith to provide certain introductions to potential sources of equity and debt financing. The parties agree that ARC shall not be obligated to provide such ongoing services unless and until requested by Cedar Group and/or Advisor Group and only then on an "as needed" limited basis consistent with the spirit of this Agreement.

2. Compensation and Reimbursement of Expenses. In consideration of the services provided and to be provided by ARC hereunder, ARC shall receive the following compensation during the Term of this Agreement:

(a) Sharing of Advisor Group Compensation. ARC will share in any Advisor Group compensation for any transactions in which ARC participates by materially assisting in the (i) raising of capital for Cedar Group; (ii) contribution of property to Cedar Group; or (iii) identification and introduction of otherwise unknown potential acquisitions for Cedar Group which are in fact acquired by Cedar Group (collectively "ARC Transactions"). Notwithstanding the foregoing, ARC shall not share in any fees payable by Silver Circle Management Corp. or any other partner in any partnership (or member in any limited liability company or shareholder in any corporation) which is selling its interest to an ARC Affiliate. ARC's share of the Advisor Group compensation for ARC Transactions will be equal to 20% of all property management fees, selling commissions, finance fees, and all other fees, compensation and the like of any kind, class or description with respect to property which is the subject of an ARC Transaction only, whether received directly or indirectly by Advisor Group, and including all affiliated and inter-company transactions, in connection with ARC Transactions. However, the following items are excluded from being treated as Compensation: (i) any rents or additional rents or any other amounts paid or payable under any lease, license agreement, easement agreement, option or other agreement for the use or disposition of any property received by Cedar Group with respect to its ownership of an interest in the property in question and (ii) any and all legal fees paid to Advisor Group; provided that such arrangement does not have the effect of shifting income (or expenses) within Cedar Group or Advisor Group in a manner that results in ARC not receiving Compensation it would otherwise receive, for example, by declining (or recharacterizing) a fee that would be

treated as Compensation in a ARC Transaction while creating a similar fee from the party liable to pay such fee in a non-ARC Transaction. Notwithstanding any provision herein to the contrary, Cedar Group and/or Advisor Group shall have the absolute right, in its sole discretion, to waive, defer or modify any compensation otherwise due to it.

(b) Warrant to Purchase Operating Units in the Operating Partnership. Delivery, simultaneously with the execution of this Agreement, of the executed Operating Partnership Purchase Warrant in the form attached hereto as Exhibit A (the "Warrant"), granting to ARC the right to purchase up to 500,000 Operating Partnership Units in the Operating Partnership (which are redeemable, subject to certain procedural requirements set forth in the Operating Partnership's Agreement of Limited Partnership, on a one for one basis for shares of Cedar common stock).

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(c) Compensation for Other Services. Upon completing the acquisition by both Cedar Group and one or more entities controlled by or under common control with ARC ("ARC Affiliates") with a contribution by ARC Affiliates of an amount to be agreed to by the parties for The Point in Harrisburg, Pennsylvania, and an amount to be agreed to by the parties for LA Fitness in Fort Washington, Pennsylvania, Cedar Group shall pay ARC a consulting fee of \$100,000.00. Any and all other services provided by ARC at the request of Cedar Group not governed by this Agreement or another agreement shall be priced on a deal-by-deal basis at the market rate for such services.

3. Term; Termination. This Agreement shall commence on the date set forth above and shall continue until terminated (the "Term") as provided below. This Agreement shall be terminated upon the occurrence of any of the following events:

(a) A writing executed by a duly authorized member of each of Cedar Group, Advisor Group and ARC evidencing their agreement to terminate this Agreement.

(b) The expiration, without being exercised, of the Warrant if (i) ARC (or an affiliate) does not own any shares of Cedar stock or partnership interests in the Operating Partnership and (ii) ARC has disposed of its entire interests in the property or properties that were the basis for ARC's receipt of Compensation.

(c) With respect to any property, upon sale of such property to any third party.

(d) With respect to any future ARC Transactions (but not closed transactions that have the potential of generating Compensation), upon any change of control of ARC.

(e) With respect to any property, upon the sale or other disposition of the entire interest of the ARC Affiliate.

(f) Upon the sale of CBRA and Brentway to Cedar Group or to any member of Cedar Group, provided that in connection with such sale, ARC receives its pro-rata share of the aggregate net purchase price received by CBRA and Brentway (for the purposes of this calculation, pro-rata share shall mean 20% of management and related fees from ARC Transactions collected by CBRA and Brentway divided by the total management and related fees collected by CBRA and Brentway).

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4. Accounting.  
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(a) The Compensation as described in Section 2(a) shall accrue commencing on the date received by Advisor Group and shall be payable to ARC in arrears on a monthly basis within fifteen days following the end of each calendar month. Any Compensation earned by Advisor Group but not paid until after the Term shall, notwithstanding the termination of this Agreement, be due and payable to ARC as provided above within fifteen days after payment by Cedar Group.

(b) Advisor Group shall deliver to ARC a certified monthly report prepared on management's customary accounting basis summarizing all Compensation to be paid by Cedar Group to Advisor Group with respect to ARC Transactions (the "Compensation Report"). The Compensation Report shall be



certified as true and correct by the President or Chief Financial Officer of Advisor Group and delivered to ARC within thirty days following the end of each calendar month. Advisor Group shall provide reasonable back-up documentation regarding the Compensation upon written request of ARC. ARC shall have the right, at its own cost, to audit Advisor Group to verify the amount of Compensation to be paid hereunder. (1) If ARC discovers a material error (as defined below) in the accounting, (Advisor Group), shall promptly reimburse ARC for all of its reasonable and customary out of pocket costs incurred in such audit. For this purpose, a material error shall occur if there is an error or discrepancy in the amount of the lesser of (X) \$5,000 or (Y) 10% of (i) any single item of Compensation, or (ii) all items of Compensation in the aggregate shown on any Compensation Report, provided that the aggregate of all errors must exceed \$10,000.

(c) In the event Advisor Group is ever required to repay or refund any Compensation for any reason, ARC's applicable share of such repayment shall be offset against the payment next due hereunder.

5. Indemnification. Advisor Group agrees to indemnify and hold harmless ARC and any individual or entity that directly or indirectly controls, or is controlled by, or is under common control with ARC, and its officers, directors, employees, agents, and affiliates (each an "Indemnified Party"), from and against any losses, claims, damages or liabilities, or actions in respect thereof to which such Indemnified Party may become subject in connection with the services rendered pursuant to or matters which are the subject of or arise out of the services to be provided hereunder (collectively, a "Claim"), and agrees to reimburse promptly each Indemnified Party for any legal or other expenses incurred by such Indemnified Party in connection with investigating, preparing for, or defending any such Claim as such expenses are incurred. However, Advisor Group shall not be liable in any such case to the extent that such Claim resulted from an Indemnified Party's bad faith, negligence, or fraud, which shall be determined mutually by the parties, but if the parties are unable to agree, by a court of competent jurisdiction in a final judgment. If Advisor Group so elects, Advisor Group may assume the defense of such Claim, including the employment of counsel reasonably acceptable to ARC and the payment of fees, expenses, and disbursements of such counsel. The foregoing rights to indemnification shall survive any termination or expiration of this Agreement, and shall not limit any other rights that an Indemnified Party may have at law or otherwise.

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(1) Such audit may be conducted no more frequently than one time per calendar year at such time as reasonably approved by Advisor Group at the offices of Advisor Group.

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6. Construction. This Agreement shall be governed by, subject to and construed in accordance with, the laws of the State of New Jersey without regard to conflict of law provisions.

7. Severability. If any portion of this Agreement shall be held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be considered valid and operative and effect shall be given to the intent manifested by the portion held invalid or inoperative.

8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, and together shall constitute one and the same instrument.

9. Modification or Amendment. This Agreement may not be modified or amended except by written agreement executed by the parties hereto.

10. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed facsimile; (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one day after deposit with a nationally recognized overnight courier, charges prepaid, specifying next day delivery, with written verification of receipt. All communications shall be sent to the address as set forth below or at such other address as either party may designate by five days advance written notice provided in accordance with this Section 7 to the other party hereto:

If to ARC:

1401 Broad Street  
Clifton, New Jersey 07013  
Facsimile: (973) 249-1001  
Attn: Robert J. Ambrosi

With a copy to: Hirschler Fleischer  
P.O. Box 500  
Richmond, Virginia 23218-0500  
Facsimile: (804) 644-0957  
Attn: Louis J. Rogers, Esquire

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If to Cedar or  
Operating Partnership: 44 South Bayles Avenue, Suite 304  
Port Washington, New York 11050  
Facsimile: (516) 767-6497  
Attn: Leo S. Ullman

With a copy to: Cedar Bay Realty Advisors, Inc.  
44 South Bayles Avenue, Suite 304  
Port Washington, NY 11050  
Attn: Stuart H. Widowski, Esquire

If to SKR, Brentway,  
Operating Partnership or  
or Ullman: 44 South Bayles Avenue, Suite 304  
Port Washington, New York 11050  
Facsimile: (516) 767-6497  
Attn: Leo S. Ullman

With a copy to: Cedar Bay Realty Advisors, Inc.  
44 South Bayles Avenue, Suite 304  
Port Washington, NY 11050  
Attn: Stuart H. Widowski, Esquire

11. Parties. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and each of their respective successors, legal representative, heirs and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under, in respect of, or by virtue of, this Agreement or any provision herein contained.

12. Delay. Neither the failure nor any delay on the part of any party to this Agreement to exercise any right remedy, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall a waiver of any right remedy, power, or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power, or privilege with respect to any subsequent occurrence.

13. Recovery of Costs. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the substantially prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding (and any additional proceeding for the enforcement of a judgment) in addition to any other relief to which it or they may be entitled.

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14. Entire Agreement; Assignment. This Agreement and the attached side letter contain the entire understanding between the parties hereto and supersedes any prior understandings or written or oral agreements between them respecting the subject matter hereof. ARC shall have the right, subject to Cedar Group's consent, which shall not be unreasonably withheld, to assign its rights hereunder to a third party; the other parties shall not have the right to assign this Agreement.

15. Liability of Affiliates. Under no circumstances shall any single-purpose entity controlled by Cedar Group or Advisor Group be required to or be deemed to guaranty or otherwise be responsible for any liability of any other person or entity.

16. Board Action. The terms of this letter agreement shall not be binding on Cedar Group until approved by the Board of Directors of Cedar Income Fund, Ltd., which submission for approval and decision by the Board shall occur within ten (10) days of the date hereof.

If the foregoing correctly sets forth the understanding among the parties hereto, please so indicate in the space provided below for that purpose, and return one of the signed copies of this Agreement and the attached side letter to ARC, whereupon this Agreement shall constitute a binding agreement among the parties.

Very truly yours,

ARC PROPERTIES, INC.,  
a New Jersey corporation

By: /s/ Robert J. Ambrosi  
-----  
Robert J. Ambrosi, President

AGREED AND ACCEPTED:

CEDAR INCOME FUND, LTD.,  
Individually and on behalf of its Affiliates

By: /s/ Leo S. Ullman  
-----  
Its: President

CEDAR INCOME FUND PARTNERSHIP, L.P.

By: /s/ Cedar Income Fund, Ltd.  
-----

CEDAR BAY REALTY ADVISORS, INC.

By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman  
Its: President

SKR MANAGEMENT CORP.,

By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman, President

BRENTWAY MANAGEMENT, LLC,

By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman, Chairman

/s/ Leo S. Ullman  
-----  
Leo S. Ullman, Individually



LEASE GUARANTY

Maximum Liability \$200,000

In consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration paid by API RED LION SHOPING CENTER ASSOCIATES (the "Partnership") to the undersigned, the receipt and sufficiency of which are hereby acknowledged, the undersigned, SILVER CIRCLE MANAGEMENT CORP. ("Guarantor"), hereby guarantees, absolutely and unconditionally, to the Partnership, the full and prompt payment of monthly minimum rental payable by Tenant under that certain Shopping Center Lease Agreement between the Partnership, as landlord, and The Sports Authority, Inc. ("Tenant"), as tenant, dated February 15, 1990, as amended by Addendum dated as of February 15, 1990 (collectively, the "Lease"), and Guarantor hereby covenants and agrees to and with the Partnership that if default shall at any time be made by Tenant in the payment of monthly minimum rental during the term of the Lease (or, with respect to payments after August 15, 2005, until August 15, 2010, if Tenant does not exercise its option to extend the original term of the Lease), Guarantor shall and will forthwith pay such monthly minimum rental to the Partnership. For purposes of this Guaranty, the monthly minimum rental is \$43,825 until August 15, 2005 and thereafter \$47,477.08 until August 15, 2010.

This Guaranty shall be enforceable against Guarantor without the necessity of any notice of non-payment, non-performance or non-observance or any notice of acceptance of this Guaranty or of any other notice or demand to which Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives. Guarantor hereby expressly agrees that the validity of the Guaranty and the obligations of Guarantor hereunder shall in no way be terminated, affected, diminished or impaired by reason of (a) assertion or the failure to assert by the Partnership against Tenant of any of the rights or remedies reserved to the Partnership pursuant to the terms, covenants and conditions of the Lease, or (b) any non-liability of Tenant under the Lease, whether by insolvency, discharge in bankruptcy, or any other defect or defense which may now or hereafter exist in favor of Tenant.

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This Guaranty shall be a continuing guaranty, and the liability of Guarantor hereunder shall in no way be affected, modified or diminished by reason of (a) any assignment, renewal, modification, amendment or extension of Lease, or (b) any modification or waiver of or change in any of the terms, covenants and conditions of the Lease by the Partnership and Tenant, or (c) any extension of time that may be granted by the Partnership to Tenant, (d) any consent, release indulgence or other action, inaction or omission under or in respect of the Lease, or (e) any dealings or transactions or matter or thing occurring between the Partnership and Tenant, or (f) any bankruptcy, insolvency, reorganization, liquidation, arrangement, assignment for the benefit of creditors, receivership, trusteeship or similar proceeding affecting Tenant, whether or not notice thereof is given to Guarantor.

No delay on the part of the Partnership in exercising any right, power or privilege under this Guaranty or failure to exercise the same shall operate as a waiver of or otherwise affect any such right, power or privilege, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

No waiver or modification of any provision of this Guaranty nor any termination of the Guaranty shall be effective unless in writing, signed by the Partnership; nor shall any such waiver be applicable except in the specific instance for which given.

The Partnership and Guarantor covenant and agree that in any action or proceeding brought on, under or by virtue of this Guaranty, the Partnership and Guarantor shall and do hereby waive trial by jury. Without regard to principles of conflicts of laws, the validity, interpretation, performance and enforcement of this Guaranty shall be governed by and construed in accordance with the internal laws of the State of New York. All parties hereto agree to submit all disputes or enforcement actions hereunder to a court of competent jurisdiction in the State of New York.

Any provision herein to the contrary notwithstanding, this Guaranty shall expire and be of no further effect on the earlier to occur of (a) the exercise by Tenant of its option to renew the original term of the Lease, (b) re-leasing of the Premises, as defined in the Lease, to one or more tenant(s) reasonably approved by the Partnership, based on the credit-worthiness of such tenant(s) and their proposed use of such space, or (c) five (5) years from the earlier to occur of (1) the date of any default by the Tenant in the payment of monthly minimum rental or (2) expiration of the original term of the Lease.

In no event shall the aggregate liability of the Guarantor hereunder exceed \$200,000. In no event shall the Guarantor be required to make any payment hereunder earlier than the scheduled date for such corresponding guaranteed payment under the Lease.

IN WITNESS WHEREOF, the undersigned has duly executed the Guaranty as of this 31st day of May, 2002.

WITNESS:

GUARANTOR:  
SILVER CIRCLE MANAGEMENT CORP.

By: /s/ Leo S. Ullman

-----  
Name: Leo S. Ullman  
Title: President

MASTER LEASE AGREEMENT  
RED LION SHOPPING CENTER

THIS MASTER LEASE (the "Lease") is executed and made as of May 31, 2002, by and between API RED LION SHOPPING CENTER ASSOCIATES (herein called "Landlord"), a New York limited partnership, and SILVER CIRCLE MANAGEMENT CORP. (herein called "Tenant"), a Delaware corporation, Landlord and Tenant having the following notice addresses on the date of this Lease (see Sec. 23.03):

Landlord:	Tenant:
- -----	-----
API Red Lion Shopping Center Associates	Silver Circle Management Corp.
c/o Brentway Management LLC	c/o Brentway Management LLC
44 South Bayles Avenue, #304	44 South Bayles Avenue, #304
Port Washington, New York 11050	Port Washington, New York 11050

FUNDAMENTAL LEASE PROVISIONS

Certain Fundamental Lease Provisions are presented in this Section and represent the agreement of the parties hereto, subject to further definition and elaboration in the respective referenced Sections and elsewhere in this Lease:

<TABLE>													
<S>	<C>												
(a) Term: Commencing on the date hereof (the "Commencement Date") and expiring on the earlier of (i) Ten (10) years from the Commencement Date or (ii) the date all of the Premises have been leased to unrelated third-parties in accordance with the parameters of Section 5 hereof (the "Expiration Date").	(See Sec. 3)												
(b) Tenant Store Numbers: 10, 2	(See Exh. B)												
(c) Gross Leasable Area ("GLA") of Premises: 49,588	(See Sec. 2)												
(d) Minimum Rent:	(See Sec. 4)												
<table border="0"> <tr> <td>Period</td> <td>Annual Amount</td> <td>Monthly Amounts</td> <td>Square Foot Rate</td> </tr> <tr> <td>-----</td> <td>-----</td> <td>-----</td> <td>-----</td> </tr> <tr> <td>Years 1-10</td> <td>\$570,262</td> <td>\$47,521.83</td> <td>\$11.50</td> </tr> </table>	Period	Annual Amount	Monthly Amounts	Square Foot Rate	-----	-----	-----	-----	Years 1-10	\$570,262	\$47,521.83	\$11.50	(See Sec. 6)
Period	Annual Amount	Monthly Amounts	Square Foot Rate										
-----	-----	-----	-----										
Years 1-10	\$570,262	\$47,521.83	\$11.50										
(e) Certain Other Charges Payable by Tenant:													
Tax Charge	(See Sec. 16)												
Common Area Maintenance Charge	(See Sec. 10)												
Utilities	(See Sec. 13)												
(f) Payable: To Whom Rent													
c/o API RED LION SHOPPING CENTER ASSOCIATES													
Brentway Management LLC													
44 South Bayles Avenue, Suite 304													
Port Washington, NY 11050													
(g) Use:	Any lawful use or no use (See Sec. 11)												
(h) Shopping Center:	Red Lion Shopping Center (See Sec. 2)												
Red Lion Road and Roosevelt Boulevard													
Philadelphia, Pennsylvania 19115													
</TABLE>													

W I T N E S S E T H:

1. REFERENCES. References appearing in the Fundamental Lease Provisions are to designate some of the other places in this Lease where additional provisions applicable to the particular Fundamental Lease Provisions appear. Each reference in this Lease to any of the Fundamental Lease Provisions beginning on Page 1 of this Lease ("Page 1") shall be construed to incorporate all of the terms provided for under such provisions, and such provisions shall be read in conjunction with all other provisions of this Lease applicable thereto. If there is any conflict between any of the Fundamental Lease Provisions set forth on Page 1 and any other provisions of this Lease, the latter shall control.

2. PREMISES. For and in consideration of the rents, covenants and

agreements hereinafter reserved and contained on the part of Tenant to be observed and performed, Landlord demises and Leases to Tenant, and Tenant Leases, rents, and agrees to accept from Landlord certain premises constituting a portion of the Shopping Center as more particularly shown on Exhibit A attached hereto and made a part hereof which premises leased to Tenant ("Premises") are described as follows:

A store without basement having a GLA of Premises, indicated on the Fundamental Lease Provisions, measured from the center lines of common walls and from the exterior of any walls not shared by Tenant in common with others), the approximate boundaries and location of which store are shown on Exhibit A attached hereto and made a part hereof.

The Premises are demised and leased subject to all zoning ordinances, laws, ordinances, orders, regulations, rules or requirements of any federal, state, city, county or other governmental, public or quasi-public authority, or any department or bureau thereof, now existing or hereafter created (collectively, "Laws"), and the state of title of the Shopping Center, and any statement of facts which an accurate survey may disclose, together with all easements, mortgages, security deeds, deeds of trust, agreements, encumbrances, and all other liens, charges or other matters of any nature, recorded, now or hereafter affecting the Premises or the Shopping Center.

3. TERM. The term ("Term") of this Lease shall commence upon Commencement Date and expire on the Expiration Date.

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4. MINIMUM RENT.

(a) Tenant covenants and agrees to pay to Landlord at the office of Landlord set forth above, or at such other place as Landlord may designate from time to time, without notice or demand therefor, and without any abatement, deduction, reduction, recoupment or set-off whatsoever, a fixed minimum rental ("Minimum Rent") as set forth on the Fundamental Lease Provisions which shall be paid monthly in advance commencing on the Commencement Date and continuing thereafter on the first day of each succeeding calendar month throughout the Term.

A pro rata monthly installment of Minimum Rent shall be due on the Commencement Date for the first month of the Term if the Commencement Date is a day other than the first day of a calendar month. A pro rata monthly installment of Minimum Rate shall be due on the first day of the last calendar month of the Term to cover rent for the last month of the term if the Term for any reason terminates on a day other than the last day of a calendar month.

5. REPLACEMENT OF LEASE. In the event a lease (a "Replacement Lease") with a retail tenant (subject to the reasonable approval of Landlord, based on the credit-worthiness of such retail tenant and the proposed use of that portion of the Premises) for any portion of the Premises is obtained or arranged for a term of not less than the period from the commencement of such lease until the date which is ten (10) years from the Commencement Date (or, in the sole discretion of the Landlord, a shorter term) which provides for aggregate Minimum Rent and additional rent equal to or greater than the proportionate share of Minimum Rent and additional rent provided for herein applicable to such portion of the Premises, then in such event Landlord shall release Tenant from all obligations with respect to such portion of the Premises, the parties shall execute an amendment to this Lease reflecting such release, and the Landlord shall enter into a direct lease with such replacement tenant. Tenant shall be solely responsible for the cost of all improvements required in connection with the commencement of such Replacement Lease, provided that Landlord shall cooperate in making available any escrowed sums being held by any mortgage lender or servicer for such purpose.

It is the intention of the parties that Tenant not directly operate a retail store in the Premises, but may, by assignment or sublease, obtain a subtenant or assignee to conduct such business. It is also the intention of the parties that in connection with any sublease or assignment that does not qualify as a Replacement Lease, Tenant shall be entitled to all rent and additional rent collected from such sublessee or assignee, and conversely, in connection with the release of Tenant of all obligations with respect to any portion of the Premises for which a Replacement Lease has been obtained, Landlord shall be entitled to all rent and additional rent payable under such Replacement Lease.

6. Intentionally Omitted.

7. Intentionally Omitted.

8. LANDLORD'S AND TENANT'S WORK.

Neither Landlord nor Tenant shall be required to perform any work in connection with the commencement of this Lease.



9. CONDUCT. Tenant shall not cause or permit any Hazardous Substance (as hereinafter defined) to be used, stored, generated or disposed of on or in the Premises by Tenant, Tenant's agents, employees, contractors or invitees, except for reasonable and customary amounts of cleaning and maintenance related supplies, without first obtaining Landlord's consent. If Hazardous Substances are used, stored, generated or disposed of on or in the Premises whether or not permitted by Landlord or if the Premises become contaminated in any manner during the Term of this Lease, Tenant shall indemnify and hold harmless the Landlord from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses arising during or after the Term and arising as a result of such contamination by Tenant. This indemnification includes, without limitation, any and all costs incurred due to any investigation of the Shopping Center or any part thereof or any cleanup, removal or restoration mandated by a Federal, state or local agency or political subdivision, including without limitation Landlord's professional fees and costs for review of any clean-up plan and supervision of any clean-up activities. Without limitation of the foregoing, if Tenant causes or permits the presence of any Hazardous Substance on the Premises and such results in contamination, Tenant shall promptly, at its sole expense, take any and all necessary actions to return the Premises to the condition existing prior to the presence of any such Hazardous Substance on the Premises. Tenant shall first obtain Landlord's approval for any such remedial action. As used herein, "Hazardous Substance" means any substance which is toxic, ignitable, reactive, or corrosive and which is regulated by any local government, the Commonwealth of Pennsylvania, or the United States Government. Hazardous Substance includes, but is not restricted to, any and all material or substances which are defined as "hazardous waste", "extremely hazardous waste" or a "hazardous substance" pursuant to state, federal or local government law. Hazardous Substance includes but is not restricted to asbestos, polychlorobiphenyls ("PCB's") and petroleum and its components.

10. COMMON AREAS; COMMON AREA MAINTENANCE COST.

(a) Landlord grants to Tenant a non-exclusive license to use the entrances, exits, parking areas, sidewalks and other portions of the Common Area (as hereinafter defined) as they are or may be from time to time constituted and designated by Landlord for the common usage of Landlord and the tenants of the Shopping Center and their respective successors, assignees, employees, agents, customers, invitees and licensees. Landlord shall have the unrestricted right to construct additional improvements in the Shopping Center or increase, reduce, eliminate, relocate or change the size, dimensions, design or location of any or all Common Area, buildings, or other improvements in the Shopping Center from time to time in any manner whatsoever as Landlord shall deem proper, so long as access or visibility of the Premises is not reduced.

(b) Tenant shall pay to Landlord as additional rent commencing on the Commencement Date and continuing on the first day of each calendar month in advance during the Term, Landlord's estimate of Tenant's Proportionate Share of the Common Area Maintenance Cost (the "Common Area Maintenance Charge"), which estimate shall be determined by multiplying Landlord's estimate of the Common Area Maintenance Cost of the Shopping Center by a fraction, the numerator of which shall be the total gross square footage of the Premises, and the denominator of which shall be the total square footage of leaseable space in all of the buildings in the Shopping Center, as determined by Landlord (said fraction being herein called "Tenant's Proportionate Share").

"Common Area Maintenance Costs" shall mean the total costs and expenses incurred in operating, maintaining, repairing and replacing the Common Area including without limitation the costs and expenses of: repairing (but not replacing) structural elements of all buildings in the Shopping Center (including floors, walls, foundations and roofs); painting; decorating; paving; lighting; electrical power; sanitary control; maintaining, operating and repairing all sprinkler and suppression systems in all buildings in the Shopping Center; removal and/or relocation of snow and ice; removal and other treatment of trash, garbage and other refuse; cleaning of Shopping Center; gardening, maintenance and operation of underground sprinklers and landscaping; lighting; heating, ventilating and air conditioning; fire protection; water and sewer charges; insurance carried by Landlord covering any portion of the Shopping Center, including without limitation, public liability, personal and bodily injury and property damage liability and automobile coverage, fire and extended coverage, sign, vandalism and malicious mischief and all broad form coverage, sign insurance, rent insurance and any other insurance including umbrella coverage that may be carried by Landlord covering any portion of the Shopping

Center, all in limits selected by Landlord and the costs of financing any premium installment or the cost of paying any premium in installments; operation of loudspeakers and any other equipment supplying music to the Common Area or any parts thereof; operation of public toilets, if any; installing and renting of signs; maintenance and repair of utility systems serving the Common Area and any buildings in the Shopping Center, including water, sanitary sewer and storm water lines, electric and other utility lines and pipes; security costs; the cost of operating machinery and equipment owned in and used in the operation, policing, maintenance and repair of the Common Area or the rental charges for such machinery and equipment; holiday promotions and decorations; the cost of personnel (including applicable payroll taxes, workmen's compensation insurance and disability insurance) to implement all of the foregoing, including the policing of the Common Area; refurbishing the Common Area. Landlord may cause any or all of said services to be provided by an independent contractor or contractors. Common Area Maintenance Costs shall exclude the following:

(i) expenses incurred specifically for other tenants, (ii) any expenses which are capital expenditures, (iii) costs which are reimbursable by other tenants or insurance proceeds, (iv) leasing commissions, (v) attorneys' fee involving disputes with other tenants and (vi) the cost of any administrative staff or personnel.

(c) At any time after the expiration of each calendar year during the Term, Landlord shall determine the total actual Common Area Maintenance Cost for such calendar year, together with the determination of Tenant's Proportionate Share thereof. In the event the amounts for such preceding calendar year paid by Tenant under this Paragraph 10 shall be less than Tenant's Proportionate Share thereof, as so determined by Landlord, the deficiency shall be paid by Tenant to Landlord within thirty (30) days after notice of such determination, or, in the alternative, any payment made by Tenant under this Paragraph 10 in excess of Tenant's Proportionate Share shall be credited to the next sums due from Tenant under this Paragraph 10, unless at the end of the Term in which case there shall be a refund.

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(d) "Common Area" shall mean, but not necessarily be limited to, (i) that part of the Shopping Center on which no building is constructed for the sale or rental of merchandise or the rendition of services to the general public, (ii) all areas and space provided by Landlord for the common or joint use and benefit of tenants in the Shopping Center (including any expansion thereof to adjacent and contiguous land) their employees, agents, customers and other invitees, including parking areas, access roads, driveways, retaining walls, landscaped areas, truck serviceways or tunnels, pedestrian walks, outside courts and curb cuts and (iii) all other portions of the Shopping Center not leased or leaseable to tenants. Off-site improvements (such as, by way of illustration only, access roads, traffic lights, private or public sewage treatment plants, sewer connections, pipes and appurtenances and basins for the retention of run-off waters) which are necessary to the operation of the Shopping Center and which are required to be maintained by Landlord shall be included in the definition of Common Area, but nothing contained in this Lease shall require the Landlord to carry insurance on areas outside of the Shopping Center unless the Landlord is otherwise required to carry such insurance.

#### 11. USE OF PREMISES; COMPLIANCE WITH LAWS.

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The Premises shall be used for any lawful use or for no use, all in accordance with the Laws and subject to the restriction of this paragraph 11.

(a) In no event shall the Premises or any portion thereof be used in the following manner, or for any of the following purposes: (i) any illegal usage, (ii) in violation of any Laws or certificate of occupancy covering the Premises, (iii) any manner which creates or permits a nuisance or trespass, (iv) any manner which produces, reproduces, or transmits sounds which are audible outside the Premises (other than in connection with construction), (v) any hazardous or wasteful manner, (vi) any manner which exceeds the floor load which such floor was designed, or is permitted by law, to carry, (vii) any manner which violates any exclusive usage rights granted to any other tenants in the Shopping Center, (viii) vending machines or coin or token operated amusement devices, (ix) an auction, fire, bankruptcy, going out of business sale or similar type sale, or for any unethical method of business, (x) any manner which causes or permits any objectionable noise, odors, fumes, dust or vapors to emanate or to be dispelled from the Premises, or (xi) any form of assignation or lewdness, or any form of establishment employing partially or totally nude entertainers, employees or waiters or waitresses, or any usage as an adult entertainment facility, massage parlor, bathhouse, or facility or entertainment which caters to the prurient interests of patrons, including but not limited to, the depiction of "X-Rated" or sexually explicit conduct or nudity by movies, peep shows, live entertainment, or the sale of books, magazines, or other

periodicals, or sex-centered objects.

(b) Tenant shall not permit usage of the front entrance of the Premises for truck delivery or pick-up of merchandise or supplies, unless such front entrance is the only means of access to the Premises. Tenant shall not burn nor permit to be burned any materials or rubbish upon or in the Premises or Shopping Center.

(c) Tenant shall not violate, nor permit the Premises to be in violation of any Laws, irrespective of whether such Laws be of a kind that might be deemed to be now within the contemplation of the parties hereto.

12. Intentionally Omitted.

13. UTILITIES AND SERVICES. Tenant shall pay when due all costs, charges and deposits related to the hook-up, furnishing, consumption, maintenance and installation of water, water pressure, gas, electricity, fuel, light, heat, power, telephone, sewage service, trash removal, sanitary charges and assessments, security protection or any other utilities or services (collectively, "Utilities") attributable to or serving the Premises whether located in or outside the Premises, provided, however, that Landlord shall be entitled, but not required, to pay any costs or charges, or Landlord's estimate of Tenant's pro rata share of same, and all amounts so paid by Landlord shall be payable by Tenant to Landlord upon demand, and shall constitute additional rent hereunder. Landlord shall have no liability to Tenant or any other party for any inadequacy, cessation, or interruption of any Utilities. Tenant covenants and agrees not to install or utilize any equipment which may or will exceed or overload the capacity of any Utilities furnished or servicing the Premises or Shopping Center.

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14. REPAIRS BY LANDLORD. Landlord's only obligation with respect to the Premises shall be to make necessary roof repairs and structural repairs to the exterior walls and other load bearing walls and foundation and slab of the Premises. Notwithstanding the provisions of the first sentence of this Paragraph 14, Landlord shall have no obligation whatsoever to perform any repair, replacement, rebuilding, painting, cleaning, or maintenance, structural or non-structural, foreseen or unforeseen, ordinary or extraordinary: (a) to any exterior or interior portions of any windows, doors, glass, plate glass, store fronts, locks, hardware, signs, or any casing frames, or caulking which support or surround same, or (b) made necessary by or arising out of any act or omission or negligence of Tenant, or any assignee, subtenant or concessionaire of Tenant, or their respective employees, agents, servants, invitees, licensees, visitors or contractors. From and after the Commencement Date, Landlord shall have no obligation to inspect the Premises. Tenant shall promptly report in writing to the Landlord any defective condition which Landlord is required to repair, and failure to so report in writing any such defective condition shall make Tenant liable to Landlord for any liability incurred by Landlord arising out of or related to such defective condition. Landlord's obligation to repair as set forth in the first sentence of this Paragraph 14 is conditioned upon actual receipt by Landlord of written notice of the need for such repair, after receipt of which Landlord shall be obligated to commence such repair within a reasonable time.

15. REPAIR AND MAINTENANCE BY TENANT. Except as otherwise set forth in this Lease, the Premises are being leased to Tenant in their "as is" condition without any warranty or representation (expressed or implied). Tenant shall keep and maintain the Premises and all buildings and improvements thereon and all portions thereof, throughout the Term in good order, condition and repair. Any and all such repairs, replacements, rebuilding, painting, cleaning and maintenance shall be performed at Tenant's sole expense with materials and labor of the kind and quality equal or superior to the original work. Tenant's repair obligations shall also include, without limitation, all roof and structural repairs which the Landlord is not obligated to make pursuant to Paragraph 14. Tenant shall commit no waste, damage or injury to the Premises or any part or system thereof. Tenant further covenants and agrees to surrender the Premises at the expiration of the Term as same may be broom clean and in as good condition as when delivered to Tenant or in such better condition as the Premises may be put during the Term, excepting only deterioration caused by normal and ordinary wear and tear or by fire or other casualty covered by insurance.

In the event (a) Tenant fails to promptly repair, replace, rebuild, paint, clean or maintain the Premises or any portion thereof as required, thereunder, (b) Landlord, in the exercise of its reasonable discretion, determines that emergency repairs, replacement, rebuilding, painting, cleaning or maintenance for which Tenant is responsible are necessary or desirable or (c) any repairs, replacement, rebuilding, painting, cleaning or maintenance to the Shopping Center or to the Premises are made necessary by any act or omission or negligence of Tenant, its agents, employees, subtenants,

assignees, concessionaires, contractors, invitees, licensees, or visitors, then, in any of such events, Landlord shall be entitled, but not obligated to perform or cause to be performed such repairs, replacement, rebuilding, painting, cleaning, or maintenance without incurring any liability to Tenant for any damage caused thereby, and Tenant shall pay to Landlord upon demand, as additional rent, the cost thereof.

16. TAXES.

(a) Tenant covenants and agrees to pay to Landlord, as additional rent, without offset or deduction, the sums computed in this Paragraph 16 (the "Tax Charge").

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(b) The following definitions shall apply to this Paragraph 16: (i) the term "Tenant's Proportionate Share" shall have the definition set forth in Paragraph 10(b), and (ii) the term "Taxes" shall mean all real estate taxes, ad valorem taxes, assessments (including, without limitation, general and special assessments for public improvements or benefits whether or not commenced or completed during the Term), sanitary and trash removal assessments, water charges or sewer rents and any and all other taxes and assessments levied, assessed or imposed against the Shopping Center to any portion thereof at any time whether general or special, ordinary or extraordinary, unforeseen or foreseen, of any kind and nature whatsoever, whether in lieu of or in addition to so called "real estate taxes" by any governmental authority together with interest paid on any installment payments.

Taxes shall also include any tax or excise on, or measured in whole or in part by, rents or gross receipts or any other tax however characterized unless in the nature of a franchise tax or a tax on Landlord's profit unless such franchise tax or tax on profits shall be in lieu of "so called" real estate taxes in which case such franchise taxes and taxes on profits shall be included in the definition of Taxes.

Notwithstanding any provision herein to the contrary, "Taxes" shall not include Philadelphia Use and Occupancy Taxes, which are due from space tenants (doing business other than operating as a landlord), but collected and paid by owners. Accordingly, to the extent Use and Occupancy Taxes are collected by Tenant from space tenants (subtenants), same shall be paid over to Landlord for payment to the taxing authority. Tenant shall have no other obligation (other than required disclosure/reporting) in connection therewith.

(c) Tenant shall pay to Landlord, as additional rent, throughout the Term, commencing on the Commencement Date and continuing thereafter on the first day of each month in advance, such amount as Landlord shall estimate or determine to be equal to one-twelfth (1/12) of Tenant's Proportionate Share of the Taxes for the then current calendar and/or fiscal year as the case may be with respect to impositions which are part of the Taxes. Upon final determination of the Taxes for such year, Landlord shall compute Tenant's Proportionate Share thereof, and a summary and copy of the bill shall be furnished to Tenant reflecting the actual amount of the Taxes for such year. In the event the additional rent paid by Tenant during the preceding period shall be in excess of Tenant's Proportionate Share, the excess shall be credited against the next ensuing payments due from Tenant under this Paragraph 16; in the event the amount paid by Tenant shall be less than Tenant's Proportionate Share, then Tenant shall pay the remaining balance to Landlord within ten (10) days after such notice is furnished. The notice so furnished to Tenant shall also include a computation of the estimated sums to become due from Tenant each month for the ensuing year under this Paragraph and the monthly payments to be made under this Paragraph 16 shall be adjusted accordingly for such ensuing year.

(d) A pro rata installment of Tenant's Proportionate Share of such Taxes shall be due for the last year of the Term if the Term for any reason terminates on a day other than the 31st day of December or end of other applicable fiscal year. The obligation of Tenant with respect to this Paragraph 16 shall survive the expiration of the Term it being recognized by the parties hereto that the recovery of Tenant's Proportionate Share hereunder is a recovery for the year in which payable hereunder.

(e) Landlord may, at Landlord's option, contest any and all Taxes, and the cost for any such protest (including attorney's fees) shall be considered part of the Taxes.

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(f) Any delay or failure of Landlord in computing or billing shall not prejudice the right of Landlord to thereafter render bills (or correct bills previously submitted) for such period of any subsequent period, nor constitute a waiver of, nor in any way impair the continuing obligation of Tenant to pay Tenant's Proportionate Share of such Taxes. Photostatic copies of bills for taxes submitted by Landlord to Tenant shall be conclusive of the actual amount thereof. Upon request from the Tenant, Landlord shall supply a copy of the receipted bill.

17. Intentionally Omitted.

18. SIGNS. Tenant shall not place or maintain, without first obtaining prior consent from all governmental bodies having jurisdiction thereof, if required, any lettering, signs, awnings, advertising matter, or any other items of any kind on the roof, door, windows, store front, or the exterior of the Premises or Common Area, or in the interior of the Premises within three feet of the front of the Premises ("Signs").

19. LIENS.

(a) Tenant shall promptly pay for all work, labor or services done, or materials furnished for any work, repair, rebuilding, replacement, painting, cleaning, maintenance, improvement, alteration or additions performed by or on behalf of Tenant or any party holding the Premises through or under Tenant, and Tenant shall not permit any mechanic's, materialmen's, or any other type of lien or claim of lien to be filed against the Premises by reason of or related to any work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone holding the Premises through or under Tenant. If any such mechanic's, materialman's, or other lien or claim of lien shall at any time be filed against or affecting Landlord, the Premises or the Shopping Center, whether said lien or claim of lien be valid or not, Tenant shall indemnify and hold Landlord harmless from same and shall within twenty (20) days after notice of the filing thereof, cause such lien to be cancelled and discharged of record. If Tenant shall fail to cause such lien to be cancelled and discharged within such twenty (20) day period, then in addition to any other right or remedy of Landlord, Landlord shall be entitled, but not obligated, to discharge such lien in any manner that Landlord shall in its sole discretion determine, and the cost of so doing, including attorneys' fees, shall be repaid by Tenant to Landlord, as additional rent, immediately upon demand. Nothing in this Lease shall be construed in any way as: (a) constituting the consent, authorization or request, express or implied, of Landlord to any contractor, subcontractor, laborer, mechanic, materialman or any other party for cleaning, maintenance, improvement, alteration or addition of or to the Premises or Shopping Center, or for the benefit of Landlord; or (b) giving Tenant the right, power or authority to act as agent of Landlord or on behalf of Landlord in furnishing any materials or causing, contracting for, or permitting any work, labor, services, maintenance, improvement, alteration or addition of or to the Premises or Shopping Center. Notice is hereby given that Landlord shall not be liable for any labor or materials or services furnished or to be furnished to Tenant upon credit, and that no mechanic's, materialman's or other lien or claim of lien for any such labor, materials or services shall attach to or affect the fee or reversionary or other estate or interest of Landlord in the Premises or Shopping Center.

(c) All construction done by Tenant at the Premises including the construction and installation of alterations, fixtures and signs, and any maintenance or repair (collectively, "Construction") shall be performed in a first class and workmanlike manner, using materials at least equal in kind and quality to those used at the original construction of the Premises, in accordance with the accepted standards of the industry, and in compliance with all laws, with the provisions of this Lease. All Construction done by Tenant shall be conducted and coordinated so as to minimize interference with other work in progress at the Shopping Center or with the transaction of business by the other tenants at the Shopping Center. In connection with any such Construction, Tenant shall apply for, obtain and display any required permits, certificates or approvals, including any applicable certificates from the Board of Fire Underwriters or similar body having jurisdiction and shall provide Landlord with copies of any such permits, certificates or approvals.

20. INDEMNITY; LIABILITY OF TENANT AND LANDLORD.

(a) Tenant shall, and does hereby, indemnify, release and save harmless Landlord, and Landlord's partners, agents, officers, servants, employees, officers, attorneys, shareholders and directors (collectively, "Landlord Group") from and against any and all suits, actions, judgments, damages, costs, expenses, and attorney's fees incurred in the defense of any actions or proceedings arising out of or related to any loss of life, bodily or

personal injury, property damage, or other demand, claim or action of any nature arising out of or related to any default by Tenant under this Lease or any transaction or occurrence in, on, or involving the Premises, except those caused by the negligence or willful misconduct of Landlord or its agents or employees.

(b) Landlord shall, and does hereby, indemnify, release and save harmless Tenant, and Tenant's partners, agents, officers, servants, employees, officers, attorneys, shareholders and directors (collectively, "Tenant Group") from and against any and all suits, actions, judgments, damages, costs, expenses, and attorney's fees incurred in the defense of any actions or proceedings arising out of or related to any loss of life, bodily or personal injury, property damage, or other demand, claim or action of any nature arising out of or related to any default by Landlord under this Lease or any transaction or occurrence in, on, or involving the Common Area, or Shopping Center other than the Premises, except those caused by the negligence or willful misconduct of Tenant or its agents or employees.

(c) Anything in this lease to the contrary notwithstanding, neither Landlord nor Landlord Group shall have personal liability hereunder and Tenant shall look solely to the estate and property of Landlord in the land and buildings comprising the Shopping Center for the collection of any judgment or other judicial process arising out of any default or breach by Landlord with respect to any of the terms of covenants of this lease to be observed or performed by Landlord, and no other assets of Landlord or Landlord Group shall be subject to levy, execution or other procedures for the satisfaction of Tenant's remedies.

(d) This Paragraph 20 shall survive the termination of this Lease, but only with respect to occurrences during the Lease Term.

#### 21. Intentionally Omitted.

22. DAMAGE BY FIRE OR OTHER CASUALTY. Tenant shall immediately notify Landlord of any damage or destruction to the Premises and, if Landlord shall not terminate this Lease as hereinafter provided, Landlord shall repair and restore the Premises to substantially its condition as of the Commencement Date. If during the last three (3) years of the Term the Premises shall be substantially damaged or destroyed by fire or other casualty, either Tenant or Landlord may terminate this Lease by giving notice of its election to terminate, such notice to be given within ninety (90) days after the occurrence of such damage or destruction. Tenant shall be entitled to an abatement of rent to the extent such rent is reimbursed to Landlord by rent insurance, the cost of which is covered as a Common Area Maintenance Cost.

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#### 23. ASSIGNMENT AND SUBLETTING.

(a) Tenant shall have the absolute right to assign its rights under this Lease or sublet all or any portion of the Demised Premises without the consent of Landlord.

(b) No assignment of this Lease, or subletting of the Premises by Tenant or any successor to Tenant or any portion thereof shall release or discharge Tenant hereunder from any of its obligations to be performed under this Lease, except as set forth in Paragraph 5 hereof.

24. CONDEMNATION. In the event that the whole of the Premises shall be lawfully condemned or taken in a manner for any public or quasi-public use, or conveyed in lieu thereof, this Lease shall terminate as of the date of vesting of title. In the event that only a portion of the Premises or a portion of the Common Areas shall be so condemned or taken then, effective as of the date of vesting of title, the Minimum Rent or a portion of the Common Areas hereunder shall be abated in an amount directly proportionate to the reduction in market rental value of the Leased Premises as may be reasonably attributable to such condemnation and Tenant's Proportionate Share shall be adjusted accordingly. Except in the event of a total condemnation, Landlord, upon receipt of the award in condemnation, shall make necessary repairs and alterations ("Condemnation Repairs") so as to constitute the Premises an architectural unit.

#### 25. DEFAULT; REMEDIES.

(a) Tenant shall be in default under this Lease upon the occurrence of any one or more of the following events or occurrences (an "Event of Default"):

(i) Landlord does not actually receive any payment of the full amount of the Minimum Rent or additional rent or other rent or other payment or reimbursement due hereunder within ten (10) days after notice of non-payment thereof;

(ii) Tenant fails to fully and timely observe or perform any of the terms or covenants of this Lease other than those referred to in the foregoing Paragraph 25(a)(i) within thirty (30) days after Landlord gives notice to Tenant specifying the nature of such failure; or

(iii) The filing or execution or occurrence of: (aa) a petition by or against Tenant in bankruptcy or seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any provision of law, (bb) adjudication of Tenant as a bankrupt or insolvent, (cc) an assignment by Tenant for the benefit of creditors.

(b) Upon the occurrence of one or more of the aforesaid Events of Default set forth in Paragraph 25(a), , and the elapse of the grace period, if any, set forth herein, Landlord may, at Landlord's option, after ten (10) days notice:

(i) Terminate this Lease by giving Tenant notice of termination, in which event this Lease shall expire and terminate on the date specified in such notice of termination, which date shall be ten (10) days after such notice of termination, with the same force and effect as though the date so specified were the date herein originally fixed as the termination date of the Term, and all rights of Tenant under this Lease and in and to the Premises shall expire and terminate, and Tenant shall remain liable for all obligations under this Lease arising up to the date of such termination, and Tenant shall surrender the Premises to Landlord on the date specified in such notice; or

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(ii) Terminate this Lease as provided in Paragraph 25(b)(i) hereof and recover from Tenant a judgement in the aggregate amount of all damages Landlord may incur by reason of Tenant's default, including, without limitation, a sum which, at the date of such termination, represents the then value of the excess, if any, of (aa) the Minimum Rent, Taxes and all other sums which would have been payable hereunder by Tenant for the period commencing with the day following the date of such termination and ending with the date hereinbefore set for the expiration of the then Term hereby granted, provided that such judgement shall, by its terms, be payable monthly over what would otherwise have been the remaining term of this Lease. Landlord shall be required to mitigate its damages and to offset any amount due under such judgement by the net amount received by Landlord from any replacement tenant; or

(iii) Perform any covenant or agreement required to be performed by Tenant under this Lease but which Tenant has failed to perform, provided Landlord has first given notice to Tenant of its intention to do so. Any costs incurred by Landlord in performing such covenant or agreement shall be reimbursed within 15 days after notice thereof; or

(iv) Draw an amount equal to the unpaid sum which is the subject of the Event of Default from the escrow deposit or letter of credit, as applicable, established in accordance with Section 51 hereof.

(c) Neither the commencement of any action or proceeding, nor the settlement thereof, nor the entry of judgment thereon shall bar Landlord from bringing subsequent actions or proceedings from time to time, nor shall the failure to include in any action or proceeding any sum or sums then due be a bar to the maintenance of any subsequent actions or proceedings for the recovery of such sum or sums so omitted.

(d) The prevailing party in any litigation shall be entitled to receive from the other party all costs, expenses and attorneys' fees that may be incurred or paid by such prevailing party in connection with such litigation.

## 26. MORTGAGES.

(a) Upon request by any holder of a mortgage ("Mortgagee") which now or hereafter has a mortgage encumbering the Shopping Center ("Mortgage"), and provided the Mortgagee agrees to deliver to Tenant an agreement not to disturb Tenant's quiet enjoyment of the Premises as long as Tenant is not in default under this Lease, Tenant covenants and agrees to subordinate Tenant's rights under this Lease to such Mortgagee, and to any and all advances to be made under its Mortgage and the interest thereon, and to all renewals, modifications, replacements, and extensions thereof. Tenant also agrees that any Mortgagee may elect to have this Lease made prior to the Mortgagee's Mortgage, and in the event of such election and upon notification by any such Mortgagee to Tenant to that effect, this Lease shall be deemed prior in lien to any such Mortgage, whether this Lease is dated or filed prior to or subsequent to the date of the Mortgage. Tenant agrees to such modifications of this Lease as Mortgagee may request so long as such changes do not materially and adversely increase Tenant's obligation or decrease Landlord's obligations.

(b) Tenant shall, in the event of the exercise of the power of sale or deed in lieu of foreclosure under any Mortgage covering the Shopping Center, attorn to and recognize such purchaser as landlord under this Lease; provided that said purchaser shall not be liable for any act or omission of any prior landlord or be subject to any offsets or defenses which Tenant may have against any prior landlord. Tenant further covenants and agrees that, should any party so succeeding to the interest of Landlord require a separate agreement of attornment regarding the matters covered by this Lease, and provided the Mortgagee agrees to deliver to Tenant an agreement not to disturb Tenant's quiet enjoyment of the Premises as long as Tenant is not in default under this Lease, then Tenant shall promptly, upon request, enter into any such attornment agreement. Failure of Tenant to execute any statements, certificates or instruments necessary or desirable to effectuate the provisions of this Paragraph within twenty (20) days after written request to do so by Landlord, shall constitute a breach of this Lease. Tenant hereby irrevocably appoints Landlord as attorney-in-fact for Tenant with full power and authority to execute and deliver in the name of Tenant any such statements or instruments.

(c) At any time and from time to time, Tenant agrees, upon request from Landlord, to execute, acknowledge and deliver to Landlord or any potential purchaser of the Shopping Center, or to any mortgagee or potential mortgagee, within twenty (20) days after request, an estoppel certificate or statement in writing certifying to all or any part of the following information as Landlord shall request, to the extent such facts are true and ascertainable: (i) that this Lease constitutes the entire agreement between Landlord and Tenant and is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modification), (ii) the amounts of Minimum Rent, additional rent and other charges under this Lease and the dates to which same have been paid, and that there are no prepaid rents or other sums hereunder, and the amount of security, if any, deposited with Landlord, (iii) that there are no defaults or offsets which Tenant has against enforcement of this Lease by Landlord, and (v) the actual Commencement Date and expiration date of this Lease. Tenant's certificate or statement shall also contain such other information as may be reasonably or customarily required by the present or potential landlord or mortgagee. Failure of Tenant to execute any statements, certificates or instruments necessary or desirable to effectuate the provisions of this Paragraph 26 within twenty (20) days after written request to do so by Landlord shall constitute a breach of this Lease.

27. SUCCESSORS AND ASSIGNS. The provisions of this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective successors, heirs, legal representatives, and permitted assigns. Upon any sale or conveyance of the Premises, the Landlord named herein shall be, and hereby is, entirely free and relieved of all covenants and obligations of Landlord hereunder arising or occurring on or after such sale or conveyance.

28. ACCESS TO PREMISES. Landlord shall be entitled upon notice to Tenant (except no notice shall be necessary in the event of an emergency) to have free access to the Premises at all times for purposes of inspecting, examining, showing or displaying same, for making any repairs thereto or to Landlord's adjoining property. Landlord shall use reasonable efforts to not unreasonably interfere with the operation of Tenant's business during such entry. Any such entry or action shall not be deemed an actual or constructive eviction or disturbance by Tenant, nor shall Tenant be allowed any abatement of rent of any sort, or damages for any injury and inconvenience occasioned thereby. Nothing contained in this Paragraph 28 or elsewhere in this Lease shall obligate Landlord in any fashion under any circumstances to enter or inspect the Premises.

29. TERMINATION. No termination of this Lease prior to the normal expiration thereof, by lapse of time or otherwise, shall affect Landlord's right to collect rent for the period prior to termination thereof, except as otherwise set forth herein. No surrender of the Premises or any party thereof by delivery of keys or otherwise shall operate to terminate this Lease unless and until accepted in writing by an authorized officer or authorized representative of Landlord.

30. ESTATE IN LAND. This Lease shall create the relationship of Landlord and Tenant between the parties hereto, and no estate shall pass out of Landlord. Tenant has only a usufruct hereunder, not subject to levy and sale, and not assignable by Tenant except as provided in Paragraph 23 hereof.



31. Intentionally Omitted.

32. INTEREST; ATTORNEYS' FEES.

(a) All Minimum Rent, additional rent, other rent, and any other costs, expenses, sums or amounts payable or reimbursable hereunder by Tenant to Landlord shall be deemed to be rental hereunder whether or not designated as such, which, if not promptly paid on or before the date due, time being of the essence, shall bear interest at the rate of two percentage points in excess of the prime rate published in the Wall Street Journal or its successor (but in no event higher than the highest rate enforceable by law) from the due date until paid.

33. RECORDING. Neither the Lease nor a memorandum of the Lease may be recorded without the consent of the Landlord.

34. NON-WAIVER.

(a) No failure by Landlord to timely bill Tenant for any payments hereunder, or to insist upon the strict performance, in any of one or more instances, upon any breach of any term, covenant, or condition herein contained shall be deemed to be a waiver of such term, covenant or condition, nor of any subsequent breach of the same or any other term, covenant or condition herein contained. Any subsequent acceptance by Landlord of any Minimum Rent, additional rent, other rent, or any other sums due hereunder shall not be deemed to be a waiver of any preceding breach or default by Tenant of any term, covenant, or condition of this Lease regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such sum. No covenant term, or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver be in writing by an authorized officer of Landlord.

(b) No payment by Tenant or receipt by Landlord of an amount less than the entire Minimum Rent or other rent or other sum herein stipulated shall be deemed a waiver of Landlord's right to receive the entire amount herein stipulated. No partial payment or endorsement on any check or any letter accompanying such payment or rent shall be deemed an accord and satisfaction, and Landlord may accept such payment without prejudice to Landlord's right to collect the balance of any rents due under this Lease. After service of any notice of termination, or other notice, or commencement of any suit or dispossessory or distress proceeding, Landlord may receive and collect any rent due and such collection or receipt shall not operate as a (a) reinstatement, continuance, renewal, or extension of the Term of (b) waiver affecting such notice, suit or proceeding.

35. Intentionally Omitted.

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36. SEVERABILITY. If any clause, provision, subparagraph or paragraph of this Lease is or becomes unconstitutional, illegal, invalid, or unenforceable because of present or future Laws, the remaining parts of this Lease shall not be affected thereby unless such invalidity is, in the sole determination of Landlord, an essential element of this Lease in which event Landlord has the right to terminate this Lease on written notice to Tenant.

37. Intentionally Omitted.

38. NOTICES. All notices, consents, approvals or demands with respect to this Lease shall be in writing, and if to Tenant the original shall be sent by certified or registered mail, return receipt requested, or overnight courier to the Tenant specified in the Fundamental Lease Provisions or to such other persons at such other addresses as Tenant shall notify Landlord in accordance with this Paragraph. All notices or demands to Landlord shall be sent certified mail or registered mail, return receipt requested, or national overnight commercial courier to the address of Landlord specified in the Fundamental Lease Provisions or to such other persons and at such other places as Landlord may designate to Tenant in writing in accordance with this Paragraph. All such notices shall be deemed effective upon delivery or refusal to accept delivery. Upon request by Landlord or any Mortgagee of the Shopping Center, a copy of all notices or demands to Landlord shall also be sent to such Mortgagee(s).

39. FORCE MAJEURE. The parties hereto shall be excused for the period of any delay in the performance of any obligations hereunder, when prevented from so doing by cause or causes beyond such party's control which shall include, without limitation, industry-wide labor disputes, civil commotion, war, war-like operations, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, fire or other casualty, inability to obtain any material, services or through acts of God except that in no event shall Tenant's obligation to pay Minimum Rent, or any additional rent be affected by the provisions of this Paragraph.

40. BROKERAGE. Landlord and Tenant each warrants to the other that it had no dealing with any broker or agent in connection with this Lease. Tenant agrees to hold harmless and indemnify the Landlord from and against any and all costs, expense or liability (including attorneys' fees) for any compensation, commissions and charges claimed by any broker or agent by reason of any broker or agent having had conversations or dealings with Tenant with respect to this Lease or the negotiation thereof.

41. LANDLORD'S LIABILITY. In the event of a sale by Landlord of its interest in the Shopping Center or in the event of the creation by Landlord of a Lease of all or substantially all of the Shopping Center, then the transferor or the lessor, as the case may be, shall thereafter be entirely relieved of all terms, covenants and obligations thereafter to be performed by Landlord under this Lease to the extent of interest or portion so sold, transferred or leased.

42. CAPTIONS. The captions of Paragraphs hereunder are inserted only as a matter of convenience and, for reference, and in no way define, limit, or describe the scope or intent of this lease nor in any manner affect this lease.

43. ENTIRE AGREEMENT; AMENDMENT; CONSENTS. This Lease and all exhibits or riders attached hereto (if any) set forth the entire agreement between the parties hereto concerning the Premises and no representations, inducements, promises and agreements, oral or otherwise, between the parties not embodied herein, shall be of any force and effect. No amendment, modification, termination, change or addition to this lease shall be binding upon either party unless reduced to writing and signed by Tenant and Landlord. Any consent required or requested of Landlord under this Lease or any portion thereof shall not be unreasonably withheld or delayed.

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44. JURISDICTION AND VENUE. The parties agree that with respect to any dispute arising under or in connection with this Lease that the exclusive jurisdiction and venue shall reside with the Court of Common Pleas of Philadelphia County, Pennsylvania, and/or the United State District Court for the local District of Pennsylvania, and such appellate courts as have supervision thereover, and the parties agreed to submit to such exclusive jurisdiction and venue, and service of process by certified mail to the addresses for notice set forth in Paragraph 38 hereof.

45. TENANT OBLIGATIONS. All rent payable under this Lease shall be absolutely "net" to the Landlord except as to the obligations of Landlord contained herein, and accordingly, all costs, expenses, and obligations of every kind related to all taxes, insurance, repair, replacement, rebuilding, painting, cleaning, maintenance, operation, and upkeep of the Premises which are not specifically assumed by Landlord in this Lease are deemed to be the responsibility of Tenant. If Tenant shall default in the full and punctual keeping, observance, or performance of any provision or obligation of Tenant's under this Lease, Landlord, without thereby waiving such default, may perform the same for the account and at the expense of Tenant (but shall have no obligation to do so), after reasonable notice by Landlord to Tenant of Landlord's intention to do so. Any expense incurred by Landlord in connection with any such performance by Landlord for the account of Tenant, shall immediately be due and payable by Tenant to Landlord as additional rent under this Lease, and in the event of non-payment of same, Landlord shall have all of the rights and remedies provided for herein or by law in the case of non-payment of rent. Notwithstanding any default by Landlord hereunder, Tenant shall not be entitled to terminate this Lease, nor receive any abatement, deduction, deferment, suspension, or reduction or setoff, defense or counterclaim against any rentals, charges, or other sums payable by Tenant under this Lease, it being the intention that the obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements, and that the Minimum Rent, and all other charges and sums payable by Tenant hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminate pursuant to the provisions of this Lease.

46. Intentionally Omitted.

47. TRANSFER TAXES. Landlord and Tenant shall pay in equal shares any and all transfer taxes arising out of this Lease or the recording of a memorandum thereof.

48. Intentionally Omitted.

49. QUIET ENJOYMENT. Upon payment by Tenant of the rents herein provided, and upon the observance of all covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term without hindrance or interruption by Landlord or any other person or persons lawfully claiming by, through or under Landlord, subject, nevertheless, to the terms and conditions of this Lease, and

any mortgage and/or deed of trust to which this Lease is subordinate.

50. Intentionally Omitted.

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51. SECURITY FOR TENANT'S OBLIGATIONS. As security for Tenant's obligations hereunder, Tenant shall either (a) deposit in escrow with New York Land Services, Inc. the sum of \$1,500,000 or (b) obtain a letter of credit for the benefit of Landlord in the face amount of \$1,500,000. Tenant may switch between the letter of credit and escrow deposit from time to time. The letter of credit shall provide for automatic annual renewals up to the Expiration Date. Draws under the escrow or letter of credit shall be accompanied by an affidavit sworn to by an officer of Landlord stating that an Event of Default has occurred under this Lease and specifying the nature of the default and the unpaid amount claimed. Draws shall not be permitted more than one time per calendar month. Interest accruing on any escrow deposit shall be paid to Tenant annually. Upon the Expiration Date, Landlord and Tenant shall provide the escrow agent or issuing bank, as applicable, with joint written notice of the termination of obligations hereunder and instructions to release all remaining deposits to Tenant, and the original letter credit, if any, shall be surrendered. Landlord shall review and have the right to approve, in its reasonable discretion, the escrow agreement or letter of credit, as the case may be, described above.

52. WAIVER OF TRIAL BY JURY. Landlord and Tenant waive their right to trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other (except for personal injury or property damage) on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use of or occupancy of the Premises, and any emergency statutory or any other statutory remedy.

53. SPECIFIC PERFORMANCE OF RIGHTS. Landlord and Tenant shall each have the right to obtain specific performance of any and all of the covenants or obligations of the other under this Lease, and nothing contained in this Lease shall be construed as or shall have the effect of limiting such right.

54. EXECUTION AND AUTHORITY.

(a) This Lease shall not be binding upon either party until each party actually physically receives a fully executed copy of this Lease.

(b) Landlord and Tenant (and the individual executing this Lease on behalf of Landlord and Tenant respectively) represents and warrants to the other that:

(i) Each party and the individual executing on behalf of such party are fully and properly authorized to execute this Lease on behalf of such party and to deliver same to the other; and

(ii) The execution, delivery and full performance of this Lease by either party does not and shall not constitute a violation of any contract, agreement, undertaking, judgment, laws, decree, governmental or court order or other restriction of any kind to which such party is a party or by which such party may be bound.

This Lease shall be executed in duplicate, each of which shall be deemed an original and each of which shall be deemed to be complete of itself and may be introduced into evidence or used for any purpose without the production of the copies.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Lease and exhibits thereto in duplicate, individually or through their authorized officers, agents, or attorneys-in-fact, as the case may be, causing their respective seals to be affixed hereto the day and year first above written.

WITNESS:

LANDLORD:

-----  
By: Cedar-RL, LLC  
By: Cedar Income Fund Partnership, L.P.  
By: Cedar Income Fund, Ltd.

By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman, President

WITNESS:

TENANT:  
SILVER CIRCLE MANAGEMENT CORP.

-----  
By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman, President

AMENDED AND RESTATED  
LIMITED PARTNERSHIP AGREEMENT  
OF  
API RED LION SHOPPING CENTER ASSOCIATES, L.P., A NEW YORK  
LIMITED PARTNERSHIP

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This Amended and Restated Limited Partnership Agreement, effective as of May 31, 2002, is entered into among Cedar - RL, LLC, a Delaware limited liability company, as the General Partner, and Silver Circle Management Corp., a Delaware corporation, and Philadelphia ARC-Cedar, LLC, a Virginia limited liability company, as the Limited Partners. Philadelphia ARC-Cedar Manager, LLC executes this Agreement solely with regard to the provisions of Section 8.4 hereof. Capitalized terms used herein have the meanings specified in Exhibit A annexed hereto and made a part hereof.

W-I-T-N-E-S-S-E-T-H:

Whereas, the Partnership was formed as a New York limited partnership as of October 1, 1987 between Silver Circle Management Corp., a Delaware corporation, as sole general partner, and Leo S. Ullman as sole limited partner and was subject to an Agreement of Limited Partnership dated October 1, 1987, as amended by amendments dated November 26, 1997 and February 7, 2000 (collectively, the "Original Partnership Agreement");

Whereas, the Partnership was previously known as API Red Lion Shopping Center Associates, and pursuant to Certificate of Amendment of the Certificate of Limited Partnership effective on the date hereof, the Partnership has changed its name to API Red Lion Shopping Center Associates, L.P.

Whereas, Leo S. Ullman has sold his entire Partnership Interest and has withdrawn from the Partnership, and Silver Circle Management Corp. has sold a portion of its Partnership Interest and has converted its status in the Partnership from general partner to limited partner;

Whereas, Cedar - RL, LLC and Philadelphia ARC-Cedar, LLC, who purchased the Partnership Interests of Leo S. Ullman and Silver Circle Management Corp. that were sold, have been admitted to the Partnership as Substituted Partners with regard thereto; and by agreement of all of the parties Cedar - RL, LLC shall serve as the Partnership's sole general partner;

Whereas, the parties wish to set forth their agreement regarding the management and operation of the Partnership's property and the sharing of its profit and loss and various related matters; and

Now, therefore, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows.

1. Definitions. The meaning of the capitalized terms used in this Agreement are set forth on Exhibit A and are incorporated herein.

2. Organization.

2.1 Filing. The Partnership has filed or intends to file contemporaneously herewith an Amended and Restated Certificate of Limited Partnership with the State of New York in accordance with the Act to reflect the changes in the Partnership recited above. The Partnership will be operated in accordance with the Act and on the terms of this Agreement. This Agreement supersedes the Original Partnership Agreement in its entirety.

2.2 Name and Place of Business. The name of the Partnership is API Red Lion Shopping Center Associates, L.P., a New York Limited Partnership, and its principal place of business is 44 South Bayles Avenue, Port Washington, New York, 11050. The General Partner may change such place of business by giving the other Partners prior written notice thereof.

2.3 Business and Purpose of the Partnership. The purpose of the Partnership is to own, operate, lease, finance, refinance and dispose of the Property and to perform any and all tasks necessary, incident, or related to the accomplishment of the foregoing.

2.4 Term. The Partnership shall remain in existence until December 31, 2050, unless terminated sooner in accordance with Section 13.1 hereof.

2.5 Registered Office and Registered Agent. The General Partner may change the Partnership's registered office and registered agent from time to

time provided that it gives the Partners prior notice of any such change.

2.6 Competition. Any Partner or any of their respective Affiliates may engage in or possess an interest in any business or venture that competes with the Partnership's business, including, but not limited to, the syndication, acquisition, ownership, financing, leasing, operation, maintenance, management, brokerage, construction and development of property similar to and in competition with the Property.

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3. Capitalization and Financing.

3.1 Capital Contribution. The Partners or their predecessors in interest have previously made capital contributions to the Partnership. The Partners' Capital Accounts and their tax basis in their Partnership Interests as of the day hereof are set forth on Exhibit B which is incorporated herein.

3.2 Additional Contributions. The Company will be subject to a Business Privilege Tax and a Net Profits Tax that are imposed by the City of Philadelphia (collectively, the "Philadelphia Taxes"). The expense of the Philadelphia Taxes will be borne solely by Silver Circle who shall be obligated to contribute the amount of the Philadelphia Taxes to the Partnership's capital each period in time to enable the Partnership to pay such taxes promptly, and the Partnership will charge the expense of the Philadelphia Taxes one hundred percent (100%) to Silver Circle's Capital Account. If Silver Circle fails to make such contributions promptly, the amount of any deficiency will constitute a demand loan from the Partnership to Silver Circle that bears interest at a rate equal to the Prime Rate plus three percent (3.00%) per annum, or if less, the highest rate allowed by law. The Partnership may use all legal remedies to enforce such obligation including, without limitation, the right to withhold distributions otherwise due to Silver Circle.

3.3 Liabilities of Partners. Except as specifically provided in this Agreement, no Partner shall be (i) required to make any additional contributions to the Partnership, (ii) liable for the debts, liabilities, contracts, or any other obligations of the Partnership (except that the General Partner's liability shall be determined in accordance with the law of the State of New York), (iii) required to lend any funds to the Partnership, or (iv) required to repay to the Partnership, any other Partner, any creditor of the Partnership or any other person, any deficit balance in the Partner's Capital Account.

3.4 General Partner Loans. No Partner will have any obligation to make loans to the Partnership. Subject to the provisions of Section 6.4 (regarding Limited Partner consent), the General Partner may make loans to the Partnership to pay operating expenses or for other bona fide business purposes. Any such loan shall bear interest at the Prime Rate plus three percent (3.00%) per annum or, if less, the maximum rate allowed by law.

3.5 Third Party Beneficiaries. No party shall be a third party beneficiary or have any rights hereunder or be able to enforce any provision contained herein.

3.6 Section 754 Election. The Partnership shall make a timely election under Section 754 of the Code to adjust the basis of its property, in the case of a distribution of property, in the manner provided in Section 734 and, in the case of a transfer of a Partnership Interest, in the manner provided in Section 743. Such election shall be effective for the year that includes the date on which Cedar - RL, LLC and Philadelphia ARC-Cedar, LLC, purchased the Partnership Interest described in the recitals of this Agreement. The Partnership shall give Philadelphia ARC-Cedar, LLC a copy of such election and evidence of its timely filing. All parties acknowledge and agree that the effectiveness of such election was a material inducement in the purchase of a Partnership Interest by Philadelphia ARC-Cedar, LLC.

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3.7 Use of Reserves. Silver Circle shall have right to use the amount of reserves held by the Lender on the date hereof to pay for future tenant improvements and/or leasing commissions in accordance with (i) the Agreement for Purchase and Sale of Partnership Interests dated as of February 6, 2002, among Silver Circle, Leo S. Ullman and Philadelphia ARC-Cedar, LLC and (ii) the Agreement for Purchase and Sale of Partnership Interests dated as of February 6, 2002, among Silver Circle and Cedar-RL, LLC.

4. Allocations.

4.1 Generally.

a. Philadelphia Taxes. Each year, the expense of the Philadelphia Taxes shall be allocated solely to the Capital Account of Silver Circle in accordance with Section 3.2 hereof.

b. After giving effect to the special allocations contained in Sections 4.2, 4.3 and 4.1(a), Net Income and Net Loss shall be allocated among the Partners in proportion to their Percentage Interests.

4.2 Special Allocations.

a. Qualified Income Offset. Except as provided in Section 4.2(c), if any Partner unexpectedly receives any adjustments, allocations, or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit created by such adjustment, allocation or distribution as quickly as possible.

b. Gross Income Allocation. Net Loss shall not be allocated to any Partner to the extent such allocation would cause any Partner to have an Adjusted Capital Account Deficit at the end of a fiscal year. In the event any Partner has an Adjusted Capital Account Deficit at the end of any fiscal year, each such Partner shall be specially allocated items of Partnership gross income and gain in the amount of such Adjusted Capital Account Deficit as quickly as possible.

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c. Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, if there is a net decrease in Partnership Minimum Gain during any fiscal year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, determined in accordance with Regulations Section 1.704-2(g)(2). This Section 4.2(c) is intended to comply with the partnership minimum gain chargeback requirement in the Regulations and shall be interpreted consistently therewith. This provisions shall not apply to the extent the Partner's share of net decrease in Partnership Minimum Gain is caused by a guaranty, refinancing, or other change in the debt causing it to become partially or wholly recourse debt or Partner Nonrecourse Debt, and such Partner bears the economic risk of loss (within the meaning of Regulations Section 1.752-2) for the newly guaranteed, refinanced or otherwise changed debt or to the extent the Partner contributes cash to the capital of the Partnership that is used to repay the Nonrecourse Debt, and the Partner's share of the net decrease in Partnership Minimum Gain results from the repayment.

d. Partner Minimum Gain Chargeback. Notwithstanding any other provision of this Section 4, except Section 4.2(c), if there is a net decrease in Partner Minimum Gain, any Partner with a share of that Partner Minimum Gain (as determined under Regulations Section 1.704-2(i)(5)) as of the beginning of the year shall be allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain, determined in accordance with Regulations Section 1.704-2(g)(2). This Section shall not apply to the extent the net decrease in Partner Minimum Gain arises because the liability ceases to be Partner Nonrecourse Debt due to conversion, refinancing or other change in a debt instrument that causes it to become partially or wholly a Nonrecourse Debt. This Section is intended to comply with the partner minimum gain chargeback requirements in the Regulations and shall be interpreted consistently therewith and applied with the restrictions attributable thereto.

e. Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year or other period shall be allocated among the Partners in proportion to their Percentage Interests.

f. Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any fiscal year shall be allocated to the Partners who bear the economic risk of loss, in the ratio in which they bear such risk as set forth in Regulations Section 1.752-2 with respect to the Partner Nonrecourse Debt.

g. Code Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain or loss and such gain or loss shall be allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such section of the Regulations.

4.3 Curative Allocations. Notwithstanding any other provision of this Agreement, the provisions of Section 4.2 hereof (the "Regulatory Allocations") shall be taken into account in allocating items of income, gain, loss and deduction among the Partners under Section 4.1 hereof so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Partner shall be equal to the net amount that would have been allocated to each such Partner if the Regulatory Allocations had not occurred.

4.4 Contributed and Booked-Up Property. The Partners' shares of Partnership depreciation recapture income under Section 1245 and 1250 of the Code on any item of property shall be proportional to the cumulative depreciation deductions allocated to them for such property.

4.5 Recapture Income. The Partner's distributive share of Partnership Net Income that is characterized as ordinary income pursuant to Section 1245 or 1250 of the Code shall be proportionate to the amount of Net Income or Net Loss which included the corresponding depreciation deductions that were allocated to such Partner as compared with the amount of depreciation deductions allocated to all Partners.

4.6 Assignment. Net Income and Net Loss during the year in which the assignment of a Partnership Interest occurs shall be apportioned between the transferor and the transferee based upon the number of days of their respective ownership during such year, or, if the parties agree and pay the accounting costs associated therewith, on an interim-closing-of-the-books method.

4.7 Withholding Obligations. If the Partnership is required (as determined in good faith by the General Partner) to make payments to any governmental authority with respect to any Partner's tax liability that is attributable to such Partner's Partnership Interest ("Tax Payment"), the amount of any such Tax Payment shall constitute a demand loan from the Partnership to such Partner, which shall bear interest at the Prime Rate plus three percent (3.00% per annum, or if less, the highest rate allowed by law. The Partnership shall be entitled to offset any distribution due to a Partner in satisfaction of any such demand loan.

## 5. Distributions.

5.1 Cash Available for Distribution. Cash Available for Distribution shall be distributed among the Partners in proportion to their Percentage Interests.

5.2 Restrictions. The Partnership intends to make periodic distributions of all of its cash except such cash that (a) is required to pay Company expenses and debt service obligations and make repairs and replacements reasonably required to maintain the Property in good condition; (b) is required by the terms of its Mortgage Loan to be set aside in a reserve; (c) is determined by the General Partner in its reasonable judgment appropriate to reserve for operating or tenant improvements in the ordinary course of business relative to specific vacancies (current or projected) in accordance with Exhibit E and capital items which relate to safety and/or integrity of roofs, parking deck and/or buildings up to the estimated amount of such required expenditures; or (d) is otherwise approved by a Majority in Interest of the Partners to be set aside in a reserve or used for other purposes.

5.3 Reimbursement of Advances. The Partners acknowledge that immediately prior to the execution hereof, cash in the Partnership's operating accounts, equal to \$\_\_\_\_\_, would have been distributable to Silver Circle. Accordingly, such amounts shall be treated as an advance to the Partnership (the "Advance"). Upon any sale of the Property or refinancing of the Salomon Brothers Loan, the Partnership shall make a priority distribution to Silver Circle in the amount of the Advance before any other distributions are made to the Partners.

## 6. Compensation to the General Partner and Affiliates

6.1 Compensation. The General Partner and its Affiliates shall receive compensation from the Partnership for services rendered or to be rendered only as expressly specified in this Agreement and the Brentway Property Management Agreement.



6.2 Partnership Expenses. The Partnership shall reimburse the General Partner for the actual costs and expenses, including administrative expenses, that the General Partner incurs in the Partnership's operations. However, the Partnership shall not reimburse the General Partner for any overhead expenses incurred by the General Partner in connection with its responsibilities as General Partner unless explicitly contemplated by the Brentway Property Management Agreement.

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6.3 Policies with Respect to Conflicts of Interest. It is the policy of the Partnership that the Partnership's relationship with the General Partner and each of its Affiliates and each of their respective agents will be conducted on terms that are fair to the Partnership and are commercially reasonable. Except to the extent described herein, any agreement under which the General Partner or its Affiliate furnishes goods or services to the Partnership shall be subject to the following conditions:

a. such General Partner or its Affiliate must be qualified to render such services or to furnish such goods;

b. such agreement shall be fair to the Partnership and contain commercially reasonable terms and shall be embodied in a written agreement which describes all compensation to be paid and the other terms thereof;

c. no General Partner or Affiliate, or any of their agents may receive a rebate or a kickback or participate in any reciprocal business arrangement which would have the effect of circumventing the provisions of this clause;

d. no agreement for which the Limited Partners have given approval may be amended in such manner as to increase materially the fees or other compensation payable or to decrease materially the goods or services to be furnished in the absence of prior approval of a Majority in Interest of the Limited Partners; and

e. such agreement, shall comply with the provisions of the Mortgage Loan.

6.4 Termination of Brentway Property Management Agreement. If the Partnership has any right to terminate the Brentway Property Management Agreement or any other agreement with any Affiliate of the General Partner or to make a claim against an Affiliate of the General Partner, the decision of whether or not to take such action shall be made by a Majority in Interest of the Limited Partners.

## 7. Authority, and Responsibilities of the General Partner

7.1 Number and Tenure. The Partnership shall have one General Partner, which shall be Cedar - RL, LLC. The General Partner shall hold office until the occurrence of a Withdrawal Event with regard to the General Partner.

7.2 Management. The General Partner shall be responsible for managing the Partnership's business and affairs as a fiduciary for the Limited Partners. Except as otherwise provided in Section 7.3 or elsewhere herein, the General Partner shall have the authority, power and discretion to make all decisions, execute all documents and perform all such other acts it deems necessary or desirable in connection with the Partnership, without obtaining any other Partner's prior consent, including, without limitation, the following:

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a. To the extent the Partnership's financial resources will permit the General Partner to do so, carry out the Partnership's obligations under the Salomon Brothers Mortgage Loan or other Mortgage Loan obtained by the Partnership, execute the Brentway Property Management Agreement and, subject to Section 7.3 hereof, satisfy the Company's obligations under such loan and agreement;

b. Subject to Section 7.3 hereof, operate, maintain, improve, repair, replace, lease and convey the Property;

c. Subject to Section 7.3 hereof, borrow money, issue evidences of indebtedness, secure the same by mortgage, pledge, or other lien and prepay, refinance, recast, increase, modify, and extend liabilities;

d. Subject to Section 7.3 hereof, hire and engage the services of employees and/or independent contractors, including without limitation, rental agents, management companies and lawyers and accountants on such terms as the General Partner considers appropriate;

e. Collect income, disburse Partnership funds to the persons entitled to receive them and supervise the deposit of Partnership monies in such federally insured banking institutions, money market funds and other instruments as the General Partner reasonably considers appropriate;

f. Purchase insurance for the protection of the Property and the Partnership's business;

g. Control and manage Partnership assets, arrange for collections, disbursements and other matters in connection therewith,

h. Prepare and file tax returns;

i. Institute, prosecute, defend, settle, compromise, and dismiss lawsuits and similar proceedings and engage counsel in connection therewith;

j. Execute applications for permits and licenses and execute such leases, promissory notes, deeds, contract and other documents as are necessary or appropriate to effect the foregoing;

k. Supervise the implementation of all agreements to which the Company is a party and carry out all Company obligations thereunder and under the law;

l. Determine the appropriate accounting method or methods to be used by the Partnership;

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m. Serve as the Partnership's "tax matters partner" in accordance with Section 7.5 hereof; and

n. Execute, acknowledge and deliver any and all documents to implement the foregoing and take all other such action in connection therewith as the General Partner considers necessary or appropriate. Any and all documents may be executed on behalf and in the name of the Partnership by the General Partner.

7.3 Restrictions on General Partner's Authority. The General Partner must obtain the prior written consent of a Majority in Interest of the Limited Partners in order to take any of the following action on the Partnership's behalf:

a. Lease the Property (except leases entered into in the ordinary course of business, specifically including the leasing of any retail store not substantially below market rates and consistent with Exhibit E), or sell, exchange or otherwise dispose of substantially all of the Property, except as provided in Section 8.3 (regarding various rights of Philadelphia ARC-Cedar, LLC to purchase the Property or to compel a sale) or Section 8.4 (regarding the right of certain Option Holders to purchase the Property) hereof;

b. Materially modify or prepay any Mortgage Loan or obtain a new Mortgage Loan except as provided in Section 8.3 hereof;

c. Enter into a merger or consolidation with any other business entity;

d. Except as otherwise provided in Section 13.1 hereof, dissolve and terminate the Company;

e. Establish any reserve (except reserves created under Section 5.2 hereof which do not require Limited Partner consent); and

f. Enter into, modify or terminate any agreement under which the General Partner or an Affiliate of the General Partner will furnish the Partnership goods or services except as otherwise permitted under Section 6.3 or Section 6.4 or Section 8.3 hereof.

7.4 Responsibilities of the General Partner. The General Partner shall:

a. Have a fiduciary responsibility for the safekeeping and use of all the Partnership's assets;

b. Devote such time and effort to the Partnership's business as the General Partner shall in its reasonable discretion, exercised in good faith, determines to be necessary to properly conduct such business;

c. Use good faith efforts to file and publish all certificates, statements, or other instruments required by law for formation, qualification and operation of the Partnership and for the conduct of its business;

d. Use good faith efforts to cause the Partnership to be protected by public liability, property damage and other insurance determined by the General Partner in its discretion to be appropriate to the Partnership's business; and

e. Use good faith efforts to meet applicable requirements for the Partnership to be taxed as a partnership.

7.5 Tax Matters Partner. The General Partner shall act as the "tax matters partner" of the Partnership within the meaning of the Code. The tax matters partner shall represent the Partnership and the Partners in discussions with the Internal Revenue Service regarding the tax treatment of Partnership items and, if deemed by the tax matters partner in its reasonable business judgment to be in the best interest of the Partners, shall agree to final Partnership administrative adjustments or file a petition for a readjustment of the Partnership items in question with the applicable court.

7.6 Indemnification of General Partner. The General Partner, any Affiliate and any member, manager, affiliate, officer, director, partner, employee, agent and assign of any of them, shall not be liable for, and shall be indemnified and held harmless (to the full extent of the Partnership's assets and to the maximum extent permitted by applicable law) from, any loss or damage incurred by them, the Partnership or the Limited Partners in connection with the business of the Partnership, including by way of illustration, but not limitation, costs and reasonable attorneys' fees and any amounts expended in the settlement of any claims of loss or damage resulting from any act or omission performed or omitted in good faith pursuant to the authority granted, to promote the interests of the Partnership, except for any such act or omission which constitutes a material breach of this Agreement, negligence, malfeasance or self-dealing. The General Partner shall not be liable to the Partnership or the Partners because any taxing authority disallows or adjusts any deduction or credit on the Partnership income tax returns.

#### 7.7 Authority as to Third Persons.

a. Partnership Bound. No third party dealing with the Partnership shall be required to investigate the authority of the General Partner or secure the approval or confirmation by any Limited Partner of any act of the General Partner in connection with the Partnership's business. No lender or purchaser of any property or interest owned by the Partnership shall be required to determine the right to borrow or sell or the authority of the General Partner to sign and deliver any note or instrument of transfer on behalf of the Partnership, or to see to the application or distribution of revenues or proceeds paid or credited in connection therewith. The General Partner shall have full authority to execute on behalf of the Partnership any and all agreements, contracts, conveyances, deeds, mortgages and other instruments, and the execution thereof by one or more officers of the General Partner, executing on behalf of the Partnership, shall be the only execution necessary to bind the Partnership thereto. No signature of any Limited Partner shall be required.

b. Delegation. The General Partner shall have the right by separate instrument or document to authorize one or more individuals or entities to execute leases and lease-related documents on behalf of the Partnership and any leases and documents executed by such agent shall be binding upon the Partnership as if executed by the General Partner.

#### 8. Rights, Authority and Voting of the Partners

8.1 Not Agents. No Limited Partner is an agent of the Partnership nor can any Limited Partner in such capacity bind or execute any instrument on behalf of the Partnership.

8.2 Voting by Limited Partners. As otherwise described in this Agreement, the Limited Partners shall be entitled to vote upon the following

matters:

- a. establishment of a reserve as provided in Section 7.3(e) hereof (but not as provided in Section 5.2 hereof);
- b. agreements with the General Partner or an Affiliate as provided in Section 6.3 and 6.4 hereof;
- c. management matters set forth in Section 7.3 hereof;
- d. removal of the General Partner as provided in Section 9.2 hereof;
- e. transfer of a Partner's Partnership Interest as provided in Section 10 hereof and admission of the transferee as a Substitute Partner as provided in Section 11 hereof;
- f. election to obtain audited financial statements as set forth in Section 12.3 hereof;

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- g. termination and winding up of the Partnership as set forth in Section 13.1 hereof;
- h. election to continue the business of the Partnership after the occurrence of an Event of Withdrawal with regard to the General Partner in accordance with Section 13.1(c); and
- i. amendment of this Agreement as provided in Section 14 hereof.

8.3 Philadelphia ARC-Cedar, LLC. In addition to other rights contained herein, Philadelphia ARC-Cedar, LLC shall have, subject at all times to the Lender's rights under the Mortgage Loan and related documents, the rights set forth in this Section 8.3. Any transferee of Philadelphia ARC-Cedar, LLC's Partnership Interest shall succeed to its rights under this Section 8.3.

a. Right to Compel Sale after April 1, 2009. At any time after April 1, 2009, Philadelphia ARC-Cedar, LLC shall have the right to require the Partnership to market the Property in the manner and subject to Cedar-RL, LLC's right set forth in this Section 8.3(a). To exercise such right, Philadelphia ARC-Cedar, LLC shall advise the Partnership of the minimum purchase price that it is willing to accept for the Property ("Stipulated Price"). During the sixty (60) day period following the receipt of such notice ("A Option Period"), Cedar-RL, LLC shall have a right to give notice of its election to purchase the Property for the Stipulated Price or to purchase Philadelphia ARC-Cedar, LLC's Partnership Interest for the amount that Philadelphia ARC-Cedar, LLC would be entitled to receive under Section 5 hereof if the Partnership had sold the Property for the Stipulated Price, satisfied its obligations and made distributions to the Partners in liquidation of their Partnership Interests. Such option may be exercised only by a written notice delivered to Philadelphia ARC-Cedar, LLC by the end of the A Option Period. Settlement of any purchase pursuant to exercise of such option shall be made within ninety (90) days after the end of the A Option Period and payment shall be made all in cash at settlement. If Cedar-RL, LLC does not exercise its right to purchase the Property or Philadelphia ARC-Cedar, LLC's Partnership Interest, the Partnership shall market the Property for a period of six (6) months and may accept any purchase offer that at least equals the Stipulated Price.

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b. Right of First Refusal on Offer to Buy Property. Other than in connection with a sale triggered by Philadelphia ARC-Cedar, LLC, under Sections 8.3(a), (c) or (d), if the Partnership receives an offer to purchase the Property which the General Partner wishes to accept, the Partnership shall give Philadelphia ARC-Cedar, LLC notice thereof. During the thirty (30) day period beginning on the date of the giving of such notice ("B Option Period"), Philadelphia ARC-Cedar, LLC shall have an option to purchase the Property for the same price and other terms as those offered by the third party. Such option may be exercised only by giving the Partnership written notice with applicable down payment thereof by the end of the B Option Period. If such option is not exercised by the end of the B Option Period, the Partnership shall be free for a period of one hundred twenty (120) days thereafter to sell the Property to the third party provided that the purchase price and other terms of sale are not more favorable to the third party than those contained in the original offer. If such option is not exercised, then the consent of a Majority in Interest of the Limited Partners to such sale strictly in accordance with Section 8.3 hereof

shall be deemed given. If the option is exercised by Philadelphia ARC-Cedar, LLC, closing under the option must occur in cash within ninety (90) days, or Philadelphia ARC-Cedar, LLC will forfeit the down payment.

c. Right on Ullman's Loss of Control. If Leo Ullman ceases to serve as the President of the General Partner or Chairman of Brentway Management, LLC, the Partnership shall promptly give notice thereof to Philadelphia ARC-Cedar, LLC. During the one hundred eighty (180) day period beginning on the date of the giving of such notice ("C Option Period"), Philadelphia ARC-Cedar, LLC shall have an option to require the Partnership to market the Property or to terminate the Brentway Property Management Agreement and enter into a new Property Management Agreement with an unrelated third party reasonably acceptable to the General Partner and a Majority in Interest of the Limited Partners. Such option may be exercised by giving the Partnership written notice thereof by the end of the C Option Period. If such option is not exercised by the end of the C Option Period, the Partnership's ownership of the Property and the Brentway Property Management Agreement shall remain subject to the other terms of this Agreement. If Philadelphia ARC-Cedar, LLC elects to require the Partnership to market the Property, Philadelphia ARC-Cedar, LLC shall advise the Partnership of the minimum purchase price that it is willing to accept for the Property (the "Proposed Price") and the General Partner shall have a right of first refusal to purchase at such price. If the General Partner elects to purchase the Property, settlement of the purchase shall be made within ninety (90) days of the General Partner's exercise of its rights and payment shall be made in cash at settlement. If the General Partner does not elect to purchase within sixty (60) days of its notice from Philadelphia-ARC Cedar, LLC containing the Proposed Price, then the Partnership shall market the Property for six (6) months and accept any purchase offer that at least equals the Proposed Price or such lower Proposed Price as Philadelphia ARC-Cedar, LLC may determine from time to time, provided the General Partner's right of first refusal shall be re-activated in connection with any price decrease. If Philadelphia ARC-Cedar, LLC elects to exercise its rights in accordance with this Section 8.3(c) to require the Partnership to terminate the Brentway Property Management Agreement, Philadelphia ARC-Cedar, LLC shall have the right to choose a new unrelated third party Property Manager subject to the General Partner's reasonable approval and the terms of a new Property Management Agreement, provided same are not more favorable to the new property manager than the terms of the Brentway Property Management Agreement.

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d. Failure to Achieve Cash Flow. If (a) by the second (2nd) anniversary of the date of this Agreement, Philadelphia ARC-Cedar, LLC's cumulative distributions from the Partnership are less than eighty percent (80%) of the distributions projected in the schedule attached hereto as Exhibit E and (b) Brentway Management, LLC is then the Property Manager and (c) Philadelphia ARC-Cedar, LLC determines in its reasonable discretion that Brentway Management, LLC is not properly managing the Property, Philadelphia ARC-Cedar, LLC shall have an option to require the Partnership to market the Property or to terminate the Brentway Property Management Agreement and enter into a new Property Management Agreement as described above. Such option shall continue in effect until the cumulative distributions that Philadelphia ARC-Cedar, LLC receives as of a particular date from the Partnership are equal to at least eighty percent (80%) of the distributions projected in the schedule attached hereto as Exhibit E to have been received as of such date ("D Option Period"). Such option may be exercised by giving the Partnership written notice thereof by the end of the D Option Period. If Philadelphia ARC-Cedar, LLC elects to require the Partnership to either market the Property or to terminate the Brentway Property Management Agreement, the procedure for marketing the Property or terminating the Brentway Property Management Agreement, as the case may be, shall be the same as the procedures set forth in Section 8.3 (c) hereof (including the right of first refusal in favor of the General Partner).

e. Better Financing. At all times after the date of this Agreement, Philadelphia ARC-Cedar, LLC shall have the right to compel the Partnership to obtain a new Mortgage Loan that is a nonrecourse loan having a principal balance not less (but General Partner shall have right to approve if more) than the then outstanding balance of the Partnership's then current Mortgage Loan, has a fixed interest rate that is less than the interest rate on the Mortgage Loan, a term of at least sixty (60) months, a loan fee of one percent (1%) of the principal balance or less, no prepayment penalty and, after penalties for prepayment of existing Mortgage Loan and all closing costs and fees, including without limitation, attorney fees, title charges, commissions and the like, are added to the costs of the new Mortgage Loan, is still more favorable. To exercise such option, Philadelphia ARC-Cedar, LLC shall give the Partnership written notice of the ability to procure such financing. If any term is more onerous than the Mortgage Loan or such financing requires any additional capital contribution, the other Partners must approve the new financing.

## 8.4 Cedar - RL, LLC and Others' Option to Purchase.

a. Option. Subject to the Lender's rights under the Mortgage Loan and related documents and the provisions of Section 8.4(b) at all times beginning one (1) year from the date hereof, (1) Cedar - RL, LLC and (2) Philadelphia ARC-Cedar Manager, LLC (the "Option Holders") shall each have an independent option to purchase the Property or all of Philadelphia ARC-Cedar, LLC's Partnership Interest (including any Partnership Interest owned by a transferee or successor of Philadelphia ARC-Cedar, LLC) for an amount equal to its Fair Market Value. Such option may be exercised by giving written notice thereof and a copy of the First Appraisal (as described below) to all of the Partners and the giving of such notice in such manner shall constitute a binding obligation of the Partnership or Philadelphia ARC-Cedar, LLC, as the case may be ("Seller") to sell and a binding obligation of the exercising Option Holder ("Buyer") to purchase. (Hereinafter, the date of such notice is referred to as the "Exercise Date"). Settlement of any such purchase shall occur and the purchase price shall be paid for the Property or Partnership Interest being purchased by good funds at a closing within sixty (60) days after the Appraised Value is finally determined as provided below. For Philadelphia ARC-Cedar Manager, LLC to exercise such option, Robert J. Ambrosi must own a majority interest in the owner of Philadelphia ARC-Cedar Manager, LLC.

b. Right to Override Section 8.4(a) Options. If any Option Holder wishes to exercise its option pursuant to Section 8.4(a) hereof, such Option Holder shall give Philadelphia ARC-Cedar, LLC notice thereof prior to giving any notice under Section 8.4(a) hereof. During the thirty (30) day period beginning on the date of the giving of such notice ("E Option Period"), Philadelphia ARC-Cedar, LLC shall have an option to purchase the Property or all of the other Partners' Partnership Interests at the price and other terms required under this Section 8.4, and such right shall have priority over any right of an Option Holder under this Section 8.4. Such option may be exercised by giving the Partnership and the Option Holder written notice thereof by the end of the E Option Period. If such option is exercised, settlement of any such purchase shall occur at a closing within sixty (60) days after the Appraised Value is determined and as provided below. If such option is not exercised by the end of the E Option Period, the Option Holder shall be required to exercise its option described in such Option Holder's notice given under this Section under the terms of Section 8.4(a) hereof.

c. Fair Market Value. For purposes hereof, the Fair Market Value of the Property means its Appraised Value and the Fair Market Value of Philadelphia ARC-Cedar, LLC's Partnership Interest means the amount that Philadelphia ARC-Cedar, LLC would be entitled to receive under Section 5 hereof if the Partnership sold the Property for its Appraised Value, satisfied its obligations and made distributions to the Partners in liquidation of their Partnership Interests.

d. Appraised Value. The Appraised Value of the Property means the value determined in accordance with this Section 8.4(c). The Buyer shall obtain an appraisal of the Property from a qualified and disinterested MAI appraiser experienced in valuing similar use real property in Northeast Philadelphia of the Property's fair market value, which includes a 3.50% reduction for the imputed costs of sale ("Qualified Appraisal") and deliver a copy thereof to the Seller on the Exercise Date ("First Appraisal"). If the Seller notifies the Buyer of its intent in writing within thirty (30) days after the Exercise Date, the Seller shall have the right to submit a Qualified Appraisal ("Second Appraisal") to the Buyer within sixty (60) days after the Exercise Date. If the Seller fails to do so, value contained in the First Appraisal shall be considered the Property's "Appraised Value" and shall be final and binding on all parties. If the higher of the two appraisals exceeds the lower by not more than ten percent (10%), the Appraised Value shall equal the average of the values contained in the First Appraisal and the Second Appraisal. If the higher of the two such appraisals exceeds the lower by more than ten percent (10%), then the two Qualified Appraisers shall have thirty (30) days after the delivery of the Second Appraisal to agree upon an Appraised Value. If the two Qualified Appraisers fail to so agree upon an Appraised Value within such thirty (30) day period, the two Qualified Appraisers shall appoint a third Qualified Appraiser within fifteen (15) days after the end of such thirty (30) day period. If the two Qualified Appraisers fail to appoint a third Qualified Appraiser within such fifteen (15) day period, then the Buyer shall request the American Arbitration Association to appoint a third Qualified Appraiser. The third Qualified Appraiser shall determine the Appraised Value (must be between value designated by other two appraisers) and shall notify the parties of such determination

within thirty (30) days after its appointment; and such determination by the third Qualified Appraiser shall be final and binding, provided that if the Appraised Value is more than 110% of the First Appraiser, then Buyer may retract its exercise notice. The cost of the first Qualified Appraiser shall be borne by the Buyer; the cost of the second Qualified Appraiser shall be borne by the Seller and the cost of the third Qualified Appraiser (if any) shall be borne 50% by the Buyer and 50% by the Seller.

e. Partnership. If the Partnership is the Seller, all elections by the Partnership under this Section 8.4 shall be made by a Majority in Interest of the Partners other than any Partner who is the Buyer or an Affiliate of the Buyer.

f. Closing Costs. Notwithstanding any provision to the contrary herein, the party that actually purchases the Property pursuant to one of the options set forth above shall be responsible for all closing costs, transfer taxes and expenses that typically would be borne by a purchaser consistent with local practice and the other party shall bear all the costs, transfer taxes and expenses that typically would be borne by a seller consistent with local practice.

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8.5 Meetings and Votes of the Partners. Any Partner may at any time call for a meeting of the Partners, or for a vote without a meeting, on matters on which the Partners are entitled to vote or which are of significance to the Partnership's affairs. The General Partner shall give notice of all such meetings by sending the Partners written notice by certified U.S. Mail, with return receipt, by Federal Express or other guaranteed overnight delivery service. Except as otherwise provided in this Agreement, any vote of the Partners may be taken with or without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Partners having not less than the minimum number of votes that would be necessary to authorize or take such action. If the Partners are requested to consent on a matter without a meeting, each Partner shall be given not less than then (10), nor more than sixty (60), days notice. All meetings shall either be telephonic or at the office of the Partnership.

8.6 Rights of Partners. No Partner shall have the right or power to: (i) withdraw or reduce its contribution to the capital of the Partnership, except as a result of the dissolution and termination of the Partnership or as otherwise provided in this Agreement or by law; (ii) bring an action for partition against the Partnership; or (iii) demand property other than cash in return for his capital contribution. Other than upon the termination and dissolution of the Partnership as provided by this Agreement, there has been no time agreed upon when the contribution of each Partner is to be returned.

8.7 Restrictions on the Partner. No Partner shall (i) disclose to any non-Partner (other than its lawyers, accountants or similar agents) or commercially exploit any of the Partnership's business practices, trade secrets or any other information not generally known to the business community; or (ii) do any act or deed with the intention of harming the business operations of the Partnership.

## 9. Resignation and Termination.

9.1 Resignation or Withdrawal of General Partner. The General Partner shall not resign or withdraw as the General Partner or do any act that would require its resignation or withdrawal except as specifically authorized under Section 10.1 hereof.

9.2 Removal for Cause. A Majority in Interest of the Limited Partners shall have the right to remove the General Partner at any time solely "for Cause." For purposes of this Agreement, removal of the General Partner "for Cause" shall mean removal due to the (a) gross negligence, fraud or willful misconduct of the General Partner, (b) material breach of this Agreement by the General Partner, subject to the General Partner's right to cure within thirty (30) days of receipt of written notice of such material breach, or (c) bankruptcy, insolvency or inability generally of the General Partner to meet its monetary obligations as the same come due. The General Partner shall not participate in any vote of the Limited Partners to remove the General Partner.

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## 10. Assignment of Partnership Interests.

10.1 General. A Partner may not sell, assign, hypothecate, encumber or otherwise transfer any part or all of its Partnership Interest except as permitted herein. The General Partner may pledge its Partnership Interest. In addition, Silver Circle may sell, assign, hypothecate, encumber or otherwise transfer all or any part of its Partnership Interest to the General Partner or any Affiliate of either of them or the Partnership, free of the requirements of Section 10.2.

10.2 Right of First Refusal. Subject to the rights of the Lender under the Mortgage Loan and related documents, a Limited Partner (but not a General Partner) who wishes to transfer all or any part of its Partnership Interest ("Selling Limited Partner") must first obtain a bona fide written third party offer to purchase such Partnership Interest and deliver a copy of the offer to the other Partners. During the thirty (30) day period beginning on the date that they receive such copy ("F Option Period"), the other Partners shall have an option to buy the Partnership Interest offered (in proportion to their Percentage Interests if more than one Partner chooses to buy) on the terms contained in the third party offer. Such option may be exercised by giving the Selling Limited Partner written notice thereof by the end of the F Option Period. If such option is not fully exercised by the end of the F Option Period, the Selling Limited Partner shall be free for a period of sixty (60) days thereafter to sell the Partnership Interest to the third party named in the third party offer provided that the terms of sale are not more favorable to the third party than those offered to the other Partners and provided the other requirements of this Section 10 are satisfied. A third party transferee shall be required to satisfy the requirements of Section 11. to be admitted as a Substituted Partner. If the Selling Limited Partner's Partnership Interest is not sold in accordance with the terms of the preceding sentence, the transfer of such Partnership Interest shall again become subject to all of the restrictions of this Section 10.2. The Selling Limited Partner shall be solely responsible for any transfer taxes triggered by any transfer under this Section. Notwithstanding the foregoing, if Philadelphia ARC - Cedar, LLC elects to require the Partnership to terminate the Brentway Property Management Agreement, Silver Circle shall have the right to transfer all of its Partnership Interests to a third party upon satisfying the requirement of Sections 10.3-10.6 hereof, subject to the right of Philadelphia ARC - Cedar Manager, LLC to purchase such Partnership Interest as described above in connection with the F Option Period.

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### 10.3 Consent.

10.3.1 General Partner Interest. The General Partner may not sell, assign or otherwise transfer (but may pledge) any part or all of its Partnership Interest as a General Partner except with the consent of a Majority in Interest of the Partners, which consent may not be unreasonably withheld but which may be based on consideration of the experience and net worth of the transferee and such other traits bearing on its suitability to serve as the Partnership's general partner and such terms as the other Partners consider appropriate, except as otherwise provided herein.

10.3.2 Limited Partner Interest. Except as otherwise provided in Section 10.2, a Limited Partner may not sell, assign, hypothecate, encumber or otherwise transfer any part or all of its Partnership Interest as a Limited Partner except with the consent of all of the Partners, which consent may not be unreasonably withheld.

10.4 Other Conditions. Notwithstanding any of the foregoing, a Partner may not transfer a Partnership Interest (a) to any person who lacks capacity; (b) in violation of any federal or state securities law or NASDAQ rules; (c) if such transfer would cause the Partnership to be taxed as a Publicly Traded Partnership, or to have tax-exempt use property; (d) if such transfer would cause the Partnership to terminate for federal income tax purposes, except that the transfers described in the recitals of this Agreement and any subsequent transfer wherein the purchaser is Philadelphia ARC - Cedar, LLC are approved by all of the Partners notwithstanding that they cause such a termination; (e) if such transfer would cause Cedar Income Fund, Ltd. to lose its REIT status; (f) if such transfer would violate the terms of any Mortgage Loan or other borrowing properly approved by the Partners hereunder; (g) without a legal opinion satisfactory to the Partnership's counsel in form and substance that the foregoing requirements of this Section have been satisfied and that the transfer is effective for all purposes under all applicable law; and (h) unless such transfer is evidenced by a written agreement in form satisfactory to the Partnership.

10.5 Fees. All costs of the transfer of a Partnership Interest shall be borne by the transferor and the transferee, subject to any express allocations to the contrary contained herein. Such costs shall include, without limitation, legal and accounting fees to enable the Partnership to assure compliance with the requirements of such transfer and transfer taxes, if triggered.



10.6 Transfer in Violation. Any pledge, hypothecation, assignment, sale, exchange or other transfer of a Partnership Interest in contravention of the provisions of this Section 10 shall be void and ineffective and shall not bind or be recognized by the Partnership.

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11. Substituted Partners.

11.1 Consent of Partners. Except as otherwise expressly provided herein, the consent of all of the other Partners shall be required to admit the transferee of a Partnership Interest as a Substituted Partner. Such consent may not be unreasonably withheld but may be based on consideration of the transferee's experience and net worth and on the likelihood that a transferee will observe the covenants contained herein.

11.2 Conditions to be Satisfied. Subject to Section 11.1 hereof, the transferee of a Partnership Interest may be admitted as a Substituted Partner only if (a) it receives a written assignment agreement which sets forth the agreement of the assignor that the assignee succeed to the assignor's place as a Substituted Partner; (b) the transferee has executed such other documents as the Partnership's counsel considers desirable to evidence his agreement to be bound by the terms of this Agreement; and (c) the transferee has paid the Partnership such amount as is necessary to cover all reasonable expenses connected with such substitution and all other conditions are satisfied.

11.3 Rights of Unadmitted Transferee. The transferee of a Partnership Interest who is not admitted to the Partnership as a Substituted Partner shall be entitled to receive allocations and distributions from the Partnership attributable to the assigned Partnership Interest but shall have no right to inspect the Partnership's books or records, to vote on Partnership matters, or to exercise any other right or privilege as a Partner, until admitted to the Partnership as Substituted Partner. This Section does not apply to any transferee under a transfer that is in violation of this Agreement, which shall be subject to Section 10.6 hereof and shall be void and ineffective.

12. Books, Records, Accounting and Reports.

12.1 Records, Audits and Reports. The Partnership shall maintain at its principal office the Partnership's records and accounts of all operations and expenditures of the Partnership including (a) a list of the name and address of each Partner and its share in profits and losses; (b) a copy of the Certificate of Limited Partnership; (c) copies of the Partnership's Federal, state, and local income tax or information returns and reports, if any, for the three most recent taxable years; (d) copies of this Agreement; (e) copies of any financial statements of the Partnership, if any, for the three most recent years; and (f) the Partnership's books and records as they relate to the internal affairs of the Partnership for at least the current and past three fiscal years.

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12.2 Delivery to Partners and Inspection. Each Partner has the right, upon reasonable written request for purposes related to the interest of that person as a Partner, to receive from the Partnership (a) true and full information regarding the status of the business and financial condition of the Partnership; (b) promptly after becoming available, a copy of the Partnership's federal, state and local income tax returns for each year; (c) a current list of the name and address of each Partner; (d) a copy of this Agreement and the Certificate of Limited Partnership; (e) a statement of each Partner's contributions and distributions and the balance of its Capital Account; and (f) all of the information listed in Section 12.1 hereof and all other information that a Partner is entitled to obtain under the Act and other applicable law.

12.3 Annual Report and Notices.

a. Unaudited Statements. The General Partner will cause the Partnership, at the Partnership's expense, to prepare an unaudited annual report containing a year end balance sheet, income statement and a statement of changes in financial position. Copies of such statements shall be distributed to each Partner within one hundred twenty (120) days after the close of each fiscal year of the Partnership.

b. Audited Statements. Upon the request of a Majority in Interest of the Partners, the General Partner will use its good faith efforts to obtain audited financial statements for the Property's operation for the year in which

such request is made and all subsequent years. Such audited financial statements shall be at the Partnership's sole cost and expense.

12.4 Tax Information. The General Partner shall use its best efforts to cause the Partnership, at the Partnership's expense, to prepare and timely file income tax returns for the Partnership with the appropriate authorities, and shall use its best efforts to cause all Partnership information necessary in the preparation of the Partners' individual income tax returns to be distributed to the Partners not later than April 15 after the end of the Partnership's fiscal year.

12.5 Third Party Notices. The General Partner shall promptly give the other Partners prompt notice of any significant event affecting the Partnership and the Property which the General Partner has notice of, including without limitation, notice of the Partnership's or another party's material default or noncompliance under any material contract, agreement, instrument, law or ordinance affecting the Partnership or the Property.

13. Termination and Dissolution of the Partnership.

13.1 Termination of Partnership. The Partnership shall dissolve and its assets shall be disposed of, and its affairs wound up upon the earliest to occur of the following ("Liquidation Events"):

a. The agreement of a Majority in Interest of the Partners to terminate the Partnership;

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b. The sale of the Property or, if later, the receipt of final payment on any seller financing provided by the Partnership on such sale;

c. The occurrence of a Withdrawal Event with regard to the General Partner unless the business of the Partnership is continued by the unanimous consent of the Limited Partners within ninety (90) days following the occurrence of the event and there are at least two remaining Limited Partners; and

d. Upon the happening of any event of dissolution specified in the Amended and Restated Certificate of Limited Partnership.

13.2 Certificate of Cancellation. As soon as possible following the occurrence of a Liquidating Event, the General Partner who has not wrongfully dissolved the Partnership or, if none, the Limited Partners, shall execute and file a Certificate of Cancellation as is required by the Act.

13.3 Liquidation of Assets. Upon the occurrence of a Liquidating Event, the General Partner (or in case there is no General Partner, the person designated by a Majority in Interest of the Limited Partners) shall take full account of the Partnership assets and liabilities, shall liquidate the assets as promptly as is consistent with obtaining the fair market value thereof, and shall apply and distribute the proceeds therefrom in the following order:

a. To the payment of creditors of the Partnership;

b. To the setting up of any reserves as required by law for any contingent liabilities or obligations of the Partnership; provided, however, that said reserves shall be deposited with a bank or trust company in escrow at interest for the purpose of disbursing such reserves for the payment of any of the aforementioned contingencies and, at the expiration of a reasonable period, for the purpose of distributing the balance remaining in accordance with remaining provisions of this Section 13.3; and

c. To the Partners in accordance with Section 5.1 hereof.

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14. Amendment of Agreement.

14.1 Amendments Without Consent of the Limited Partners. The General Partner may amend this Agreement, without the consent of any of the Partners, to (i) change the name and/or principal place of business of the Partnership, or (ii) admit any Substitute Partner in accordance with the provisions of this Agreement, (iii) to cure any ambiguity or mistake, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provision with respect to matters or questions arising under this Agreement that will not be inconsistent with the provisions of this Agreement;

(iv) to delete or add any provision of this Agreement required to be so deleted or added for the benefit of the Limited Partners by the staff of a state "Blue Sky" Commissioner or similar official, provided such revision does not change the financial arrangements among the parties or increase the liability of any other Partner; and (v) as reasonably required by Mortgagee.

14.2 Other Amendments. Except for amendments otherwise authorized herein, this Agreement may be amended only in a writing executed by all the Partners.

15. Salomon Mortgage Loan Provisions. On or about February 7, 2000 the Partnership entered into the Salomon Brothers Mortgage Loan Agreement in connection with the Salomon Brothers Loan in the maximum principal amount of \$17,000,000 from Solomon Brothers Realty Corp. ("Lender").

15.1 Effective. During the time that the Salomon Brothers Mortgage Loan remains outstanding, the provision of this Section 15 shall remain effective and shall take precedence over every other provision of this Agreement.

15.2 Purpose. The Partnership's business and purpose shall consist solely of the acquisition, ownership, operation and management of the Property which consists of the real estate project known as Red Lion Shopping Center, located in Philadelphia, Pennsylvania and such activities as are necessary, incidental or appropriate in connection therewith.

#### 15.3 Powers and Duties.

a. Notwithstanding any other provision of this Agreement and so long as any obligation secured by that certain Mortgage dated February 8, 2000, in favor of Salomon Brother Realty Corp. as lender (the "Mortgage") remains outstanding and not discharged in full, without the prior written consent of the holder of the Mortgage, the General Partner and the Partnership shall have no authority to:

(i) borrow money or incur indebtedness on behalf of the Partnership other than normal trade accounts payable and lease obligations in the ordinary course of business, or grant consensual liens on the Partnership's property; except, however, that the General Partner is hereby authorized to secure financing for the Partnership pursuant to the terms of the Salomon Brothers Mortgage and other indebtedness expressly permitted therein or in the documents related to the Salomon Brothers Mortgage, and to grant a mortgage, lien or liens on the Partnership's Property to secure the Salomon Brothers Mortgage loan;

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(ii) dissolve or liquidate the Partnership;

(iii) sell or lease, or otherwise dispose of all or substantially all of the assets of the Partnership; or

(iv) merge or consolidate with any other entity.

b. So long as any obligations secured by the Salomon Brothers Mortgage remain outstanding and not discharged in full, the General Partner and the Partnership shall have no authority, unless such action has been approved by the unanimous vote of the General Partner's board of directors (including the Independent Directors thereof) or managers and the unanimous vote of all other Partners, to file a voluntary petition or otherwise initiate proceedings to have the Partnership adjudicated bankrupt or insolvent, or consent to the institution of bankruptcy or insolvency proceedings against the Partnership, or file a petition seeking or consenting to reorganization or relief of the Partnership as debtor under any applicable federal or state law relating to bankruptcy, insolvency, or other relief for debtors with respect to the Partnership; or seek or consent to the appointment of any trustee, receiver, conservator, assignee, sequestrator, custodian, liquidator (or other similar official) of the Partnership or of all or any substantial part of the properties and assets of the Partnership, or make any general assignment for the benefit of creditors of the partnership, or admit in writing the inability of the Partnership to pay its debts generally as they become due or declare or effect a moratorium on the Partnership debt or take any action in furtherance of any action.

c. So long as any obligation secured by the Salomon Brothers Mortgage remains outstanding and not discharged in full, the Partnership shall have a corporate (or limited liability company) general partner having articles of incorporation (or an operating agreement, if a limited liability company) containing the restrictions and terms substantially as set forth in Articles THIRD, THIRTEENTH and FOURTEENTH of the Silver Circle's Articles of Incorporation as of the date hereof, and the Partnership shall have no other general partners.

15.4 Title to Partnership Property. All property owned by the Partnership shall be owned by the Partnership as an entity and, insofar as permitted by applicable law, no Partner shall have any ownership interest in any Partnership property in its individual name or right, and each Partner's Partnership Interest shall be personal property for all purposes.

15.5 Separateness/Operations Matters. The Partnership shall conduct its business and operations in accordance with the following provisions:

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a. maintain books and records and bank accounts separate from those of any other person;

b. maintain its assets in such a manner that it is not costly or difficult to segregate, identify or ascertain such assets;

c. hold regular Partnership meetings, as appropriate, to conduct the business of the Partnership, and observe all other Partnership formalities;

d. hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;

e. prepare separate tax returns and financial statements, or if part of a consolidated group, then it will be shown as a separate member of such group;

f. allocate and charge fairly and reasonably any common employee or overhead shared with affiliates;

g. transact all business with affiliates on an arm's-length basis and pursuant to enforceable agreements;

h. conduct business in its own name, and use separate stationery, invoices and checks;

i. not commingle its assets or funds with those of any other person;

j. not assume, guarantee or pay the debts or obligations of any other person;

k. correct any known misunderstanding as to its separate identity;

l. not permit any affiliate to guarantee or pay its obligations (other than limited guarantees set forth in the Mortgage or related documents); and

m. not make loans or advances to any other person.

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15.6 Effect of Bankruptcy, Death or Incompetency of a Limited Partner. The bankruptcy, death, dissolution, liquidation, termination or adjudication of incompetency of a Limited Partner shall not cause the termination or dissolution of the Partnership and the business of the Partnership shall continue. Upon any such occurrence, the trustee, receiver, executor, administrator, committee, guardian or conservator of such Limited Partner shall have all the rights of such Limited Partner for the purpose of settling or managing its estate or property, subject to satisfying conditions precedent to the admission of such assignee as a substitute Limited Partner. The transfer by such trustee, receiver, executor, administrator, committee, guardian or conservator of any Partnership Interest shall be subject to all of the restrictions, hereunder to which such transfer would have been subject if such transfer had been made by such bankrupt, deceased, dissolved, liquidated, terminated or incompetent Limited Partner.

16. Miscellaneous.

16.1 Counterparts. This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all of the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart.

16.2 Successors and Assigns. The terms and provisions of this Agreement

shall be binding upon and shall inure to the benefit of the successors and assigns of the respective Limited Partners.

16.3 Severability. In the event any sentence or Section of this Agreement is declared by a court of competent jurisdiction to be void, such sentence or Section shall be deemed severed from the remainder of this Agreement and the balance of this Agreement shall remain in full force and effect.

16.4 Notices. All notices under this Agreement shall be in writing and shall be given to the Partners by personal service or by mail, posted to the address maintained by the Partnership for such person or at such other address as he may specify in writing.

16.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, where this Agreement is deemed to be made and entered into.

16.6 Captions. Section titles or captions contained in this Agreement are inserted only as a matter of convenience and reference. Such titles and captions in no way define, limit, extend or describe the scope of this Agreement nor the intent of any provisions hereof.

16.7 Gender. Whenever required by the context hereof, the singular shall include the plural, and vice versa, the masculine gender shall include the feminine and neuter genders, and vice versa.

16.8 Time. Time is of the essence with respect to this Agreement.

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16.9 Descriptions. All descriptions referred to in this Agreement are expressly incorporated herein by reference as if set forth in full, whether or not attached hereto.

16.10 Binding Arbitration. Any controversy arising out of or related to this Agreement or the breach thereof shall be settled by arbitration in New York City, New York in accordance with the rules of The American Arbitration Association, and judgment entered upon the award rendered may be enforced by appropriate judicial action. The arbitration panel shall consist of one person agreed to by all of the parties to the dispute within thirty (30) days following notice by one party that he desires that a matter be arbitrated. If the parties are unable within such thirty (30) day period to agree upon an arbitrator, then the panel shall consist of one arbitrator selected by the New York City office of The American Arbitration Association, which arbitrator shall be experienced in the area of real estate and limited partnerships and shall be knowledgeable with respect to the subject matter of the dispute. The party or parties who substantially prevail in such proceeding, as determined by the arbitrator, shall be reimbursed by the other parties for any fees and expenses of the arbitrator, other tribunal fees and expenses, reasonable attorney's fees, any costs of producing witnesses and any other reasonable costs or expenses incurred by the prevailing party. The arbitration panel shall render a decision within thirty (30) days following the close of presentation by the parties of their cases and any rebuttal. The parties shall agree within thirty (30) days following selection of the arbitrator to any prehearing procedures or further procedures necessary for the arbitration to proceed, including interrogatories or other discovery.

16.11 Integrated and Binding Agreement. This Agreement contains the entire understanding and agreement among the Partners with respect to the subject matter hereof, and there are no other agreements, understandings, representations or warranties among the Partners other than those set forth herein except as set forth in (a) that certain Purchase and Sale Agreement dated as of February 6, 2002 between Silver Circle and Leo S. Ullman (collectively as Seller) and Philadelphia ARC-Cedar, LLC (as Buyer) and (b) that certain Purchase and Sale Agreement between Silver Circle and Cedar-RL, LLC dated as of February 6, 2002.

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In witness whereof, the undersigned have set their hands to this Agreement as of the date first set forth in the preamble.

GENERAL PARTNER:

Cedar - RL, LLC  
a Delaware limited liability company

By: Cedar Income Fund Partnership,  
L.P. Sole Member

By: Cedar Income Fund, Ltd.  
General Partner

By: /s/ Leo S. Ullman

-----  
Leo S. Ullman  
President

LIMITED PARTNERS:

Silver Circle Management Corp.,  
a Delaware corporation,

By: /s/ Leo S. Ullman

-----  
Leo S. Ullman, President

Philadelphia ARC-Cedar, LLC, a  
Virginia limited liability company  
By Philadelphia ARC-Cedar Manager,  
LLC, a Virginia limited liability  
company, as Manager

By: /s/ Robert J. Ambrosi

-----  
Robert J. Ambrosi, President

Philadelphia ARC-Cedar Manager, LLC executes the Agreement solely for  
the purpose of Section 8.4 hereof.

Philadelphia ARC-Cedar Manager, LLC  
a Virginia limited liability company

By: /s/ Robert J. Ambrosi

-----  
Robert J. Ambrosi, President

EXHIBIT A  
DEFINITIONS

"Act" means the Revised New York Uniform Limited Partnership Act, as the same may be amended from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Limited Partner, the deficit balance, if any, in such Limited Partner's Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments:

(i) Credit to such Capital Account any amounts which the Limited Partner is obligated to restore and the Limited Partner's share of Limited Partner Minimum Gain and Partnership Minimum Gain and;

(ii) Debit to such Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

"Affiliate" shall mean (i) any person directly or indirectly controlling, controlled by or under common control with another person; (ii) a person owning or controlling 10% or more of the outstanding voting securities of such other person; (iii) any officer, director or partner of such other person; and (iv) if such other person is an officer, director or partner, any company for which such person acts in any capacity. The term "person" shall include any natural person, corporation, partnership, trust, unincorporated association or other legal entity.

"Agreement" shall mean this Limited Partnership Agreement, as amended from time to time.

"Certificate of Limited Partnership" means the Certificate of Limited Partnership of the Partnership as filed with the Secretary of State of the State of New York as the same may be amended or restated from time to time.

"Book Gain" means the excess, if any, of the fair market value of the Property over its adjusted basis for federal income tax purposes at the time a valuation of the Property is required under this Agreement or Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

"Book Loss" means the excess, if any, of the adjusted basis of Property for federal income tax purposes over its fair market value at the time a valuation of the Property is required under this Agreement or Regulations Section 1.704-1(b) for purposes of making adjustments to the Capital Accounts.

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"Book Value" means the adjusted basis of Property for federal income tax purposes increased or decreased by Book Gain, Book Loss, Built-In Gain and Built-In Loss as reduced by depreciation, amortization or other cost recovery deductions, or otherwise, based on such Book Value.

"Brentway Property Management Agreement" means that agreement dated January 1, 1995, between the Partnership and SKR Management Corp. and assigned to Brentway Management, LLC January 1, 1996, as property manager, with respect to the management and operation of the Property, a true copy of which is attached as Exhibit C and incorporated herein by reference.

"Built-In Gain (or Loss)" means the amount, if any, by which the agreed value of contributed Property exceeds (or is lesser than) the adjusted basis of Property contributed to the Partnership by a Partner immediately after its contribution by the Partner to the capital of the Partnership.

"Capital Account" with respect to any Partner (or such Limited Partner's assignee) means such Partner's initial capital contribution adjusted as follows:

- (i) A Partner's Capital Account shall be increased by:
  - (a) such Partner's share of Net Income;
  - (b) any income or gain specially allocated to a

Partner and not included in Net Income or Net Loss;

(c) any additional cash capital contribution made by such Partner to the Partnership; and

(d) the fair market value of any additional capital contribution consisting of property contributed by such Partner to the capital of the Partnership reduced by any liabilities assumed by the Partnership in connection with such contribution or to which the property is subject.

(ii) A Partner's Capital Account shall be reduced by:

(a) such Partner's share of Net Loss;

(b) any deduction specially allocated to a Partner and not included in Net Income or Net Loss;

(c) any cash distribution made to such Partner;

and

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(d) the fair market value, as agreed to by a Supermajority in Interest of the Partners of any property (reduced by any liabilities assumed by the Partner in connection with the distribution or to which the distributed property is subject) distributed to such Partner; provided that, upon liquidation and winding up of the Partnership, unsold property will be valued for distribution at its fair market value and the Capital Account of each Limited Partner before such distribution shall be adjusted to reflect the allocation of gain or loss that would have been realized had the Partnership then sold the Property for its fair market value. Such fair market value shall not be less than the amount of any nonrecourse indebtedness that is secured by the property.

Property of the Partnership may not be revalued for purposes of calculating Capital Accounts unless a Supermajority in Interest of the Partners agree on the fair market value of the Property and Partnership complies with the requirements of Regulations Section 1.704-1(b)(2)(iv)(f) and (g); provided, however, for purposes of calculating Book Gain or Book Loss (but not for purposes of adjusting Capital Accounts to reflect the contribution and distribution of such Property), the fair market value of Property shall be deemed to be no less than the outstanding balance of any nonrecourse indebtedness secured by such Property.

The Capital Account of a Substituted Partner shall include the Capital Account of his transferor. Notwithstanding anything to the contrary in this Agreement, the Capital Accounts shall be maintained in accordance with Regulations Section 1.704-1(b). References in this Agreement to the Regulations shall include corresponding subsequent provisions.

"Cash Available for Distribution" means the net cash realized by the Partnership from the operation of the Property and any capital transaction with respect to the Property after payment of Partnership expenses, debt service obligations and such other items as are set forth in Section 5.2 hereof.

"Code" means the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequently enacted federal revenue laws.

"Event of Insolvency" shall occur when an order for relief against the General Partner is entered under Chapter 7 of the federal bankruptcy law, or (i) the General Partner: (a) makes a general assignment for the benefit of creditors, (b) files a voluntary petition under the federal bankruptcy law, (c) files a petition or answer seeking for that General Partner a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, (d) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in any proceeding of this nature, or (e) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of that General Partner or of all or a substantial part of that General Partner's properties, or (f) the expiration of 90 days after either (i) the commencement of any proceeding against the General Partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law, or regulation, if the proceeding has not been dismissed, or (ii) the appointment without the General Partner's consent or acquiescence of a trustee, receiver, or liquidator of the General Partner or of all or any substantial part of the General Partner's properties, if the appointment has not been vacated or stayed (or if within 90 days after the expiration of any such stay, the appointment is not vacated).



"General Partner" means the general partner of the Partnership. The General Partner currently is Cedar - RL, LLC, a Delaware limited liability company.

"Limited Partners" means the limited partners of the Partnership. The Limited Partners currently are Silver Circle Management Corp., a Delaware corporation, and Philadelphia ARC-Cedar, LLC, a Virginia limited liability company

"Liquidation Event" has the meaning stated in Section 13.1 hereof.

"Majority in Interest" of the Partners or of a class of Partners means Partners holding at least fifty percent (50%) of the Percentage Interests owned by all Partners or by such class of Partners.

"Mortgage Loan" means (a) the Salomon Brothers Mortgage Loan and (b) any other Partnership loan that is secured by a mortgage or a deed of trust on Partnership real property and was approved by the Partners as required herein.

"Net Income" or "Net Loss" means, respectively, for each taxable year of the Partnership the taxable income and taxable loss (exclusive of Built-In Gain or Loss) of the Partnership as determined for federal income tax purposes in accordance with Section 703(a) or the Code (including all items of income, gain, loss, or deduction required to be separately stated pursuant to Section 703(a)(1) of the Code) (other than any specific item of income, gain (exclusive of Built-In Gain), loss (exclusive of Built-In Loss), deduction or credit subject to special allocation under this Agreement), with the following modifications:

(i) The amount determined above shall be increased by any income exempt from federal income tax;

(ii) The amount determined above shall be reduced by any expenditures described in Section 705(a)(2)(B) of the Code or expenditures treated as such pursuant to Regulations Section 1.704-1(b)(2)(iv)(i);

(iii) Depreciation, amortization and other cost recovery deductions shall be computed based on Book Value instead of on the amount determined in computing taxable income or loss. Any item of deduction, amortization or cost recovery specially allocated to a Limited Partner and not included in Net Income or Net Loss shall be determined for Capital Account purposes in a similar manner; and

(iv) For purposes of this Agreement, Book Gain and Book Loss attributable to a revaluation of Property attributable to unrealized gain or loss in such Property shall be treated as Net Income and Net Loss.

"Nonrecourse Debt" has the meaning set forth in Regulations Section 1.704-2(b)(3).

"Nonrecourse Deductions" has the meaning, and the amount thereof shall be, as set forth in Regulations Section 1.704-2(c).

"Partner Minimum Gain" means "partner nonrecourse debt minimum gain" as determined under Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Debt" means "partner nonrecourse debt" as set forth in Regulations Section 1.704-2(b)(4).

"Partner Nonrecourse Deductions" means of "partner nonrecourse deductions," and the amount thereof shall be, as set forth in Regulations Section 1.704-2(i).

"Partners" means the General Partner and the Limited Partners.

"Partnership" means API Red Lion Shopping Center Associates, L.P., a New York Limited Partnership.

"Partnership Interest" means a Partner's interest in the Partnership and all of the rights and obligations attributable thereto as determined under this Agreement and applicable law.

"Percentage Interest" of the Partners means (a) CEDAR - RL, LLC, - twenty percent (20.00%); (b) Philadelphia ARC-Cedar, LLC - - sixty nine percent (69%), and (c) Silver Circle Management Corp - eleven percent (11%).

"Philadelphia Taxes" has the meaning set forth in Section 3.2 hereof.

"Prime Rate" means the reference rate announced from time-to-time by the Wall Street Journal, and changes in the Prime Rate shall be deemed to occur on the date that changes in such rate are announced.

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"Property" means the improved real property known as the Red Lion Plaza Shopping Center in Philadelphia, Pennsylvania.

"Property Management Agreement" means (a) the Brentway Property Management Agreement and any other agreement with the Partnership providing for management of the Property that is approved by the Limited Partners in accordance with Section 8.3(d) hereof.

"Property Manager" means Brentway Management, LLC, a New York limited liability company, and an Affiliate of the General Partner or such other person who serves as such under the Property Management Agreement.

"Regulations" means the Treasury Regulations promulgated under the Code.

"Salomon Brothers Mortgage Loan" means that loan which is evidenced by a promissory note dated February 7, 2000 from the Partnership to Salomon Brothers Realty Corp. having an original principal amount of approximately \$17,000,000 and a balance as of December 31, 2001 of approximately \$16,822,137.00, a copy of which is attached and incorporated as Exhibit D.

"Silver Circle" means Silver Circle Management Corp., a Delaware corporation.

"Substituted Limited Partner" means any person admitted as a substituted Limited Partner pursuant to this Agreement.

"Tax Payment" has the meaning set forth in Section 4.11.

"Withdrawal Event" means with respect to the General Partner one or more of the following: the death, insanity, withdrawal, retirement, resignation, expulsion, Event of Insolvency, dissolution and termination or occurrence of any other event which terminates the continued ownership of a Partnership Interest by the General Partner.

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EXHIBIT B  
PARTNERS' CAPITAL ACCOUNTS

	Tax Capital Account -----	Book Capital Account -----
Cedar-RL, LLC		
Silver Circle Management Corp.		
Philadelphia ARC-Cedar, LLC	\$4,081,000.00	\$4,081,000.00

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EXHIBIT C  
BRENTWAY PROPERTY MANAGEMENT AGREEMENT

Already incorporated as Exhibit 10.1 hereto.

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EXHIBIT D  
SALOMON BROTHERS NOTE

EXHIBIT E  
PROJECT OPERATING STATEMENTS

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AMENDED AND RESTATED  
 LIMITED PARTNERSHIP AGREEMENT  
 OF  
 API RED LION SHOPPING CENTER ASSOCIATES, L.P., A NEW YORK  
 LIMITED PARTNERSHIP

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE  
 SECURITIES ACT OF 1933, AS AMENDED, OR APPROVED OR DISAPPROVED BY THE UNITED  
 STATES SECURITIES AND EXCHANGE COMMISSION OR BY THE SECURITIES REGULATORY  
 AUTHORITY OF ANY STATE, NOR HAS ANY COMMISSION OR AUTHORITY PASSED UPON OR  
 ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF ANY  
 DISCLOSURE MADE IN CONNECTION THEREWITH. ANY REPRESENTATION TO THE CONTRARY IS A  
 CRIMINAL OFFENSE. THE SECURITIES OFFERED HEREBY MAY NOT BE RESOLD WITHOUT  
 REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE  
 SECURITIES LAWS OR EXEMPTION THEREFROM.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR ANY APPLICABLE STATE SECURITIES LAWS. NO SALE, TRANSFER OR DISPOSITION OF THIS WARRANT OR SUCH ISSUABLE SECURITIES MAY BE MADE EXCEPT PURSUANT TO (A) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, OR (B) AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE PARTNERSHIP TO THE EFFECT THAT SUCH SALE, TRANSFER OR DISPOSITION IS EXEMPT FROM THE REGISTRATION PROVISIONS OF THE SECURITIES ACT AND THE RULES AND REGULATIONS IN EFFECT THEREUNDER, AND ANY APPLICABLE STATE SECURITIES LAWS.

CEDAR INCOME FUND PARTNERSHIP, L.P.  
OPERATING UNIT PURCHASE WARRANT

This Warrant is issued as of May 31, 2002 ("Commencement Date"), by CEDAR INCOME FUND PARTNERSHIP, L.P., a Delaware limited partnership (the "Partnership"), to ARC PROPERTIES, INC., a New Jersey corporation, and its successors and assigns (the "Holder").

1. Issuance of Warrant; Term; Price.  
-----

1.1 Issuance. In consideration of services rendered and to be rendered in accordance with the Compensation Agreement of even date herewith, the Partnership hereby grants to Holder the right to purchase up to Five Hundred Thousand (500,000) operating units (the "O.P. Units") of the Partnership (the "Warrant Units") pursuant to its Agreement of Limited Partnership dated as of June 1998 (the "Partnership Agreement"), subject to the terms hereinafter set forth.

1.2 Terms of Exercise. This Warrant is exercisable by Holder at any time, in whole or in part, on or after the Commencement Date and prior to the tenth (10th) anniversary of the Commencement Date ("Expiration Date") subject to the provisions hereinafter set forth. If this Warrant is exercised in part only, the Partnership or its transfer agent shall, upon surrender of the Warrant, execute and deliver a new Warrant evidencing the rights of the Holder to purchase the remaining number of Warrant Units purchasable hereunder.

1.3 Exercise Price. This Warrant shall be exercisable at an exercise price equal to \$4.50 per O.P. Unit (the "Warrant Price").

1.4 Conversion of O.P. Units Into Stock. At Holder's sole election, after at least 60 days prior written notice to the REIT, Holder shall be entitled to convert the O.P. Units into the Shares of the REIT on a one for one basis, subject only to satisfying the procedural requirements set forth in the Partnership Agreement.

1.5 Number of O.P. Units. Holder is currently structuring for affiliates of the Partnership the acquisition of Red Lion Shopping Center in Philadelphia, Pennsylvania, and Golden Triangle Shopping Center ("GT") in Lancaster, Pennsylvania (individually, "Property" and collectively, the "Properties"). The acquisitions are being structured with entities affiliated with Holder acquiring limited partnership (or other ownership) interests (the "Interest" or "Interests") in entities to be controlled by affiliates of the Partnership. It is anticipated that Holder's Affiliates will contribute approximately \$4.4 million in capital for Red Lion and \$4.1 million in capital for Golden Triangle. On closing the acquisition by the Partnership's affiliates of an interest in one or more of the Properties (the "Cedar Investment") and the closing of the acquisition of an Interest in one or more of the Properties by the Holder's affiliates (the "ARC Investment"), Holder shall be entitled to purchase up to 500,000 O.P. Units (which are redeemable, subject to certain procedural requirements set forth in the Operating Partnership's Agreement of Limited Partnership, on a one for one basis for shares of the Stock) as follows: (1) upon the closing of the Cedar Investment (acquiring a 20% general partnership interest) in Red Lion and the ARC Investment (acquiring a 69% limited partnership interest) in Red Lion, ARC shall be entitled to purchase 250,000 O.P. Units; and (2) upon the closing of the Cedar Investment (acquiring a 20% general partnership interest) and the ARC Investment (acquiring a 69% limited partnership interest) in GT, ARC shall be entitled to purchase an additional 250,000 O.P. Units.

1.6 Vesting. Notwithstanding any provision herein to the contrary, the right to purchase the O.P. Units shall vest as follows. The right to purchase 250,000 O.P. Units associated with each of Red Lion and GT shall vest 83,333.33 upon closing the transaction and the balance shall vest 83,333.33 on January 1 of the year following the closing and the remaining 83,333.34 shall vest on January 1 two years following the closing. Finally, the rights of Holder hereunder shall only vest if Holder has made its key employees reasonably



available to assist Cedar Group and Advisor Group (as defined in the Compensation Agreement) in the manner described therein throughout such period.

2. Adjustment of Number and Kind of Shares. In order to comply with the terms of Section 3 of this Warrant, the number and kind of securities issuable upon the exercise of this Warrant shall be subject to adjustment from time to time, and the Partnership agrees to provide ten (10) days prior written notice (an "Adjustment Notice") of the happening of any of the following events, together with a certificate of adjustment executed by an officer of the Partnership setting forth the nature of the adjustment and a brief description of the event triggering adjustment:

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2.1 Adjustment for Share Dividends. If, at any time and from time to time, on or after the date hereof, the holders of O.P. Units shall have received, or, on or after the record date fixed for the determination of eligible O.P. Unit holders, shall have become entitled to receive, without payment therefor, other additional securities or other property (other than cash) of the Partnership by way of dividend or distribution, then, and in each such case, the Holder shall, upon exercise hereof, be entitled to receive, in addition to the Warrant Units receivable thereupon, and without payment of any additional consideration therefor, the amount of such other or additional securities or other property (other than cash) of the Partnership which such Holder would hold on the date of such exercise had it been the holder of record of such Warrant Units on the date hereof and had thereafter, during the period from the date hereof through the date of such exercise, retained such Warrant Units and all other additional securities and other property receivable by it as the holder of such Warrant Units during such period after giving effect to all other adjustments prescribed pursuant to this Section 2.

2.2 Adjustment for Reclassification or Reorganization. If, at any time and from time to time, on or after the date hereof there occurs any reclassification or change of the outstanding securities of the Partnership or of any reorganization of the Partnership (or any other corporation the stock or securities of which are at the time receivable upon the exercise of this Warrant), then, and in each such case, the Holder shall upon exercise hereof be entitled to receive, in addition to the Warrant Units receivable thereupon, and without payment of any additional consideration therefor, the amount of stock or other securities or property which such Holder would hold on the date of such exercise had it been the holder of record of the Warrant Units on the date hereof and had thereafter, during the period from the date hereof through the date of such exercise, retained such Warrant Units and all other securities and other property receivable by it as the holder of such Warrant Units after giving effect to all other adjustments prescribed in this Section 2 (collectively, the "Replacement Securities"). If, and only if, the Replacement Securities shall have been issued in exchange for O.P. Units or securities representing the right to purchase O.P. Units, then the Replacement Securities shall be issued in lieu of, and not in addition to, the O.P. Units.

2.3 Adjustment for Splits and Reverse Splits. If at any time and from time to time, on or after the date hereof, the Partnership shall subdivide or otherwise change its outstanding O.P. Units into a greater number, the number of Warrant Units shall thereby be proportionately increased; and, if at any time and from time to time, on or after the date hereof, the Partnership shall aggregate or otherwise change its outstanding O.P. Units into a smaller number, the number of Warrant Units shall thereby be proportionately decreased.

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3. Percentage of Outstanding Securities. The number of Warrant Units shall be adjusted each time any of the events described in Section 2 above occurs, and the Partnership shall include in the Adjustment Notice a calculation of the number of Warrant Units issuable upon exercise of this Warrant after each such event. The Partnership represents and warrants that, as of the date of this Warrant, the number of outstanding common shares (the "Shares") of Cedar Income Fund, Ltd., (the "REIT") determined on a fully-diluted basis, is 2,395,411. As used herein, "fully-diluted basis" means, as of any date of determination, the number of common shares outstanding on such date, together with all common shares that would be outstanding on such date assuming the issuance of all common shares issuable upon the exercise, exchange or conversion of (i) any securities outstanding as of such date and convertible into or exchangeable for common shares (whether or not the rights to exchange or convert thereunder are immediately exercisable) (such convertible or exchangeable securities being herein called "Convertible Securities"), (ii) any rights outstanding as of such date to subscribe for or to purchase, or any warrants or options outstanding for

the purchase of common shares or Convertible Securities (whether or not immediately exercisable) (such rights, warrants or options being herein called "Option Securities"), and (iii) any such common shares and/or Convertible Securities issued upon the exercise of such Option Securities.

4. Other Impairment. The Partnership will not, by amendment of its Agreement of Limited Partnership or through any reorganization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and conditions and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against impairment.

5. Change of Control. In the event of a merger, consolidation, recapitalization, combination or exchange of securities of the Partnership occurring after the date hereof pursuant to which the Partnership is not a surviving entity (an "Acquisition"), the Partnership covenants that it will obtain from the acquiring entity, as a condition to the closing of such transaction or event, the right for the Holder to exchange this Warrant, at the Holder's sole option and in lieu of exercise hereof, for a new warrant to purchase equivalent shares of the acquiring entity. The period of exercise of such new warrant shall be equal to the remaining duration of the exercise period of this Warrant. This Warrant shall, after such Acquisition, permit the Holder to purchase that percentage of equity securities of the acquiring entity which the Holder would be entitled to receive as a result of such merger, consolidation, recapitalization, combination or exchange of shares if this Warrant had been exercised immediately prior to such Acquisition (or the record date, if any, for such transaction or event), for the Warrant Price.

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6. No Fractional Shares. No fractional O.P. Units will be issued in connection with the exercise of this Warrant hereunder. In lieu of any fractional shares that would otherwise be issuable, the Partnership shall pay cash equal to the product of such fraction multiplied by the fair market value of one O.P. Unit on the date of exercise, as determined in good faith by the Partnership's Board of Directors.

7. No O.P. Unit Holder Rights. This Warrant as such shall not entitle Holder to any of the rights of an O.P. Unit holder of the Partnership until the Holder has exercised this Warrant in accordance with Section 9 hereof.

8. Reservation of O.P. Unit. The Partnership covenants that during the period this Warrant is exercisable, the Partnership will reserve from its authorized and unissued O.P. Units a sufficient number of O.P. Units to provide for the issuance of the Warrant Units upon the exercise of this Warrant. The Partnership agrees that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing O.P. Unit certificates to execute and issue the necessary certificates representing Warrant Units or other securities issued to Holder upon the exercise of this Warrant.

9. Mechanics of Exercise. This Warrant may be exercised by Holder by the surrender of this Warrant at the principal office of the Partnership, accompanied by the completed exercise form attached as Exhibit A and payment in full of the Warrant Price for the Warrant Units exercised. This Warrant shall be deemed to have been exercised immediately prior to the close of business on the date of its surrender for exercise as provided above, and the person entitled to receive the Warrant Units or other securities and/or property issuable upon such exercise shall be treated for all purposes as the holder of the Warrant Units or such other securities of record as of the close of business on such date. As promptly as practicable, the Partnership shall issue and deliver to the Holder a certificate or certificates representing the number of whole Warrant Units or other securities issuable upon such exercise, together with cash in lieu of any fraction of a Warrant Unit as provided above. The Warrant Units or other securities issuable upon exercise hereof shall, upon their issuance, be duly and validly issued, fully paid and nonassessable and free of liens, charges and all taxes with respect to the issue thereof, but subject to the Partnership's Agreement of Limited Partnership.

10. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day; (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the address as set forth below or at such other address as either party may designate by five days advance written notice provided in accordance with this Section 10 to

the other party hereto:

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If to Holder: 1401 Broad Street  
Clifton, New Jersey 07013  
Facsimile: (973) 249-1001  
Attn: Robert J. Ambrosi

With a copy to: Hirschler Fleischer  
P.O. Box 500  
Richmond, Virginia 23218-0500  
Facsimile: (804) 644-0957  
Attn: Louis J. Rogers, Esquire

If to the Partnership: 44 South Bayles Avenue, Suite 304  
Port Washington, New York 11050  
Facsimile: (516) 767-6497  
Attn: Leo S. Ullman

With a copy to: SKR Management Corp.  
44 South Bayles Avenue  
Port Washington, NY 11050  
Attn: Stuart H. Widowski, Esquire

11. Transfer of Warrant.

(a) This Warrant is transferable by the Holder hereof subject to compliance with this Section 11. Prior to any proposed transfer of this Warrant or the Warrant Units (the "Securities"), unless there is in effect a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), covering the proposed transfer, the Holder thereof shall give written notice to the Partnership of such Holder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, and shall, if the Partnership so requests, be accompanied (except in transactions in compliance with Rule 144) by either (i) an opinion of legal counsel who shall be reasonably satisfactory to the Partnership addressed to the Partnership and reasonably satisfactory in form and substance to the Partnership's counsel, to the effect that the proposed transfer may be effected without registration under the Securities Act, or (ii) a "no action" letter from the Securities Exchange Commission (the "Commission") to the effect that the transfer of such Securities without registration will not result in a recommendation by the staff of the Commission that action be taken with respect thereto, whereupon the Holder of the Securities shall be entitled to transfer the Securities in accordance with the terms of the notice delivered by the Holder to the Partnership; provided, however, no such registration statement or opinion of counsel shall be necessary for a transfer by a Holder to any affiliate of such Holder, or a transfer by a Holder which is a partnership to a partner of such partnership, or a transfer by a Holder which is a limited liability Partnership to a member of such Partnership, or to the estate of any such partner or member or the transfer by gift, will or intestate succession of any partner or member to his spouse or lineal descendants or ancestors, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if such transferee were the original Holder hereunder. Each certificate evidencing the Securities transferred as above provided shall bear an appropriate restrictive legend.

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(b) Notwithstanding anything to the contrary herein, (i) this Warrant may not be exercised and (ii) the O.P. Units shall not be issued following exercise if, as a result thereby, the Partnership's REIT election would be adversely affected or any NASDAQ or SEC rule or regulation would be violated. If the Partnership has reasonable basis to believe that its REIT election would be adversely affected or any NASDAQ or SEC rule or regulation would be violated in this manner, the Partnership shall give the Holder written notice specifying the REIT rule or rules in question and 30 days to verify the alleged adverse affect. If a Holder confirms the potential for such adverse affect, the Holder shall have the absolute right to assign this Warrant to any number of assignees (each of whom will be a Holder for purposes of this Warrant) to the extent it deems necessary to avoid such adverse affect on the Partnership's REIT election, provided that such assignment does not violate any applicable federal or state securities laws or regulations or NASDAQ rules.

12. Replacement of Warrants. Upon receipt by the Partnership of evidence reasonably satisfactory to the Partnership of the loss, theft,

destruction or mutilation of the Warrant, and in the case of any such loss, theft or destruction of the Warrant, on delivery of an indemnity agreement or security reasonably satisfactory in form and amount to the Partnership, and reimbursement to the Partnership of all reasonable expenses incidental thereto, and upon surrender and cancellation of the Warrant if mutilated, the Partnership will execute and deliver, in lieu thereof, a replacement Warrant.

13. Notice of Dividends and Distributions. For so long as any part of this Warrant remains outstanding and unexercised, the Partnership will, upon the declaration of a cash dividend upon its O.P. Units or other distribution to the Holders of its O.P. Units and at least ten (10) days prior to the record date or date of the distribution (whichever is earlier), notify the Holder hereof of such declaration, which notice will contain, at a minimum, the following information: (a) the date of the declaration of the dividend or distribution, (b) the amount of such dividend or distribution, (c) the record date of such dividend or distribution, and (d) the payment date or distribution date of such dividend or distribution.

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14. Further Assurances and Representations of Holder. The Holder hereof and the Partnership agree to execute such other documents and instruments as counsel for the Partnership reasonably deems necessary to effect the compliance of the issuance of this Warrant and the Warrant Units with applicable federal and state securities laws. In furtherance of the foregoing, the Holder represents and warrants:

(i) The Holder has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Partnership so that the Holder is capable of evaluating the merits and risks of its investment in the Partnership and has the capacity to protect its own interests;

(ii) The Holder is acquiring this Warrant for investment for its own account and not with a view to, or for resale in connection with, any distribution thereof. The Holder understands that this Warrant has not been registered under the Securities Act or any applicable state securities laws and is therefore not transferable except pursuant to (A) an effective registration statement under the Securities Act and any applicable state securities laws or (B) an opinion of counsel reasonably satisfactory to the Partnership that the transfer is exempt from the registration provisions of the Securities Laws and any applicable state securities laws, and

(iii) The Holder is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the Securities Act.

15. Miscellaneous. This Warrant shall be governed by the laws of the State of Delaware, without reference to the choice of laws provisions thereof. The headings in this Warrant are for purposes of convenience of reference only, and shall not be deemed to constitute a part hereof. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provisions.

16. Taxes. The Partnership shall pay all taxes and other governmental charges (but not including any income taxes of Holder) that may be imposed in respect of the issuance or delivery of the Warrant Units upon exercise thereof.

17. Amendment; Assignment. Any term of this Warrant may be amended only by written agreement of the Partnership and the Holder. Any amendment effected in accordance with this Section 17 shall be binding upon the Holder of this Warrant, each future holder of such Warrant and the Partnership. ARC shall have the right, in its sole discretion, to assign this Warrant, subject to the restrictions set forth in Section 11.

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18. Remedies. In the event of any default or threatened default by the Partnership in the performance of or observance with any of the terms of this Warrant, it is agreed that remedies at law are not and will not be adequate for the Holder and that the terms of this Warrant may be specifically enforced by a decree for the specific performance of any agreement contained herein or by an injunction against a violation of any of the terms hereof or otherwise. In the event of any default or threatened default by Holder in the performance of or observance of any of the terms of this Warrant, it is agreed that remedies at law are not and will not be adequate and that the terms of this Warrant may be specifically enforced by a decree for specific performance of any agreement

contained herein, or by an injunction against a violation of any of the terms hereof or otherwise and, in addition, the Partnership may place a stop order against, or refuse to effect a transfer in violation of the terms hereof.

19. Standstill Agreement. As a condition precedent to the effectiveness of this Warrant, Holder shall have executed and delivered the Standstill Agreement attached hereto as Exhibit B.

IN WITNESS WHEREOF, the undersigned authorized officer of the Partnership has executed this Operating Unit Purchase Warrant as of the date first above written.

CEDAR INCOME FUND PARTNERSHIP, L.P.

By: CEDAR INCOME FUND, LTD.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[SIGNATURE PAGE TO SHARE PURCHASE  
WARRANT DATED MAY 31, 2002]

AGREED

By: /s/ Robert J. Ambrosi  
-----  
Robert J. Ambrosi

9

EXHIBIT A  
-----

[FORM OF EXERCISE]

(To be executed upon exercise of Warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by the Warrant dated as of May 31, 2002, to purchase \_\_\_\_\_ Warrant Units and herewith tenders payment for such Warrant Units. The undersigned requests that a certificate for such Warrant Units be registered in the name of \_\_\_\_\_, whose address is \_\_\_\_\_.

Dated:

Signature: \_\_\_\_\_

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

Social Security or Taxpayer  
I.D. No. of Holder: \_\_\_\_\_

EXHIBIT B

-----

STANDSTILL AGREEMENT

Already incorporated as Exhibit 10.3 hereto.

ARC PROPERTIES, INC.  
1401 Broad Street  
Clifton, New Jersey 07013

May 31, 2002

Cedar Income Fund, Ltd.  
44 South Bayles Avenue, Suite 304  
Port Washington, New York 11050  
Attn: Leo S. Ullman, President

Gentlemen:

Reference is made to the Compensation Agreement of even date. Defined terms herein shall have the meaning set forth in the Compensation Agreement.

As a component of the various services provided and to be provided by ARC, ARC is currently structuring for Cedar a downREIT acquisition of two (2) properties, including Red Lion Shopping Center ("Red Lion") in Philadelphia, Pennsylvania and Golden Triangle Shopping Center ("GT") in Lancaster, Pennsylvania (individually, "Property" and collectively, the "Properties"). The acquisitions are being structured with ARC related entities ("ARC Affiliates") acquiring limited partnership (or other ownership) interests (the "Interest" or "Interests") in entities to be controlled by Cedar. It is anticipated that the ARC Affiliates will contribute approximately \$4.4 million in capital for Red Lion and \$4.1 million in capital for Golden Triangle.

This is to confirm that the triggering event for effectiveness of the Compensation Agreement and the Warrant attached as Exhibit A to the Compensation Agreement shall be the closing of one or more of the Properties. Accordingly, on closing the acquisition by Cedar Group of an interest in one or more of the Properties (the "Cedar Investment") and the closing of the acquisition of an Interest in one or more of the Properties by the ARC Affiliates (the "ARC Investment"), ARC shall be entitled, in accordance with the terms of the Compensation Agreement and Warrant, to purchase up to 500,000 Operating Partnership Units ("O.P. Units") in the Operating Partnership (which are redeemable, subject to certain procedural requirements set forth in the Operating Partnership's Agreement of Limited Partnership, on a one for one basis for shares of Cedar common stock) as follows: (1) upon the closing of the Cedar Investment (acquiring a 20% general partnership interest) in Red Lion and the ARC Investment (acquiring 69% limited partnership interest) in Red Lion, ARC shall be entitled to purchase 250,000 O.P. Units; and (2) upon the closing of the Cedar Investment (acquiring a 20% general partnership interest) and the ARC Investment (acquiring a 69% limited partnership interest) in GT, ARC shall be entitled to purchase an additional 250,000 O.P. Units.

Until the closing of the ARC Investment and the Cedar Investment, neither the Compensation Agreement nor the Warrant shall be effective or binding on any party and until such time all originals of such agreements shall be held in escrow.

Very truly yours,

ARC PROPERTIES, INC.,  
a New Jersey corporation

By: /s/ Robert J. Ambrosi  
-----  
Robert J. Ambrosi, President

AGREED AND ACCEPTED:

CEDAR INCOME FUND, LTD.,  
Individually and on behalf of its Affiliates

By: /s/ Leo S. Ullman  
-----  
Its: President

CEDAR INCOME FUND PARTNERSHIP, L.P.

By: /s/ Leo S. Ullman  
-----  
Its: President

CEDAR BAY REALTY ADVISORS, INC.

By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman, President

SKR MANAGEMENT CORP.,

By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman, President

BRENTWAY MANAGEMENT, LLC,

By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman, President

/s/ Leo S. Ullman  
-----  
Leo S. Ullman, Individually



SUBORDINATE PLEDGE AND SECURITY AGREEMENT

THIS SUBORDINATE PLEDGE AND SECURITY AGREEMENT (this "Security Agreement") is dated as of May 31, 2002, made by SILVER CIRCLE MANAGEMENT CORP., a Delaware corporation, having an address c/o Brentway Management, 44 South Bayles Avenue, Port Washington, New York 11050 ("Pledgor"), and API RED LION SHOPPING CENTER ASSOCIATES, a New York limited partnership, having an address c/o Cedar Bay Realty Advisors, Inc., 44 South Bayles Avenue, Port Washington, New York 11050 ("Secured Party").

R E C I T A L S :

- - - - -

A. Pursuant to the terms of that certain Purchase and Sale Agreement (the "Purchase Agreement"), dated as of February 6, 2002, between Pledgor and Leo S. Ullman (collectively, "Seller"), collectively, as seller, and Philadelphia ARC-Cedar, LLC ("Purchaser"), as purchaser, Pledgor has agreed to sell to Purchaser a portion of its partnership interest in the Partnership.

B. Pledgor shall, after the Final Closing (as that term is defined in the Purchase Agreement), have retained an 11% partnership interest (such retained interest, the "Retained Partnership Interest" or "Collateral") in the Partnership.

C. Pursuant to the Purchase Agreement, certain representations and warranties made by Seller survive the Closing (as that term is defined in the Purchase Agreement), and Seller remains liable, in the event of a breach thereof, for a period expiring twelve (12) months from the date of the Initial Closing, as defined in the Purchase Agreement, for damages of up to \$500,000 in the aggregate (such potential liability, the "Obligation").

D. Pursuant to the Purchase Agreement, as security for the Obligation, Seller has obligated itself to deliver at the Closing, a pledge by Pledgor of all of Pledgor's right, title and interest as partner in the Partnership attributable to the Retained Partnership Interest, subject to the Loan Documents and any prior pledge contained therein.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Pledgor hereby agrees with Secured Party as follows:

1. Defined Terms. All capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Purchase Agreement. As used in this Security Agreement, the following terms shall have the following meanings:

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction in respect of any of the foregoing).

"Lender" means Salomon Brothers Realty Corp., and its successors and assigns.

"Loan Documents" mean any and all mortgages, notes, pledges or other agreements executed by the Partnership and/or any partner therein in connection with the loan made by Lender to the Partnership in the original principal amount of \$17,000,000.

"Partnership Agreement" means that certain Amended and Restated Agreement of Limited Partnership of API Red Lion Shopping Center Associates.

"Proceeds" means all "proceeds" as such term is defined in Section 9-306(1) of the UCC on the date hereof and, in any event, shall include, without limitation, all dividends or other income from the Retained Partnership Interest, collections thereon or distributions with respect thereto.

"UCC" means the Uniform Commercial Code from time to time in effect in the State of New York.

2. Grant of Security Interest. As security for the Obligations, Pledgor hereby pledges, assigns, hypothecates, delivers and sets over to Secured Party and grants to Secured Party, subject to the Loan Documents, a lien on and security interest in the Retained Partnership Interest

and in all Proceeds thereof (collectively, the "Collateral") as collateral security for the due and punctual payment and performance of all the Obligations. Notwithstanding the foregoing grant, so long as no Event of Default shall have occurred and be continuing, subject to the Loan Documents, Pledgor shall be entitled to receive and retain and otherwise deal with, all Proceeds. Upon the occurrence and during the continuance of an Event of Default, Pledgor's right to receive Proceeds shall cease, and all such rights shall thereupon become vested in Secured Party which shall thereupon have the sole right to receive such Proceeds.

3. Exculpation. Secured Party shall have no obligation or liability whatsoever for the obligations of Pledgor by reason of or arising out of this Security Agreement, nor shall Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Pledgor under or pursuant to the Partnership Agreement. Nothing contained in this Security Agreement shall be construed or interpreted (i) to transfer to Secured Party any of the rights and obligations of a partner in the Partnership other than the rights of collateral security in and to the Collateral or (ii) to constitute Secured Party a partner in the Partnership, provided that such limitation, in no manner, shall otherwise limit the rights of Secured Party granted under this Security Agreement. This Security Agreement (i) shall not be deemed to terminate Pledgor's status as a partner in the Partnership and (ii) shall not be construed as constituting a current conveyance, but rather as creating a security interest in the Retained Partnership Interest.

4. Limitation on Voting Rights of Pledgor. In connection with the Partnership and the Partnership Agreement, Pledgor shall cast no vote, and no consent, waiver or ratification shall be given or action taken that would directly or indirectly impair the Collateral or be inconsistent with or violate any provision of this Security Agreement.

5. Covenants of Pledgor. Pledgor hereby covenants and agrees as follows:

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(a) Pledgor shall not sell, lease, assign, transfer, convey or otherwise dispose of, all or any part of Pledgor's right, title or interest in any of the Collateral or the Proceeds thereof and will not create, incur, or permit to exist on or with respect to, all or any part of Pledgor's right, title and interest in any of the Collateral or the Proceeds thereof, any Lien except for a Lien in favor of Secured Party, which shall be subordinate to the Lien of Lender.

(b) Pledgor shall, following the occurrence of any Event of Default, promptly reimburse Secured Party for all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred by Secured Party in connection with the enforcement of Secured Party's rights under this Security Agreement, subject to the \$500,000 cap on the maximum aggregate liability.

(c) If and to the extent required, Pledgor shall file this Security Agreement, and any other agreements or instruments which are required to be filed with any regulatory body, in accordance with the rules and regulations of such regulatory body.

6. Event of Default. An "Event of Default" shall exist if any of the following shall have occurred and be continuing:

(a) Pledgor shall default in the observance or performance of any covenant or agreement contained in this Agreement and such default continues for more than thirty (30) days after notice from Secured Party, provided that if such default cannot reasonably be cured within such thirty (30) day period and Pledgor shall have commenced to cure such default in a manner reasonably satisfactory to Secured Party within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for so long as it shall require Pledgor in the exercise of due diligence to cure such default.

(b) If the Obligation is not satisfied on or before the date which is thirty (30) business days after Pledgor shall have been given notice that the Obligation is owing under the Purchase Agreement.

7. Remedies. (a) upon the occurrence of any Event of Default, Secured Party may, without notice (except as set forth below) to or assent of Pledgor, forthwith collect, receive, appropriate and realize upon the Collateral or any part thereof, and/or may forthwith sell, assign, give option or options to purchase, contract to sell or otherwise dispose of and deliver the Collateral or any part thereof, in one or more parcels at public or private sale or sales, upon such terms and conditions as it may deem advisable and at such prices as it may deem best. Secured Party shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale, after deducting all reasonable costs and expenses of every kind incurred therein or

incidental to the care, safekeeping or otherwise of any and all of the said Collateral or in any way relating to the rights of Secured Party under this Security Agreement, including all reasonable attorneys' fees and legal expenses actually incurred, to the payment, in whole or in part, of the Obligations in such order as Secured Party may elect, and only after so applying such net proceeds and after the payment by Secured Party of any other amount required by any Legal Requirement, need Secured Party account for the surplus, if any, to Pledgor. Pledgor agrees that Secured Party will give ten (10) business days' notice of the time and place of any public sale or of the time after which such a private sale may take place and that such notice is reasonable notification of such matters. In addition to the rights and remedies granted to it in this Security Agreement, Secured Party shall have all the rights and remedies of a secured party under the UCC. Pledgor shall remain liable for any deficiency if the proceeds of any sale or other disposition of Collateral are insufficient to pay the Obligations and the reasonable fees and disbursements of any attorneys employed by Secured Party to collect such deficiency.

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(b) In the event of any breach of any of the covenants, agreements, terms or conditions contained in this Security Agreement, and notwithstanding to the contrary (but without in any way negating or impairing) any exculpatory or nonrecourse language which may be contained herein or in any document executed in connection herewith, Secured Party shall be entitled to enjoin such breach and obtain specific performance of any covenant, agreement, term or condition and Secured Party shall have the right to invoke any equitable right or remedy as though other remedies were not provided for in this Security Agreement.

8. Successors and Assigns. This Security Agreement shall be binding upon Pledgor, its successors and assigns, and shall inure to the benefit of Secured Party and its successors and assigns.

9. Governing Law. THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF PLEDGOR AND SECURED PARTY UNDER THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10. Waiver. Pledgor and Secured Party hereby irrevocably and unconditionally waive trial by jury in any legal action or proceeding relating to this Security Agreement and for any counterclaim therein.

11. Indemnification. Pledgor hereby saves, indemnifies and holds harmless Secured Party from and against all expense, loss or damage, including, without limitation, reasonable attorneys' fees and expenses, suffered by Secured Party arising out of or in connection with an Event of Default under this Security Agreement, subject to the \$500,000 cap on maximum aggregate liability.

12. Termination. Anything in this Security Agreement to the contrary notwithstanding, this Security Agreement shall terminate, and all of Secured Party's rights in and to the Collateral or Proceeds shall terminate on the date that is one (1) year from the date hereof.

IN WITNESS WHEREOF, Pledgor has caused this Security Agreement to be duly executed and delivered as of the day and year first above written.

SILVER CIRCLE MANAGEMENT CORP.

/s/ Leo S. Ullman

-----  
Name: Leo S. Ullman  
Title: President

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Agreement Regarding Master Lease

-----  
Silver Circle Management Corp. ("Silver Circle"), as tenant, and API Red Lion Shopping Center Associates (the "Partnership"), as Landlord, entered into a Master Lease Agreement dated the date hereof.

The purpose of using the Master Lease format (rather than a guaranty) is to facilitate the passing through, for the benefit of the Partnership, of certain obligations of space tenants by means of a sublease or assignment of the Master Lease.

Accordingly, this will confirm that in connection with any portion of the Premises covered by the Master Lease which is vacant, Silver Circle will have no obligations under non-financial operation-related provisions, including without limitation Section 9 (conduct), 13 (utilities), 14 and 15 (repairs), 20 (indemnities), 22 (casualty), 26 (mortgages), or 45 (tenant obligations).

IN WITNESS WHEREOF, the parties hereto have executed this agreement this 31st day of May 2002.

SILVER CIRCLE MANAGEMENT CORP.

By: /s/ Leo S. Ullman

-----  
Leo S. Ullman

API RED LION SHOPPING CENTER ASSOCIATES

By: Cedar-RL, general partner

By: /s/ Leo S. Ullman

-----  
Leo S. Ullman

April 1, 2002

Via United Parcel Service  
- - - - -

The Point Associates, L.P.  
c/o Ekstein Rothenberg Corp.  
Attn: Milton Ciplet  
708 Third Avenue  
New York, New York 10017

Project: The Point Shopping Center  
Harrisburg, Dauphin County, Pennsylvania

Gentlemen:

Protective Life Insurance Company is pleased to advise you of its approval of a loan subject to your compliance with the enclosed Permanent Loan Commitment.

Enclosed are two counterparts of Protective Life Insurance Company's Permanent Loan Commitment dated April 1, 2002 on the above-referenced project. The Borrower should execute and return one counterpart to us, unmarked, along with any unpaid required fee. Any revisions or modifications should be requested in writing for consideration.

Also, please find enclosed the Form W-9, which must be filled out for the borrowing entity indicating the taxpayer identification number and returned with the Commitment.

The enclosed Commitment requires an appraisal, a Phase I environmental site assessment and, unless the improvements are newly constructed, a property condition survey. We must pre-approve the firms and/or individuals preparing these reports. To facilitate the approval process, please have the appropriate firms fill out and return the enclosed forms (all questions must be answered) and attach supporting documentation (brochures, insurance accords, resumes). Once completed and returned, we will advise if approved or not.

Sincerely,

J. Craig Cecil  
Second Vice President  
Investment Department

JCC/dn

PERMANENT LOAN COMMITMENT  
April 1, 2002

Project: The Point Shopping Center  
I-83 and Union Deposit Road  
Harrisburg, Dauphin County, Pennsylvania

Protective Life Insurance Company ("Lender") agrees to provide secured first lien financing ("Loan") for the above-referenced Project to the Borrower (defined below) on the terms and conditions set forth below:

PART I - THE LOAN

1.1. BASIC LOAN TERMS AND DEFINITIONS:

-----  
The following are the basic terms of the loan. Capitalized terms are definitions for the purposes of this agreement. Such basic terms are subject to the other conditions of this Commitment and definitive loan documents.

<TABLE>  
<S> Borrower: The Point Associates, L.P. having as its general partner The Point Shopping Center, LLC  
having as its sole member Cedar Income Fund Partnership, L.P.  
Principal(s): Cedar Income Fund, Ltd.

Loan Amount:	\$21,000,000 ("Ceiling Loan")	Interest Rate:	7.625% per annum
	\$20,000,000 ("Floor Loan")		
Amortization:	25 years	Monthly Payment:	See Section 1.4 (Principal and Interest)
Call Date:	10 years		
Maturity Date:	25 years	Liability:	Nonrecourse (described below)
Project Acreage:	24+/-acres	Building Size:	260,867 square feet
Required Parking:	1,210 spaces	Minimum Appraised Value:	\$28,000,000

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 FEES/EXPIRATION DATE

Commitment Fee:	\$420,000
Site Inspection/Application Fee:	\$1,500
Acceptance Date:	April 11, 2002
Expiration Date Floor Loan:	May 30, 2002
Expiration Date Ceiling Loan:	May 30, 2004

</TABLE>

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1.2. NONRECOURSE LIABILITY:

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 Borrower (if Borrower is a partnership, then also each general partner) shall have no personal liability for the payment of the principal, interest, prepayment fee or Premium, if any, provided for in the Loan, except as herein provided in the following paragraph.

Borrower (and any general partner) and the Principal(s) listed in Section 1.1 above shall, jointly and severally, absolutely and unconditionally covenant and agree to pay, indemnify and hold Lender harmless against any and all damage, loss, liability, costs and expenses which Lender may suffer or to which Lender may become subject, plus interest thereon at the After-Maturity Rate, which arise out of or are based upon:

- (a) failure by Borrower or the Principal(s) to perform the obligations contained in the Loan Documents to prevent waste, keep the Property free of any hazardous waste as required by any applicable governmental authority, maintain insurance coverage, pay over insurance and condemnation proceeds, and pay ad valorem taxes and assessments with respect to the Property;
- (b) fraud or misrepresentation by Borrower, any general partner or the Principal(s) to the Lender prior to or during the term of the Loan;
- (c) misappropriation or conversion of any security for this Loan;
- (d) collection of rents, issues or profits from the Property in contravention of the terms and provisions of the Loan Documents unless the same are applied to the Loan;
- (e) the obligation of Borrower or any indemnitor to indemnify Lender under any environmental indemnification agreement executed in favor of Lender; and
- (f) an act or omission of the Borrower or any Principal resulting in a termination of or offset/reduction of rent under an anchor tenant lease without Lender's approval.

1.3. CALL OPTION:

-----  
 Notwithstanding the Amortization Term, Lender shall have the continuing option of accelerating the Loan as of any time after the Call Date. The Loan shall be due and payable in full 90 days after Lender notifies Borrower of the exercise of the call option.

1.4. MONTHLY PAYMENT:

-----  
For the funding of the Floor Loan, monthly installments of principal and interest will be calculated on the basis of a twenty-five (25) year amortization term and shall be due and payable on the first day of each month of the loan term. Upon each funding of the Loan, the monthly payments of principal and interest shall be calculated based upon the remaining twenty-five (25) year amortization term at the outstanding principal balance of the Loan.

1.5. LOAN AMOUNT & INTEREST RATE:  
-----

The principal amount of the Loan shall be \$21,000,000 ("Ceiling Loan"). The Loan shall be funded in two increments with the first funding of \$20,000,000 ("Floor Loan") based upon the leases listed on Exhibit B.

The difference between the Floor Loan and the Ceiling Loan (the "Holdback Amount") shall be funded no later than twenty-four (24) months after the funding of the Floor Loan, but only upon the full satisfaction of the following conditions: (a) credit acceptable to Lender shall be in occupancy, open for business and paying full rent without concessions or setoff, as described in Exhibit B-1, (b) the tenant shall have executed Lender's form Estoppel Certificate of Landlord and Tenant and form Subordination, Attornment and Non-Disturbance Agreement as required by Section 2.7, (c) an acceptable update to the Property Condition Survey, (d) receipt and approval by Lender of the appraisal update required by Section 2.3 of this Commitment.

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The Interest Rate on the Floor Loan shall be 7.625%. The Interest Rate on the Holdback Amount shall be the Lender's market rate for loans of similar term and maturity at the time of funding of the Holdback Amount.

If the foregoing conditions are not satisfied and the Holdback Amount has not been funded within twenty-four (24) months after the funding of the Floor Loan, the Loan shall be deemed fully funded and any right to the Holdback Amount shall terminate.

1.6. CONDITIONS TO INCREMENTAL FUNDINGS:  
-----

As a condition to funding the Holdback Amount, Lender requires the following: (i) there shall be no default under the existing loan documents; (ii) the requirements listed in Section 1.5, 2nd paragraph, shall be completely satisfied; (iii) an updated appraisal as required in Section 2.3; (iv) an as-built survey as required in Section 2.8 showing the reconfigured space; (v) an insurance policy reflecting increased values on the property; (vi) an updated property condition survey; and (vii) proof of completion of all regulatory compliance, as Lender may require.

1.7. PREPAYMENT/DEFAULT PREMIUM:  
-----

(a) Voluntary prepayment. The Loan may be prepaid in full (but never in part) at any time during the Loan term, upon 90 days prior written notice to Lender and payment of a prepayment premium equal to the greater of (i) one percent (1%) of the then unpaid principal balance of the loan; or (ii) a Yield Maintenance Premium based on the formula described below.

(b) Default. The promissory note shall provide, in addition to other remedies, that if the Loan is accelerated due to Borrower's default, including attempted voluntary prepayment during a closed period, if any, Borrower must pay in addition to all other amounts due, a premium equal to the greater of (i) one percent (1%) of the then unpaid principal balance of the Loan; or (ii) a Yield Maintenance Premium based on the formula described below.

The Yield Maintenance Premium is an amount calculated as follows:

(i) subtract from the Interest Rate then in effect under the Loan, the annualized yield on a United States Treasury Bill, Note or Bond with a maturity date which occurs closest to the Call Date of the Loan, as such yield ("Treasury Rate") is reported in The Wall Street Journal five (5) business days preceding the date of prepayment or default ("Rate Differential");

(ii) multiply the Rate Differential by the principal balance

of the Loan as of the date of prepayment or default, as applicable, and divide the product thereof by 12 ("Monthly Interest Differential");

(iii) using one-twelfth of the Treasury Rate, discount to present value the right to receive the Monthly Interest Differential each month between the date of prepayment or default, as applicable, and the Call Date of the Loan to determine the Yield Maintenance Premium.

If such prepayment or default occurs on or after the Call Date of the Loan, there shall be no premium under this paragraph.

1.8. LATE CHARGE:

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The note will contain a provision for an additional 4% after maturity interest rate and a 4% late charge for payments received after the 10th of the month in which due (unless state law requires a longer period prior to imposing a late charge).

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1.9. DUE ON SALE/TRANSFER/ENCUMBRANCE:

-----  
The first lien security instrument ("mortgage") which secures the Loan shall contain a due-on-sale/transfer/encumbrance provision which prohibits the Borrower and its Principals from selling all or any interest in the Project or encumbering the Project with any secondary liens without Lender's prior written consent. This restriction shall also apply to a transfer of beneficial interest in a corporate, partnership or joint venture Borrower.

However, the Loan documents will contain exceptions to the due-on-sale/transfer/encumbrance provision in language acceptable to Lender for the following matters, to be applicable provided the Loan is not then in default and no event has occurred which, with the passage of time, could lead to a default:

- (a) Transfers by sale, gift, inter vivos transfer in trust or devise of limited partnership or membership interests in the Borrower or up to 75% interest of the entire Project by Borrower, so long as the Principal(s) retain control of the Borrower or its corporate general partner and there is no material negative change in the financial condition of the Principal(s).

Any transfer permitted by this paragraph shall not relieve the Borrower or the Principals from their obligations under the Loan documents and any guaranty or environmental indemnity.

- (b) A sale of the Project by the Borrower and assumption of the Loan by the purchaser, so long as:
- (1) At least 30 days prior to the proposed transfer, Borrower must provide Lender with notice of and detailed explanation of the proposed transaction and such financial information and other documentation regarding the prospective purchaser as Lender shall request;
  - (2) Lender, in its sole discretion, shall have approved the prospective purchaser to assume the Loan;
  - (3) Borrower shall have provided Lender with documentation acceptable to Lender that the Project is producing and will continue to produce annual net operating income equal to at least 125% of the total annual debt service on the Loan;
  - (4) Lender shall have approved the management agreement to be executed by the proposed purchaser;
  - (5) Lender is paid an assumption fee of one percent (1%) of the loan amount (hereinafter, the "Assumption Fee") at the time such assumption is approved or closed, at Lender's option.
  - (6) The purchaser executes Lender's assumption documents by which the purchaser assumes the obligations of the Loan documents. Further, the purchaser will execute an environmental indemnity agreement and such other documents as Lender shall require to accomplish the assumption of the Loan.

Nothing herein or in any assumption document shall be construed to



require Lender to approve any proposed purchaser or to release Borrower from any obligations under the Loan documents.

1.10. ESCROW:

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The mortgage shall also contain an escrow provision which requires the Borrower to pay deposits with each installment of principal and interest to pay the annual real estate taxes and insurance premiums when due plus up to two (2) months' additional deposits.

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PART 2 - THE SECURITY

2.1. LAND/IMPROVEMENTS/PARKING:

-----  
The Loan will be secured by a first mortgage lien on the Project, outlined in red on Exhibit A attached hereto, consisting of the Project Acreage and Building Size of the buildings located on the property. The Property shall have such easements, rights-of-way and other privileges as Lender considers necessary or desirable and must contain the Required Parking listed in Section 1.1 above or the number of parking spaces required by the applicable zoning code or anchor lease(s), if greater.

2.2. CROSS EASEMENT AGREEMENT:

-----  
If the land and improvements that will secure this loan are part of a larger commercial development, the Project must be covered by a declaration of easements containing terms and provisions acceptable to Lender, including without limitation easements for ingress, egress, parking, utilities and storm water drainage and restricting the use of adjacent properties as required by the anchor tenants listed on Exhibit B.

2.3. APPRAISAL:

-----  
As a condition to funding the Loan, the Lender must be furnished a Complete, Self-Contained Appraisal Report which includes the following supplemental requirements of Lender.

- a.) Three Approaches to Value
  - 1.) Income Approach with supporting market income and expense data with analyses and adjustments and existing lease analyses;
  - 2.) Sales Comparison Approach with the supporting comparable sales data with analyses and adjustments;
  - 3.) Cost Approach with Land Value and Building Replacement Costs
- b.) Photographs of the Following
  - 1.) Subject Property
  - 2.) Adjoining Properties
  - 3.) Street Views
- c.) Neighborhood Analyses, Site Plans, and a copy of Survey

The effective date of the value conclusion shall not be later than the date of loan closing. If the value of the Project as completed and leased is a future value, that is, predicated on certain conditions which shall occur in the future, (for example, completion of construction, lease-up, stabilization or economic considerations), then when such conditions are met and prior to any funding, Borrower must furnish to Lender either a new Complete, Self-Contained Report supplemented as required above, or a Limited or Restricted Use Appraisal Report which updates the original appraisal. The update or the new appraisal report must reflect whether or not: a) the conditions upon which the value was predicated have been fulfilled; b) there have been no significant changes in the market and c) the appraiser's value conclusions for each of the three approaches to value have changed. Any Limited or Restricted Appraisal Report must rely on the analyses contained in the original report and must reflect any deviations of the final project configuration, market or relevant information from the assumptions in the original appraisal together with any resulting effect on the value conclusion.

The appraisal must be acceptable to Lender in form and content in all respects. The value shall not be less than the Minimum Appraised Value listed in Section 1.1. If the appraised value is less than the Minimum Appraised Value or the conclusions or methodology of the appraisal are otherwise unacceptable to Lender, then Lender reserves the right to either terminate the Commitment or adjust the Loan Amount or other loan terms to a level acceptable to Lender.

The appraiser must have an MAI designation and must be approved by Lender in advance. All appraisals must either be addressed to Lender and one of its officers or be accompanied by a letter from the appraiser authorizing the Lender to rely on the appraisal and its value conclusions.

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2.4. PROJECT INSPECTION:

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As a condition to this Commitment becoming a binding contract, Lender shall have the right to inspect and approve the Project location and construction quality.

2.5. LEASES:

-----

As a condition to funding, the leases listed on Exhibit B shall be in full force and effect with the tenants in occupancy, open for business and paying full rent without concession or setoff. The terms and provisions of all leases shall be acceptable to Lender and shall include, without limitation, the lease term, square footage, minimum annual rent and expense payments listed on Exhibit B. The originals or certified copies by the Borrower of all leases and a certified rent roll must be furnished to Lender.

Borrower and any guarantor represent that each lease is bona-fide and arms-length and that neither Borrower or guarantor has any ownership interest (beneficial or otherwise) in any tenant nor control over any tenant ("control" meaning no contracted right to influence the business operations of tenant other than as specified in the leases presented to Lender) nor any lending or other relationship with any tenant except as specified in the leases presented to Lender.

Any space which is unoccupied on the date of funding must be completed in all respects, except for floor and wall coverings. The vacant space of 22,600 square feet, referred to as the 'expanded Eckerd's space' need not be finished for the funding of the Floor Loan.

2.6. NO COTENANCY CLAUSES IN LEASES:

-----

No leases listed on Exhibit B-Attachment shall contain any cotenancy clause permitting the tenant to terminate the lease, reduce rent or otherwise abate any payments on account of any change in the occupancy of any other tenant, whether on or off the mortgaged premises. In the event any tenant ceases doing business for any reason, all leases on Exhibit B-Attachment shall remain in full force and effect with the tenants paying full rent and the tenants' pro rata share of taxes, insurance and common area maintenance costs for the full term of the leases.

2.7. ASSIGNMENT/ESTOPPEL/SUBORDINATION:

-----

All leases must be assigned to Lender as additional security for the Loan. Each tenant must execute Lender's form Estoppel Certificate of Landlord and Tenant and form Subordination, Attornment and Non-Disturbance Agreement.

2.8. AS-BUILT SURVEY:

-----

As a condition to funding, Lender shall be furnished an acceptable "as-built" survey of the Project in accordance with the Survey Specifications attached as Exhibit C.

2.9. UTILITIES:

Prior to funding, Lender shall be furnished satisfactory evidence of the availability of all utilities required for full use of the Project.

2.10. REGULATORY COMPLIANCE:

-----

As a condition to funding, Lender must be furnished satisfactory evidence that the Project complies with all applicable laws, ordinances, rules and regulations pertaining to zoning, building codes, safety, health and environmental matters and has been approved by all governmental agencies having jurisdiction over the Project and its compliance.

2.11. PLANS/SPECIFICATIONS/SOIL TEST:

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As a condition to funding, Lender must be furnished for review and approval a set of the final Project plans and specifications under seal and the pre-construction soil test report.

2.12. PROPERTY, LIABILITY, RENT AND FLOOD INSURANCE:  
-----

As a condition to funding, Borrower must furnish an all-risk or special risk property insurance policy with a replacement cost endorsement or replacement cost valuation basis section with no more than a \$10,000.00 deductible and a comprehensive general liability policy in amounts and with terms acceptable to Lender. The property policy must provide a property limit equal to: (a) the cost approach to valuation as provided by the appraisal as defined in Part II of this Commitment less land and approved soft costs, or (b) the outstanding balance of the note, whichever is less. If the property policy provides a limit equal to item (b) above, the policy must provide an agreed amount endorsement. The proceeds of all property insurance policies must be payable to Lender under a standard mortgagee clause.

If the property is located in a flood hazard Zone "A" or in any other location in which Lender requires flood coverage, flood insurance in an amount acceptable to Lender must also be provided subject to Lender's right to approve the survey. If the property is located in earthquake zones "3" or "4" as depicted by the Seismic Zone Map of the United States, Earthquake Insurance in an amount acceptable to Lender must be provided. Loss of Rents Insurance providing one years coverage must also be provided. The Lender will also be named as a Loss payee on the rents coverage and as an additional insured on the comprehensive general liability policy.

The casualty insurance company must meet the following basic requirements:

1. Have a minimum rating of "A+" according to Best's Insurance Reports - Property/Casualty Edition;
2. Have a claims paying rating of at least single "A" by two approved rating agencies;
3. Must be a stock company or a non-assessable mutual company located in a country acceptable to Lender; and
4. Must be licensed in the state where the property is located.

In addition, Lender will not allow any carrier or self-insurer to provide a policy limit in excess of 10% of its policyholders surplus on any one risk. A tenant will be allowed to self-insure through a wholly owned subsidiary as long as the tenant's tangible net worth exceeds \$100,000,000.00.

The policy and carrier requirements outlined in this section must be met on any policy submitted prior to closing and any renewal thereof.

2.13. PROPERTY CONDITION SURVEY:  
-----

As a condition to funding, Lender must be furnished a Property Condition Survey ("PCS") conducted by a licensed engineer. The PCS must cover the following areas: building code, safety and ADA compliance; evaluation of structural, roof, HVAC, mechanical, electrical and plumbing systems; site improvements; sewer and drainage systems. The PCS must contain the (a) engineer's estimate of the cost of curing any immediate code or safety violations or immediate repairs necessary for the integrity and operation of the Project and (b) a grid containing the estimated remaining useful life of major components of the Project and the cost of replacing/repairing same.

The PCS report shall be subject to Lender's review and approval.

2.14. ENVIRONMENTAL SITE ASSESSMENT:  
-----

As a condition to funding, Lender must be furnished an acceptable Phase 1 environmental site assessment report performed by an environmental engineering firm approved by Lender. This report should be addressed to

Lender and updated to within 30 days prior to closing. Borrower shall also provide a reliance letter from the environmental firm addressed to Lender which acknowledges that Lender will rely on any prior reports cited in the final Phase 1 report. The Phase I report must state whether or not an asbestos survey of the Project is recommended based on the applicable ASTM standard. If recommended or otherwise required by Lender, an acceptable asbestos survey report addressed to Lender must be furnished as a condition to closing. The Lender must be furnished complete copies of any existing Phase 2 or Phase 3 reports concerning the property.

2.15. ENVIRONMENTAL INDEMNITY:  
-----

As a condition to funding, Borrower and each Principal shall execute Lender's standard form Environmental Indemnity Agreement.

PART 3 - EXPIRATION/ACCEPTANCE AND COMMITMENT FEES

3.1. COMMITMENT FEE AND ACCEPTANCE OF COMMITMENT:  
-----

The Commitment Fee listed in Section 1.1 and an executed copy of the Commitment, without modification, must be received by Lender on or before the Acceptance Date listed in Section 1.1, otherwise this Commitment is null and void. Payment of the Commitment Fee and written acceptance of all terms and conditions of this Commitment without modification are conditions precedent to this Commitment becoming a binding contract. Lender acknowledges receipt of \$413,500 of the Commitment Fee.

In the event Borrower accepts the Commitment subject to counter-offers or proposals, Lender shall have the right to deposit the Commitment Fee in its bank account, to commingle it with other funds as Lender chooses, and to earn interest thereon pending Lender's acceptance or rejection of such counter-offers or proposals. Such deposit of the Commitment Fee shall not be deemed an acceptance by Lender of any such counter-offer or proposal. In the event the Commitment is not finally accepted by the parties, the Commitment Fee, less any expenses incurred by Lender, shall be refunded to the Borrower without interest.

The Commitment Fee will be held by Lender without interest and will be held until after the Loan is funded by Lender and all documents and materials used in structuring the Loan such as the recorded documents, title policy and any post-closing items are received, reviewed and approved by Lender, at which time the entire amount will be refunded.

Borrower agrees that it will not seek other financing for the Project, delay in the submission of required items for Lender's approval or otherwise frustrate the closing of the Loan. If for any reason the Loan is not funded as required in this Commitment, Lender may, at its option, retain for its own account the entire Commitment Fee; however, the option to receive and keep the Commitment Fee is not exclusive of, but in addition to all other rights and remedies Lender may have for Borrower's failure to comply with this Commitment. Borrower acknowledges that Lender may incur substantial damages, including loss of anticipated yield (calculated as if the loan had closed on the Expiration Date) in the event of Borrower's breach of this contract and that Borrower shall be liable for these damages plus Lender's out-of-pocket expenses, including but not limited to Lender's attorney's fees.

As a limited exception to the foregoing, if (i) Borrower timely submits complete information with respect to the following required due diligence items; (ii) Lender disapproves the submitted item; (iii) Borrower is diligent in obtaining and submitting additional documentation required by Lender to clarify, supplement or amplify the disapproved item; and (iv) despite Borrower's diligent efforts to satisfy Lender's concerns, Lender disapproves same and thereby the conditions precedent to funding under this Commitment cannot be satisfied, then Lender will refund Commitment Fee (but not any other fees required by this commitment), less any out-of-pocket expenses (including legal fees) incurred by Lender. The due diligence items referred to in this paragraph are: appraisal, leases on Exhibit B, environmental site assessment, plans and specifications, evidence of regulatory compliance, structural inspection, matters of survey, and title exceptions.

3.2. SITE INSPECTION/APPLICATION FEE:  
-----

Borrower shall pay the non-refundable Site Inspection/Application Fee listed in Section 1.1 due at the acceptance of this Commitment. Lender acknowledges receipt of \$1,500 for the Site Fee.

3.3. EXPIRATION DATE AND FUNDING DATE:

-----  
This Commitment, unless sooner terminated, expires on the Expiration Date provided in Section 1.1, and thereafter shall be of no further force and effect and all obligations of Lender to perform hereunder shall terminate. Lender has the option of funding the Loan at any time between the date that all the terms of this Commitment are satisfied and the Expiration Date.

The Commitment will be automatically extended for a period of fifteen (15) days beyond the Expiration Date upon the payment to Lender of a per diem extension fee based upon the product of the difference between the Interest Rate of the Loan and the rate paid on 30 day commercial paper by major corporations on the date five (5) business days prior to the Expiration Date as published in The Wall Street Journal multiplied by the amount of the Loan. This fee will be charged from and including the Expiration Date through the day before closing, and will be payable in advance on the date said extension period begins or at closing at Lender's option. Lender may grant additional extensions upon such terms and conditions as Lender may require. Upon expiration of this Commitment due to Borrower's failure, refusal or unexcused delay in closing, Lender shall be entitled to damages as provided in Section 3.1 above.

3.4. CLOSING DOCUMENTATION:

-----  
All closing documentation required by the Commitment must be received by Lender at least fifteen (15) days before Closing, in order to allow sufficient time for review, negotiation, modification and supplementation, if necessary, of such documentation. Subject to satisfaction of all Conditions of the Commitment, Lender shall not be required to fund the Loan earlier than thirty (30) days prior to the expiration of the Commitment.

PART 4 - FURTHER CONDITIONS

Borrower shall provide Lender with the following, in a form satisfactory to Lender, as a condition to funding the Loan:

4.1. LOAN DOCUMENTATION:

-----  
The Loan shall be structured using such documents and materials as Lender shall require, including, but not limited to the promissory note, mortgage, deed of trust or deed to secure debt, security agreement, UCC financing statements, environmental indemnity agreement, assignment of rents and leases, borrower's affidavit, subordination of management/leasing fees, estoppel certificate of landlord and tenant, and subordination, attornment and non-disturbance agreement. All loan documents shall contain such terms as are acceptable to Lender.

4.2. ATTORNEYS AND LEGAL OPINIONS:

-----  
As a condition to funding, Lender must be furnished an acceptable legal opinion covering the legality of the Loan transaction, the enforceability of the Loan Documents and the compliance of the Property with applicable laws, and providing, without limitation, that all documents used in structuring the Loan are valid, binding and enforceable in accordance with their terms. The opinion must specifically provide that the Loan as structured does not violate any usury statutes. In addition, Lender reserves the right at any time to retain counsel at the Borrower's expense to represent Lender on any matter pertaining to the Loan.

4.3. TITLE INSURANCE:

-----  
As a condition to funding, Lender shall be furnished an acceptable ALTA Loan Policy issued by an approved national title insurer, insuring the Loan as a valid first lien on the security without exception other than taxes not yet due and payable and such other exceptions as Lender shall approve. The title policy shall contain such endorsements and affirmative coverage as required by Lender, including but not limited to, a general comprehensive endorsement. A title insurance commitment with documentation for all exceptions must be furnished Lender within 30 days after acceptance of this Commitment. The Loan must be closed under an insured closing agreement with the title insurer.

4.4. BORROWER'S AUTHORITY:

-----  
If the Borrower is a corporation, partnership or fiduciary, Lender must be furnished copies (reflecting any recordation information) of the Borrower's organizational documentation and satisfactory evidence of the authority of Borrower and persons executing documents on its behalf to enter into the Loan and pledge the Project as security therefor.

PART 5 - GENERAL PROVISIONS

5.1. CREDITWORTHINESS:

-----  
By accepting this Commitment, Borrower and its Principals authorize lender to investigate their credit. Further, as a condition to funding, Borrower shall provide Lender with a current credit report on Borrower and each of its Principals. Lender's approval of Borrower's and its Principals' creditworthiness is a condition precedent to this Commitment becoming a binding contract.

5.2. ANNUAL OPERATING STATEMENT:

-----  
Within ninety days after the end of each calendar year, Lender must be furnished an acceptable operating statement for the Project setting forth all income and expenses of the Project for the preceding year. Lender shall have the right to require that the operating statement be prepared by an approved certified public accountant.

Any borrower or guarantor must furnish to Lender an annual statement under original signature within 90 days after the calendar year end or as required by the Securities and Exchange Commission.

5.3. MANAGEMENT/LEASING PLAN:

-----  
The Project must at all times be managed and leased by an agent acceptable to Lender. Any management, leasing or similar fee must be subordinated to the Loan. Lender approves Brentway Management LLC as manager of the Project.

5.4. BORROWER TO PAY ALL EXPENSES:

-----  
All expenses in connection with the Loan including, but not limited to, one point (1%) of the Ceiling Loan Amount to Ekstein-Rothenberg for services rendered for arranging the Loan with Protective Life, attorneys fees, recording fees, surveys, title insurance, and other costs associated with closing the Loan shall be paid by the Borrower.

5.5. ASSIGNMENT OF COMMITMENT OR LOAN:

-----  
This Commitment cannot be assigned or transferred by Borrower without Lender's prior written approval. Lender reserves the right to assign this Commitment to an entity controlled by or under common control with Lender for funding. Once the Loan is closed, Lender reserves the right to assign the Loan Documents to an assignee of Lender's choice or grant participations in the Loan.

5.6. TERMINATION OF THE COMMITMENT:

-----  
Lender's obligation to perform under this Commitment shall, at Lender's option, terminate and become null and void upon the occurrence of any of the following events:

Failure of the Borrower to accept this Commitment by the required date.

Default by Borrower in the performance of any requirement or obligation of the Commitment.

The disapproval by Lender of any document, matter or fact requiring Lender's approval.

Expiration of the Commitment pursuant to the Section captioned "EXPIRATION DATE".

Should the Borrower, any guarantor or any tenant or lease guarantor required for funding be the subject of any bankruptcy, reorganization or insolvency proceeding, cease doing business (if a tenant) at the Project (or announce an intention to cease business at the Project), die (if a natural person), or suffer a material change in financial conditions or prospects.

Default in the performance of any requirement or obligation in any instrument evidencing or securing the Loan or incidental thereto.

Material damage to or destruction of the Project, in whole or in part, whether or not covered by insurance.

5.7. SURVIVAL:  
-----

This Commitment and all terms and provisions hereof shall survive the closing of the Loan and shall not be merged into any of the Loan documents; provided, however, in the event of a conflict between the terms and provisions of this Commitment and the terms and provisions of the Loan documents, the Loan documents shall control.

5.8. ENTIRE AGREEMENT:  
-----

This Commitment is the entire agreement between the parties and can only be changed by a written modification prepared by Lender signed by all parties. If there is any difference between the application for this Commitment and the terms hereof, the terms of this Commitment shall control in all instances.

5.9. COMPLIANCE WITH CONDITIONS:  
-----

As a condition to funding, Borrower shall satisfy in full, in form and substance acceptable to Lender, all requirements of this Commitment and shall execute all loan documents and such other instruments as Lender shall require. Any decision, approval or consent reserved to or required from Lender hereunder may be made or denied in Lender's sole discretion, based on Lender's underwriting criteria and judgment applied to this Loan, and whether or not deemed reasonable by Borrower.

PROTECTIVE LIFE INSURANCE COMPANY

By: \_\_\_\_\_  
Carl S. Thigpen  
Senior Vice President  
Investment Department

CST/dn

The undersigned accepts this Commitment and all its terms, conditions and requirements. The undersigned acknowledges that this Commitment has been extended by Lender in reliance upon information furnished by the undersigned which is hereby certified to be true and correct. In the event of a material misrepresentation or omission regarding this information, Lender shall have the right to terminate this Commitment.

Dated this 3rd day of April, 2002.

"BORROWER"

THE POINT ASSOCIATES, L.P. TAX ID#: 23-2537467  
-----

By its general partner:

The Point Shopping Center, LLC Tax Id#: 11-3551567  
-----

By its sole member:

Cedar Income Fund Partnership, L.P. Tax Id#: 11-3440066  
-----

By: Cedar Income Fund, Ltd., GP

By: /s/ Leo S. Ullman  
-----

Its: President

"PRINCIPAL(S) "

Cedar Income Fund, Ltd. Tax Id#: 42-1241468

-----  
By: /s/ Leo S. Ullman  
-----  
Its: President

Borrower's Address:  
  
44 South Bayles Avenue, Suite 304  
-----  
Port Washington, New York 11050  
-----  
  
Phone: (516) 767-6492  
-----  
Fax: (516) 767-6497  
-----

-12-

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EXHIBIT A  
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Exhibit A hereto is a site map and is therefore not keyable.

-----  
EXHIBIT B  
Attachment  
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<TABLE>  
<CAPTION>

Tenant Expenses	Leased Area	Expiration Lease Term	Gross Minimum Annual Rent
-----	-----	-----	-----



<S> <C> Anchors	<C>	<C>	<C>
Giant Food Stores, Inc. (1) (2)	55,000	20 Years	\$935,000
Staples, Inc. (2)	24,000	12 Years	\$264,000
Citizen Financial Group, Inc. (2)	3,054	5 Years	\$ 40,102
Waypoint Bank (2)	3,200	20 Years	\$ 30,000
Cokesbury Bookstore (2)	5,200	10 Years	\$ 69,792

</TABLE>

NOTES:

1. The terms and conditions of the lease shall be unconditionally guaranteed by Koninklijke Ahold, n.v.
2. In addition to the gross minimum annual rent, the tenant shall pay its own utilities and interior maintenance costs; its pro rata share of taxes, insurance and common area maintenance costs attributable to the Project.

-----  
EXHIBIT C  
-----

SURVEY SPECIFICATIONS

(Minimum requirements, not intended to lower State or Local law or custom.)

Field Technical Specifications.

1. The survey will be a field-run, ALTA/ACSM Land Title Survey, based upon the property description furnished in the source of title, performed by or under the direct supervision of a registered Professional Land Surveyor currently licensed in the State in which the property is located, and during which all property boundary corners are either occupied or sideshot.
2. All distances will be measured and reported to the nearest 0.01 feet, and all angles will be measured and reported to the nearest 20 seconds of arc.
3. Closure must meet or exceed 1:10,000. The area will be reported to the nearest 0.01 acre. The bearing of each course will be shown sequentially on the survey plat, with the basis of bearings (e.g., true, magnetic or arbitrary) stated in the marginal notes.
4. All corner points will be marked on the ground by permanent ferrous metal monuments with ties to any appropriate witness and/or reference monuments shown on the survey plat along with a detailed description of the true corner marker.
5. All buildings located on the subject property will be dimensioned and located relative to a minimum of the closest two (2) adjoining property boundaries by perpendicular off-sets. Type of construction and number of stories will be noted and shown.
6. All additional improvements (e.g., sidewalks, drives, paved parking areas, medians, open spaces, etc.) will be dimensioned and located in a graphically correct position and orientation. Individual parking spaces as striped on the ground will be shown and counted.
7. All utilities visible on the surface will be located, shown and described. Additionally, underground sanitary sewer systems and underground storm sewer systems will be traced through the property and located in a graphically correct position.

8. The existence or nonexistence of any encroachments onto the property by improvements on adjoining lands, and/or any encroachments by improvements on the surveyed property onto any adjoining lands must be determined, dimensioned and shown on the survey plat.
9. The name, address and recordation document information of all adjoining owners (including across streets, alleys or highways) as they appear on current tax assessment rolls will be shown on the survey plat in proper position.
10. The finished floor elevation of the lowest floor of all buildings on the surveyed property will be determined on NGVD and shown on the survey plat if the surveyed property is located in or partially in a designated Flood Hazard Area.

#### PLAT TECHNICAL SPECIFICATIONS

- 
1. All surveys will be drawn in ink, on a base plat (preferred size 24 inches vertically and 36 inches horizontally). A lined border will be constructed. No portion of the survey or marginal information will be drawn outside of the described border.
  2. Survey information will be located on the base plat so that the right portion of the plat contains the following items in order from top to bottom:
    - A. North arrow, graphic scale, legend and marginal notes.
    - B. Property description, including appurtenant easements.
    - C. Marginal Notes
    - D. Surveyors Certification (see item 11 below).
    - E. Title Block.
  3. The remainder of the base plat will contain the survey drawing, oriented such that North is "up the page", and at a scale of 1"=30 ft. if practicable but the paper size or scale may be adjusted to enhance readability. Match lines should be avoided.
  4. Property boundaries will be drawn with a heavy line. The property boundary will be dimensioned with the length inside of and bearing outside of each line parallel with the same. Curved portions of the property boundary will contain arc and chord distances, as well as a minimum of two (2) of the curve parameters (e.g., Delta and Radius).
  5. The various monuments marking all property corners will be described in detail. If a monument could not be placed at a true corner, appropriate witness and/or reference corners will be set and dimensioned, along with a notation of the reason that the true corner is not monumented. The point of beginning of the property description will be so labeled on the survey drawing, along with any and all appropriate ties to external controlling monuments.
  6. Building outlines will be drawn and will show the exterior faces of all structures. Dimensions will be completed and allow for "closure" of the building. Interior demising walls will be shown between lease units in a graphically correct position. The building will be highlighted by use of pattern film. The distances from building corners to closest exterior property boundary lines will be shown utilizing perpendicular off-set and base distance method only.
  7. All additional improvements such as sidewalks, drives, paved parking areas, open spaces and medians will be shown. Appropriate highlighting of these features is optional, but highly recommended unless undue confusion is resulting. Sufficient detail will be shown in the vicinity of property boundaries to allow a definitive judgment of encroachment conditions.
  8. All record and implied easements will be shown and will be detailed sufficiently to allow appropriate evaluation. Underground sanitary sewer lines will be traced through the property by locating all manholes. Underground storm sewer lines will be traced through the property by locating appropriate governing surface structures and will be shown similarly. Overhead power, telephone and cable lines will be shown by locating poles, towers or the like which govern the location of the same on or immediately adjacent to the property.
  9. The name, pavement width, right-of-way width and governing jurisdiction for all public roads, streets, boulevards, alleys, ways or easements adjacent to, located on, or serving the surveyed property will be shown. Recordation information for dedications will be shown, if known, or if right-of-way

exists by prescription, said fact will be so stated.

10. Marginal information located below the North arrow will contain the following minimum information:

- A. Source of title of current property owner.
- B. Basis of bearings.
- C. Area of property.
- D. Area of building.
- E. Current zoning classification of property, including minimum setback distances required by same. If property is outside of any zoning jurisdiction, this fact must be so stated.
- F. Number of parking spaces required by zoning code and actual number provided.
- G. Street address(es) of property.
- H. Federal Insurance Administration Community Panel Number of Flood Hazard Boundary Map, if published.

11. The surveyor's certification will read exactly as follows:

-----

STATE OF \_\_\_\_\_ )  
 )  
 COUNTY OF \_\_\_\_\_ )

TO: (Insert name of Lender)

-----  
 [Title Insurer]  
 [Owner]

I, \_\_\_\_\_, a registered Professional Land Surveyor in the State of \_\_\_\_\_ of the firm of "(insert firm name, city, state and AC-telephone number)", hereby certify that the premises shown hereon is a true and correct plat of the property described hereon; that the buildings thereon are located with respect to property boundaries as shown; that there are no electric or telephone wires (excluding those which serve the premises only) or structures or supports therefor on or over said premises except as shown; that all Rights-of-way, Easements or joint drives over or across said premises visible on the surface are shown; that the premises surveyed do not encroach on the adjoining property and that the adjoining property does not encroach on the premises surveyed except as shown; I further certify that I have consulted Federal Insurance Administration Flood Hazard Boundary Maps as are currently available and have found that the subject property DOES/DOES NOT (indicate which) lie in a Special Flood Hazard Area.

WITNESS my hand this the \_\_\_\_\_ day of \_\_\_\_\_, 20 .

Surveyor's Name, P.L.S.  
 (State) Reg. No. (# \_\_\_\_\_ )

12. The title block will be located in the extreme lower right hand portion of the plat and will allow the surveyor to appropriately name the survey and include any information normally disclosed (e.g. Job Number, File Number, Field Book Number, etc.). All revision dates must be shown.

13. The registration seal of the surveyor and a live signature will be placed on all furnished copies of the survey plat.

-----  
 EXHIBIT D  
 -----

The Point Associates, L.P.  
 c/o Ekstein Rothenberg Corp.  
 Attn: Milton Ciplet  
 708 Third Avenue  
 New York, NY 10017

Project: The Point Shopping Center  
 I-83 and Union Deposit Road

Gentlemen:

At your request, Protective Life Insurance Company ("Lender") agrees to waive the escrow deposits for taxes and insurance which will be required under the Mortgage, Deed of Trust or Deed to Secure Debt and Security Agreement ("Security Instrument") which will secure the above-referenced loan, providing that all the following conditions are met (the "Conditions"): no default exists under any instrument securing said loan, the ownership and management of the subject property remains the same, insurance premiums are paid when due and taxes are paid when due and Lender is furnished with satisfactory evidence of said payment. Notwithstanding the previous sentence, Lender reserves the right to revoke this waiver if any one or more of the Conditions are not met, or at such time as Lender, in its sole discretion, deems it necessary to protect its security.

Sincerely,

Charles M. Prior  
 Vice President  
 Investment Department

CMP/dn

<TABLE>  
 <CAPTION>

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 EXHIBIT B-1  
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Tenant Expenses	Leased Area	Expiration Lease Term	Gross Minimum Annual Rent
<S>	<C>	<C>	<C>
<C>			
Anchors			
New Credit (1)	22,600	10 Years	\$316,400

NOTES:

- In addition to the gross minimum annual rent, the tenant shall pay its own utilities and interior maintenance costs; its pro rata share of taxes, insurance and common area maintenance costs attributable to the Project. (footnote lease reimbursement stipulations)

PROPERTY MANAGEMENT AGREEMENT

THIS PROPERTY MANAGEMENT AGREEMENT ("Agreement") made as of January 1, 1995 by and between THE POINT ASSOCIATES, L.P., a Pennsylvania limited partnership ("Owner") and SKR MANAGEMENT CORP., a New York corporation ("Agent").

BACKGROUND

A. Owner is the owner of the land and improvements known as The Point Shopping Center, 9898-9850 Route 83 and Union Deposit Road, Harrisburg, Pennsylvania (the "Property").

B. Owner desires to retain Agent as its exclusive agent for the purposes of leasing and managing the Property on behalf of Owner and Agent is willing to act as agent for Owner with respect to the Property on the terms and conditions of the Agreement as more fully set forth herein.

NOW THEREFORE, in consideration of the agreements and covenants herein contained, and intending to be legally bound hereby, Owner and Agent agree as follows:

1. Owner hereby employs Agent to manage and lease as the exclusive broker the property upon the terms and conditions hereinafter set forth for an initial term of three (3) years from the date hereof unless otherwise extended, renewed or terminated as hereinafter set forth.

2. Agent agrees to perform the following:

2.1. Use its best efforts to lease or cause brokers or other agents to lease on behalf of Owner all available space in the Property;

2.2. Diligently to collect rents, additional rents and all other sums due from tenants when due and, where necessary or appropriate, and except as directed otherwise by Owner (in which event Owner shall bear the administrative costs of relieving Agent of such duty or duties), take all such actions as Agent shall deem necessary or advisable to enforce all rights and remedies of Owner under the leases relating to the Property (the "Leases") or to protect the interest of Owner, including, without limitation, the preparation and delivery to tenants under the Leases ("Tenants") of all "late payment", default, and other appropriate notices, requests, bills, demands, and statements. Agent may retain counsel, collection agencies, and such other persons and firms as Agent shall deem appropriate or advisable to enforce, after notification to Owner, by legal action the rights and remedies of Owner against any Tenant default in the performance of its obligations under a Lease. Agent shall promptly notify Owner of the progress of any such legal action;

2.3. To pay from the operating funds of the Property or such other funds as are provided by Owner bills and expenses for the maintenance, repair and operation of the Property, provided, however, that all expenditures in excess of \$5,000 in any single transaction or more than \$50,000 in the aggregate in any period of twelve (12) consecutive months shall be subject to Owner's approval unless such expenditure is included in the operating budget for the Property that has been approved by Owner, and provided further that Agent shall notify Owner of any budget expenditures cumulatively exceeding ten percent (10%) of any approved annual budget;

2.4. To establish and maintain such books of account, records, and other documentation pertaining to the operation and maintenance of the Property as are customarily maintained by managing agents of properties similar in location and size to that of the Property. Agent shall prepare or cause to be prepared and file all returns and other reports relating to the Property, other than income tax returns and any reports or returns that may be required of any foreign owner of U.S. real property, as may be required by any governmental authority or otherwise under this Agreement. Agent shall periodically report to Owner on the general operations, occupancy, physical condition, disbursements, delinquencies, uncollectible accounts, and other matters relating to the Property. Agent shall prepare and forward to Owner a written report each month showing the receipts and expenditures for such month, the receipts and expenditures year-to-date and the variations from the agreed upon budget. These statements shall, upon Owner's request, be accompanied by appropriate documentation of all expenditures made by Agent under this Agreement. As soon as practicable after the end of each calendar year and after the expiration or termination of this Agreement, Agent shall use reasonable efforts to prepare and deliver to Owner statements pertaining to the operation and maintenance of the Property during the preceding calendar year. Agent shall prepare and submit to Owner for its approval no later than December 1st of each calendar year (or such later date as the parties agree) a proposed pro forma budget for all costs pertaining to the operation and maintenance of the Property during the ensuing calendar year. Each such budget shall be substantially in the same form as the approved budget in effect for the prior calendar year, shall set forth expenditures on an annual and a monthly basis, and shall not, except for informational purposes, include estimates for costs and expenses for which Owner will be reimbursed by Tenants under the Leases. Agent shall make such reasonable

modifications to each proposed pro forma budget it prepares in accordance with this section until Owner shall have approved this budget in writing, which approval shall not be unreasonably withheld or delayed. Such budget and revisions shall be deemed to be accepted and approved by Owner unless specifically rejected or accepted within fifteen (15) days of submission;

2.5. To account for all advance deposits of Tenants;

2.6. To refund to Tenants from escrow accounts, funds of the Property or funds provided by Owner, as appropriate, pro-rated rents, rebates, allowances, advance deposit refunds, and such other amounts as are legally due Tenants;

2.7. To collect from Tenants all insurance policies, Tenant insurance certificates, or other evidence of insurance required to be carried by Tenants;

2.8. Unless otherwise instructed by Owner, to secure for and on behalf of and at the expense of Owner such insurance, including without limitation, employee dishonesty insurance, fire and extended coverage property insurance, public liability insurance and workers' compensation insurance, as may be deemed by Owner (or any mortgagees) to be necessary or appropriate, in amounts satisfactory to Owner and Agent and naming Owner and Agent as co-insureds and in form and substance satisfactory to Owner, Agent and any mortgagees; provided, however, that if Agent promptly notifies Owner of the insurance so secured on behalf of Owner, and promptly complies with Owner's instructions regarding such insurance, Owner releases and holds Agent harmless of and from any claims, loss, damages and liability of any nature whatsoever based upon or in any way relating to Agent's securing or failure to secure any insurance, or any decision made by Agent with respect to the amount or extent of coverage thereof or the company or companies issuing, brokering or negotiating such insurance;

2.9. To respond to complaints and inquiries by Tenants, prospective tenants and others, and to take such corrective actions as Agent deems appropriate;

2.10. To contract on behalf of and at the expense of Owner for such supplies and services in reasonable quantities and at reasonable prices as may be appropriate with respect to the Property, and to supervise and administer such contracts, including, without limitation, contracts for mechanical maintenance (including preventative maintenance), window and facade maintenance and cleaning, metal maintenance, pest control, trash removal, janitorial and maintenance supplies, building security, public relations, collection and credit reporting, legal and accounting services, computer services, architectural and engineering services, laundry services, and janitorial or cleaning services. In so contracting, Agent may contract with entities or persons affiliated with it, provided, however, that the rates and charges of the affiliated entity or person are generally competitive and consistent with rates and charges by non-affiliated entities and will obtain a minimum of two competitive bids from nonaffiliated contractors respecting any contract exceeding Ten Thousand Dollars (\$10,000.00);

2.11. To negotiate on behalf of Owner any applicable labor or collective bargaining agreements related to employees of Owner at the Property;

2.12. To hire, discharge, promote or demote, and supervise the on-site employees of Owner, if any, which employees may include, but are not necessarily limited to, a building executive director or supervisor, building manager, leasing specialist or leasing agent, secretarial and clerical staff, maintenance personnel, porters, laborers, security staff and watchmen, provided, however, that any personnel hired by Agent whose wages are not provided for in the approved budget, or otherwise approved by Owner and shall be employees of Agent and their wages and fringe benefits shall be paid by Agent without reimbursement by Owner;

2.13. To supervise and coordinate the moving in and moving out of Tenants to accomplish efficient and time saving use of personnel and elevators and maintain appropriate public relations with Tenants and prospective tenants;

2.14. To prepare and file and/or cause to be prepared and filed on behalf of Owner necessary forms for insurance, hospitalization, benefits, social security taxes, union dues and contributions and such other forms, documents and returns as may be required by any governmental authority, a collective bargaining agreement, or otherwise with respect to employees of Owner at the Property;

2.15. To prepare and file or cause to be prepared and filed on behalf of Owner such applications for permits, and/or licenses as may be required for the operation of the Property;

2.16. To prepare and, where appropriate, transmit payroll records, accounting reports, vacancy and occupancy reports, delinquency reports, cash flow reports, and disbursement ledgers. Agent may contract with others,

including but not limited to entities or persons affiliated with it, or provide its own personnel for the performance of accounting, bookkeeping and computer services in connection with such preparation and transmittal, all without any additional charge to Owner;

2.17. To institute and prosecute on behalf of Owner such legal actions or proceedings as the Agent deems appropriate; to collect sums due Owner; with Owners approval, to evict a Tenant, former Tenant or occupant of the Property; to regain possession of the Property or any part thereof; to contest any bill or charge asserted against or with respect to the Property; to defend any administrative or legal action brought against Agent and/or Owner with respect to the Property; with Owner's approval, to commence litigation pertaining to any labor or employment related dispute; to administratively process or litigate any tax related issue or other issues relating to the Property; to appeal all such proceedings and law suits; and to settle or compromise any claims, law suits, judgments and proceedings relating to the Property, provided however that Agent shall first notify Owner of any compromise which would result in an expenditure by or loss to Owner in excess of \$10,000;

2.18. To maintain such bank or similar accounts on behalf of Owner as are necessary or appropriate in the operation of the Property, including such reserve, investment, security, escrow and other accounts;

2.19. To open and maintain accounts on behalf of Owner with such suppliers and vendors as are necessary or appropriate for the efficient operation of the Property;

2.20. Subject to the approval by the Owner, to join and participate on Owner's behalf in such professional, trade or industry organizations and associations relating to office buildings as is necessary or appropriate with respect to the operation of the Property;

2.21. To notify Owner of any violations of any laws, orders, rules, or determinations of any governmental authority or agency affecting the Property promptly after such occurrence is known to Agent;

2.22. To notify Owner of any catastrophe or major loss or damage or other material adverse change with respect to the property, and to similarly notify all appropriate insurance authorities of the same, promptly upon Agent's knowledge thereof;

2.23. To supervise and arrange for all construction work performed on behalf of Owner at, in or about the Property, provided, however, that with respect to any construction work in excess of \$10,000, Agent shall be paid a construction supervision fee in the amount of five percent (5%) of the total construction costs or such greater amount as is negotiated and agreed upon by Agent and Owner;

2.24. Upon request of Owner, to provide or arrange for such engineering, architectural, design or consulting services with respect to construction, rehabilitation or decorating work or proposed construction, rehabilitation or design work at the Property, all such services to be paid for by Owner;

2.25. To handle on behalf of Owner the submission to appropriate insurance officials of insurance claims and the settlement thereof, provided however, that with respect to any proceeds or reimbursements with respect to such claim which is in excess of Twenty Five Thousand Dollars (\$25,000), Agent shall be paid a processing fee, in addition to all other fees set forth herein, in an amount equivalent to three percent (3%) of the amount received by the Owner with respect to that claim;

2.26. To prepare such reports, data, presentations, market surveys or other material as Owner requests in connection with the sale, refinancing, disposition or master leasing of the Property;

2.27. To institute at Owner's expense, advertising, marketing and public relations campaigns pertaining to the Property;

2.28. To recommend to Owner, where Agent deems it appropriate, programs for the rehabilitation, remodeling, repairs and marketing of the Property; and

2.29. To perform such other services on behalf of Owner with respect to the Property customarily performed by agents within the Property's geographical area as shall be reasonably requested from time to time by Owner. If Owner and Agent disagree as to which services are customarily performed by agents as aforesaid, Agent shall not be required to perform such service until resolution of such dispute, and such non-performance shall not be the basis of termination by Owner of this Agreement.

3. Owner expressly withholds from Agent any power or authority to make any structural changes in any building or to make any other major alterations or additions in or to any such building or equipment therein, or to incur any expense chargeable to Owner other than expenses related to exercising the express powers above vested in Agent without the prior written direction of

Owner (or any party that Owner shall direct), except such emergency repairs as may be required because of danger to life or property or which are immediately necessary for the preservation and safety of the Property or the safety of the occupants thereof or are required to avoid the suspension of any necessary service to the Property.

3.1. Agent agrees to remit promptly to the account designated by Owner, all receipts received in the prior calendar month with respect to the Property in excess of budgeted operating expenses and reserves.

4. Owner shall, at all times, provide necessary funds to maintain and operate the Property as efficiently as possible and in a first class manner in keeping with the standards of operations for similarly situated shopping centers in the area. Owner shall advance such funds to Agent no later than fifteen (15) days after its receipt from Agent of notice of the necessity for such advance. Owner agrees to provide any anticipated cash deficits fifteen (15) days prior to its occurrence.

5. Except as otherwise provided for herein, Owner shall pay to Agent a property management fee in an amount equal to four percent (4 %) of the gross receipts of the Property. This fee shall be payable in monthly installments from the operating accounts maintained pursuant to Section 2.17 hereof. Gross receipts of the Property shall include all rents, percentage rents, tenant charges, reimbursements from Tenants for common area maintenance charges, insurance, utilities and real estate taxes and such other amounts as are collected from Tenants and shall exclude the proceeds from any sale or refinancing of the Property or any portion thereof and the proceeds of any settlements, insurance award (except as provided in Section 2.24) or condemnation award. This fee does not include payment for leasing services.

5.1. To the extent that operating revenues of the Property are insufficient to pay the management fee in full when due, and to the extent that Agent agrees in writing in advance to defer receipt by it of any part of the management fee due it, the amount so deferred shall bear interest at the rate of two percentage points in excess of the "prime rate" or "base rate" from time to time announced by Citibank N.A., New York New York compounded monthly. Nothing herein contained, however, shall be construed to obligate Agent to defer receipt by it of any management fee or other fees whatsoever.

5.2. Agent or its affiliate shall be the leasing agent for the Property. Owner shall pay brokerage commissions to outside brokers, if used in connection with negotiating a lease, at the rates annexed hereto as Schedule of Brokerage Commissions. Owner shall pay Agent or its affiliate a leasing commission for each lease signed during the term of this Agreement upon occupancy by the tenant pursuant thereto in an amount equal to ninety percent (90%) of the full leasing commission; provided however, the leasing commission to Agent or its affiliate shall be reduced to forty five percent (45%) of a full commission in the event that an outside broker is the procuring broker and is paid a full commission. In the event of a renewal, the commission payable to Agent shall be one-half of the commission otherwise payable. This limitation shall not apply to commissions for the expansion of an existing tenant.

5.3. Owner agrees to pay to Agent or its affiliate a sales commission equal to 1% of the sales price of the Property, not to exceed \$100,000 provided that no outside broker is involved. However, if there is an outside broker involved, then Owner shall pay Agent an amount equal to one-half of the difference between 3% of the sales price and the commission payable to the outside broker, not to exceed \$100,000.

5.4. Owner agrees to pay to Agent or its affiliate a commission equal to 1% of the principal amount of any financing/refinancing arranged for the Property, not to exceed \$100,000, provided that aggregate commissions for financing to all involved parties shall not exceed 2%.

6. Owner shall reimburse Agent for reasonable, actual out-of-pocket expenses including telephone and facsimile charges, postage and express mail service and travel and food expenses incurred by Agent in connection with Agent's on site supervision of the Property by Agent's officers and personnel (evidenced by receipts submitted to Owner).

7. The Agent, on behalf of Owner, shall engage Stuart H. Widowski, Esq., or his successor, as legal counsel to provide legal services for Owner and the Property. Such services shall be provided as required and at a rate of \$150 per hour unless otherwise agreed to by Owner or Agent.

8. In performing its obligations hereunder, Agent shall comply with all applicable federal, state and local laws and regulations.

9. The initial term of this Agreement shall be for a period of three (3) years from the date hereof and this Agreement shall automatically renew from year to year thereafter unless and until terminated by either party upon ninety (90) days' prior written notice thereof. Notwithstanding the foregoing, Owner



shall be entitled to terminate this Agreement (with no additional compensation) at any time upon fifteen (15) days' notice to Agent in the event of the malfeasance or breach of this Agreement by Agent or upon the filing of a bankruptcy petition against or by Agent. This Agreement shall terminate automatically (with no additional compensation) if:

(i) all or substantially all of the Property is condemned or acquired by eminent domain; or

(ii) all or substantially all of the Property is destroyed by fire or other casualty as a result of which all or substantially all of Tenants are unable to continue the normal conduct of their business in their respective occupied spaces and are permanently released under their respective leases from the payment of all rent thereunder; or

(iii) all of the Property is sold to an unrelated, third-party purchaser; or

(iv) in the event of the death, disability (for a period of 180 days during any 365 consecutive days) or incompetency of Leo S. Ullman, or if Leo S. Ullman is no longer chief executive officer of the Agent or the Agent's permitted assign.

10. Owner shall pay or reimburse Agent for any monies due it under this Agreement for services prior to termination, notwithstanding termination of this Agreement. All provisions of this Agreement that require Owner to have insured or to defend, reimburse or indemnify Agent shall survive any termination and, if Agent is or becomes involved in any proceeding or litigation by reason of having been Owner's Agent, such provisions shall apply as if this Agreement were still in effect. Owner agrees that Agent may withhold funds for thirty (30) days after the end of the month in which this Agreement is terminated to pay bills previously incurred but not yet invoiced, and to close accounts.

11. Owner agrees to release, indemnify, defend, and save the Agent, its officers and employees harmless from and against all claims, disputes, losses, liabilities and suits (including but not limited to all attorneys' fees and litigation expenses and Agent's costs in connection therewith) in any way:

(i) relating to or arising in connection with the Property and/or damage to property and injuries to or death of any employee, invitee or other person whomsoever, and/or Agent's performance of its duties hereunder;

(ii) relating to any proceeding or suit involving an alleged violation by Owner of any law applicable to the Property or operations thereof; and

(iii) relating to obligations assumed by Agent, its officers or employees in connection with any financing or refinancing entered into in connection with the Property.

11.1. The obligations of Owner to indemnify, hold harmless, and reimburse Agent are subject to the following conditions:

(i) Agent shall promptly notify Owner of any matter with respect to which Owner is required to indemnify, hold harmless, or reimburse Agent; and

(ii) Agent shall not take or fail to take any actions, including an admission of liability, which would bar Owner from enforcing any applicable coverage under policies of insurance held by Owner or would prejudice any defense of Owner in any appropriate legal proceedings pertaining to any such matter or otherwise prevent Owner from defending itself with respect to any such matter, provided such action or failure to act resulted from the gross negligence or willful malfeasance of Agent.

Notwithstanding the foregoing, Owner shall not be required to indemnify, hold harmless, or reimburse Agent with respect to any matter to the extent the same resulted from the gross negligence or willful malfeasance of Agent or actions taken by Agent outside of the scope of Agent's authority under this Agreement or any express or implied direction of Owner.

The provisions of this section shall survive the expiration and any termination of this Agreement.

12. Owner and Agent shall each waive any claim for loss or damage against the other and mutually agree to hold each other harmless for loss to the Property to the extent that either party is reimbursed or indemnified by insurance coverage.

13. Agent will promptly notify Owner of any violations of any requirements of any statute, ordinance, law or regulation of any Governmental body or any public authority or official thereof having jurisdiction and shall promptly take all actions necessary to cure such violations and to prevent any civil or criminal liability from being imposed.

14. In the event it is alleged or charged that the Property or any

equipment therein or any act or failure to act by the Owner or its agents with respect to the Property or the sale, rental, or other disposition thereof fails to comply with, or is in violation of, any of the requirements of any provision, statute, ordinance, law, or regulation of any Governmental body or any order or ruling of any public authority or official thereof having or claiming to have jurisdiction thereover, and Agent, in its sole and absolute discretion' considers that the action or position of Owner may result in damage or liability to Agent, Agent shall have the right to cancel this Agreement at any time by giving not less than thirty (30) days' prior written notice to Owner of its election so to do, which cancellation shall be effective upon the service of such notice. Such notice may be served personally or by United States certified mail, and if served by mail shall be deemed to have been served when deposited in the United States mail system. Such cancellation shall not release the indemnities of Owner and Agent set forth herein and shall not terminate (i) any liability or obligation of Owner to Agent for any payment, reimbursement, or other sum of money then due and payable to Agent hereunder as of the date of such cancellation, or (ii) any obligation of Agent to remit moneys to Owner or to complete its obligations hereunder to the date of such cancellation. Agent shall cooperate with Owner to ensure a smooth and efficient transition to a new managing agent, including but not limited to, prompt delivery of files relating to the Property.

15. Agent agrees to release, indemnify, defend and save Owner harmless from and against all claims, disputes, losses, liabilities and suits (including but not limited to all attorneys' fees and litigation expenses and Owner's costs in connection therewith) in any way resulting from the gross negligence or willful malfeasance of Agent, or its employees:

(i) Relating to or arising in connection with the Property and/or damage to property and injuries to or death of any employee, invitee or other person whomsoever, and/or Agent's performance of its duties hereunder; and

(ii) Relating to any proceeding or suit involving an alleged violation by Agent of any law applicable to the Property or operations thereof.

16. It is expressly agreed by the parties that:

16.1. The parties have entered into this Agreement without any inducements, representations, statements, warranties or agreements made by either party other than those expressly stated herein.

16.2. This Agreement embodies the entire understanding of the parties with respect to the subject matters stated herein and there are no other understandings or undertakings related to the within subject matters. This Agreement may be modified only by a written agreement signed by the parties hereto.

16.3. The provisions of this Agreement are severable and to the extent that any provision herein is determined by court order, law or rule to be invalid, such invalidity shall in no way affect nor invalidate the other provisions of this Agreement.

16.4. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16.5. With respect to any and all disputes under or relating to this Agreement, the parties consent to the exclusive jurisdiction and venue of the Supreme Court of the State of New York Nassau County and the United States District Court for the Eastern District of New York and the appellate courts with supervisory powers thereover.

16.6. The parties agree that in any litigation or proceeding commenced by either party against the other, service of process shall be deemed to be effective either by hand delivery thereof or by the mailing thereof via certified mail, postage prepaid, with a proof of mailing receipt validated by the U.S. Postal Service constituting the sufficient evidence of service of process.

16.7. With respect to any notices that are required or permitted to be made pursuant to this Agreement, they shall be in writing and either delivered personally or sent by United States mail addressed as follows:

As to Owner:

THE POINT ASSOCIATES, L.P.  
c/o SKR Management Corp.  
44 South Bayles Avenue, Suite 304  
Port Washington, New York 11050  
Attention: Leo S. Ullman

As to Agent:

SKR Management Corp.  
44 South Bayles Avenue, Suite 304  
Port Washington, New York 11050  
Attention: Brenda J. Walker

16.8. This Agreement may not be assigned by Agent without the prior written consent of Owner, provided, however, that Owner consents to Agent's designating a subsidiary or affiliate of Agent to act on behalf of Agent as leasing and rental agent for the Property. This Agreement shall be binding upon and benefit the parties hereto and their respective successors and permitted assigns.

17. Owner expressly consents to the assignment of Agent's rights and obligations hereunder to Acadia Management Company.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have executed this Property Management Agreement as of the day and year first set forth above.

AGENT  
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SKR MANAGEMENT CORP.

By: /s/ Brenda J. Walker

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Brenda J. Walker  
Vice President

OWNER

THE POINT ASSOCIATES, L.P.

By: Selbridge Corporation N.V.  
General Partner

By: /s/ Leo S. Ullman

-----  
Leo S. Ullman  
President

EXHIBIT A

Long Island Leasing Commissions  
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7% per annum - first three years

3% per annum each year thereafter

New York City  
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6% per annum - first year

5% per annum - second year

4% per annum - third year

3.5% per annum - fourth year

3.5% per annum - fifth year

2.5% per annum - sixth year

2% per annum - each additional year

Westchester, Goshen and Monticello  
-----

Same as Long Island

New Jersey and Pennsylvania  
-----

5% per annum

Ground Leases

- - - - -

10% (whole term)

ASSIGNMENT OF PROPERTY MANAGEMENT AGREEMENT  
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This Assignment of Property Management Agreement ("Assignment") made as of January 1, 1996 by and between SKR MANAGEMENT CORP., a New York corporation ("Assignor") and BRENTWAY MANAGEMENT LLC, a New York limited liability company ("Assignee").

BACKGROUND  
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(a) Assignor has entered into a Property Management Agreement ("Agreement") dated as of December 1, 1994 with The Point Associates, L.P., a Pennsylvania limited partnership ("Owner") with respect to the land and improvements owned by Owner, known as The Point Shopping Center, Union Deposit Road and I-83, Harrisburg, Pennsylvania ("Property").

(b) Pursuant to the Agreement, Owner retained Assignor as its exclusive agent for the purposes of leasing and managing the Property on behalf of the Owner.

(c) Assignor desires to assign its rights and obligations under the Agreement to Assignee and Assignee desires to assume such rights and obligations.

NOW, THEREFORE, in consideration of the agreements and covenants herein contained, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Assignor and Assignee agree as follows:

(1) Assignor hereby assigns to Assignee all of its right, title and interest to the Agreement.

(2) Assignee hereby assumes all of the duties and obligations under the Agreement.

(3) Assignor hereby assigns to Assignee all documents, records, plans, accounts and any other property maintained by Assignor in connection with the Property.

(4) This agreement contains the entire understanding of the parties with respect to the subject matter contained herein and there are no other understandings or undertakings related to such matters. This agreement may be modified only by a written agreement signed by both parties.

(5) This agreement shall be governed by and construed in accordance with the laws of the State of New York.

SKR MANAGEMENT CORP.

By: /s/ Leo S. Ullman  
-----  
Leo S. Ullman, President

BRENTWAY MANAGEMENT LLC

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

The foregoing Assignment is hereby consented to:

THE POINT ASSOCIATES, L.P.  
By: Selbridge Corp.

By: /s/ Leo S. Ullman  
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Leo S. Ullman, President

CEDAR INCOME FUND, LTD.  
44 South Bayles Avenue, #304  
Port Washington, New York 11050

Contact: Brenda J. Walker  
Vice President  
(516) 767-6492

FOR IMMEDIATE RELEASE:

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CEDAR INCOME FUND, LTD. - ANNOUNCES PURCHASE OF OWNERSHIP INTEREST IN RED LION SHOPPING CENTER, PHILADELPHIA, PENNSYLVANIA, AND REFINANCING OF THE POINT SHOPPING CENTER, HARRISBURG, PENNSYLVANIA

Port Washington, New York - June 4, 2002 - Cedar Income Fund, Ltd. (the "Company"), a NASDAQ-listed real estate investment trust, today announced that a partnership comprised of affiliates of the Company and ARC Properties, Inc. of Clifton, NJ ("ARC"), had purchased controlling ownership interests in the partnership which owns the 212,000 sq. ft. Red Lion Shopping Center in Philadelphia, PA. The center is anchored by Best Buy, Staples, Sports Authority and Pep Boys stores.

The Company also announced that it has completed the refinancing of The Point Shopping Center, Harrisburg, PA, with a new permanent loan of \$21 million. The new financing was provided by Protective Life Insurance Company of Birmingham, AL. The Point Shopping Center is a 256,000 sq. ft. shopping center, anchored by Giant supermarket, Burlington Coat Factory, Staples and other stores.

Cedar Income Fund, Ltd. is a real estate investment trust administered by Cedar Bay Realty Advisors, Inc., Port Washington, New York. Shares of Cedar Income Fund, Ltd. are traded on the NASDAQ (Small Cap) Stock Market under the symbol "CEDR".