

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14D-9
(AMENDMENT NO. 1)
Solicitation/Recommendation Statement
Pursuant to Section 14(d)(4) of the
Securities Exchange Act of 1934

CEDAR INCOME FUND, LTD.
(Name of Subject the Company)

CEDAR INCOME FUND, LTD.
(Name of Person Filing Statement)

Common Stock, par value \$1.00 per share
(Title of Class of Securities)

15043810
(CUSIP Number of Class of Securities)

MAUREEN DEWALD
Vice President and Secretary
CEDAR INCOME FUND, LTD.
4333 Edgewood Road N.E.
Cedar Rapids, Iowa 52499
(319) 398-8895

(Name, address, and telephone number of person authorized to receive notices
and communications on behalf of the person(s) filing statement)

Copy to:
Jonathan A. Koff
CHAPMAN AND CUTLER
111 West Monroe
Chicago, Illinois 60603
(312) 845-3000

This Amendment No. 1 amends and supplements the Solicitation/Recommendation Statement on Schedule 14D-9 initially filed with the Securities and Exchange Commission (the "Commission") on January 12, 1998 (the "Schedule 14D-9"), by Cedar Income Fund, Ltd., an Iowa corporation (the "Company"), relating to the cash tender offer by Cedar Bay Company, a New York general partnership (the "Purchaser"), to purchase all outstanding shares of common stock, par value \$1.00 per share, of the Company (the "Shares") at not less than \$7.00 per Share, upon the terms and subject to the conditions as set forth in the Offer to Purchase, dated January 12, 1998, and related Letter of Transmittal (which, together with any amendments thereto, collectively constitute the "Offer"). The Offer is disclosed in a Tender Offer Statement on Schedule 14D-1 dated January 12, 1998, as amended and supplemented. The Offer is being made by the Purchaser pursuant to a Memorandum of Understanding, dated as of December 5, 1997, between the Company and SKR Management Corp. ("SKR"), a New York corporation (the "Memorandum of Understanding"). SKR has assigned its rights under the Memorandum of Understanding to the Purchaser, an affiliate of SKR. Unless otherwise indicated, all capitalized terms used but not defined herein shall have the meanings ascribed to them in the Schedule 14D-9.

ITEM 3. IDENTITY AND BACKGROUND.

The response to Item 3 is hereby amended and supplemented by adding the following paragraphs:

SKR, Purchaser and the Company have entered into a letter agreement dated as of February 24, 1998, which amends and supplements certain provisions of the Memorandum of Understanding. The Memorandum of Understanding provides that the date contained in certain sections thereof may be extended to March 16, 1998, upon the deposit with the Escrow Agent of an additional \$250,000 to be held as an increase in the Earnest Money Deposit pursuant to the Escrow Agreement. The Purchaser has requested an extension of the time within which to purchase the Shares tendered pursuant to the Offer in order to finalize financing arrangements so that the expiration date (i.e., the time at which the Shares are accepted for payment) of the Offer will be 12:00 midnight, New York

City, on March 27, 1998.

The Company has agreed to the extension of the Offer. Concurrently with the extension of the Offer, SKR will (i) transfer to an account designated by the Company an additional \$250,000 as an increase in the Earnest Money Deposit and (ii) consent to the transfer of the \$750,000 currently held as an Earnest Money Deposit by the Escrow Agent, pursuant to the terms of the Escrow Agreement, to an account designated by the Company; provided, however, that the aggregate of such \$1,000,000 Earnest Money Deposit, together with interest and other amounts earned thereon, if any, will be returned to SKR if (i) the Offer is not consummated on March 27, 1998, solely as a result of a failure of the Offer Conditions or (ii) the occurrence of a Repayment Event specified in sections (ii), (iv), (v) or (vi) of the definition of "Repayment Event" described in the Schedule 14D-9. All other

Repayment Events specified in such definition are hereby deleted and shall be of no further force or effect. The Company has agreed that upon receipt of written confirmation from The Bank of New York (the depository bank/paying agent for the Offer) of immediately available funds being deposited with The Bank of New York in an amount sufficient to pay the purchase price of all Shares validly tendered pursuant to the Offer, less \$1,000,000, the Company will wire transfer the \$1,000,000 Earnest Money Deposit to The Bank of New York to be used to purchase the Shares. In addition, if the Purchaser does not file an amendment to its Schedule 14D-1 containing responses to all issues raised by the Commission to date, including the required financial statements, by the close of the Commission's Washington office on Thursday February 26, 1998, the Memorandum of Understanding will terminate and the Company will be entitled to retain the entire \$1,000,000 Earnest Money Deposit and all interest earned thereon. Except as otherwise set forth above, all other terms and conditions of the Memorandum of Understanding remain in full force and effect.

This description is qualified in its entirety by reference to the text of the letter agreement, a copy of which is filed as Exhibit 9 hereto and is incorporated herein by reference.

ITEM 9. MATERIAL TO BE FILED AS EXHIBITS.

Item 9 is hereby amended and supplemented by adding thereto the following:

Exhibit 9. Letter agreement dated as of February 24, 1998, between Cedar Income Fund, Ltd. and Cedar Bay Company.

Exhibit 10. Press release issued by Cedar Income Fund, Ltd. on February 26, 1998.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

CEDAR INCOME FUND, LTD.

By: /s/ Alan F. Fletcher

Alan F. Fletcher
Vice President and Treasurer

Dated February 26, 1998

EXHIBIT INDEX

EXHIBIT NO.

Exhibit 9. Letter agreement dated as of February 24, 1998,
between Cedar Income Fund, Ltd. and Cedar Bay Company.

Exhibit 10. Press release issued by Cedar Income Fund, Ltd. on
February 26, 1998.

SKR MANAGEMENT CORP.

February 24, 1998

Cedar Income Fund, Ltd.
4333 Edgewood Road N.E.
Cedar Rapids, Iowa 52499
Attn: Maureen DeWald, Esq.

Ladies and Gentlemen:

SKR Management Corp. ("SKR") and Cedar Income Fund, Ltd. ("Cedar") have previously entered into a Memorandum of Understanding (the "MOU"), dated as of December 5, 1997. All capitalized terms used herein but not otherwise defined herein shall have the meanings set forth in the MOU. SKR has assigned its rights under the MOU to its affiliate, Cedar Bay Company ("Cedar Bay"). Section 19 of the MOU provides that the date contained in certain sections thereof may be extended to March 16, 1998 upon the deposit with the Escrow Agent of an additional \$250,000 to be held as an increase in the Earnest Money Deposit pursuant to the Escrow Agreement. Cedar Bay hereby requests an extension of the time within which to purchase the Shares tendered pursuant to the Tender Offer commenced by Cedar Bay pursuant to the MOU on January 12, 1998 so that the expiration date (i.e., the time at which the Shares are accepted for payment) of the Tender Offer will be 12:00 midnight, New York City, on March 27, 1998. As of the close of trading on February 23, 1998, approximately 73% of the Shares had been tendered. Cedar Bay will cause appropriate amendments to its Schedule 14D-1 filing to be made with the Securities and Exchange Commission (the "SEC") and will cause a press release to be issued on Tuesday, February 24, 1998 announcing the extension to such date. As previously arranged, we will submit the draft amendments to your counsel beforehand for review.

If the foregoing is acceptable to Cedar, kindly sign a copy hereof where indicated below and return it to us at your earliest opportunity by mail with copies by facsimile to us and to our counsel. Upon receipt thereof (by facsimile), we will (i) transfer to an account designated by you an additional \$250,000 as an increase in the Earnest Money Deposit pursuant to Section 19 of the MOU, and (ii) consent to the transfer of the \$750,000 currently held as an Earnest Money Deposit by the Escrow Agent, pursuant to the terms of the Escrow Agreement, to an account designated by Cedar; provided, however, that the aggregate of such \$1,000,000 Earnest Money Deposit, together with interest and other amounts earned thereon, if any, be returned to SKR if (i) the Tender Offer is not consummated on March 27, 1998 solely as a result of a failure of the Tender Offer Conditions or (ii) the occurrence of a Repayment Event specified in Sections 2(ii), 2(iv), 2(v) or 2(vi) of the MOU. All other Repayment Events specified in Section 2 of the MOU are hereby deleted and shall be of no further force or effect. Cedar agrees that upon receipt

of written confirmation from The Bank of New York (the depository bank/paying agent for the Tender Offer) of immediately available funds being deposited with The Bank of New York in an amount sufficient to pay the purchase price of all Shares validly tendered pursuant to the Tender Offer, less \$1,000,000, Cedar will wire transfer the \$1,000,000 Earnest Money Deposit to The Bank of New York to be used to purchase the Shares. In addition, Cedar Bay covenants that it will file by the close of the SEC's Washington office on Thursday February 26, 1998, an amendment to its Schedule 14D-1 containing responses to all issues expressly raised by the SEC to date, including the disclosure of certain financial statements. In the event that such filing is not timely made, the MOU shall terminate and Cedar shall be entitled to retain the entire \$1,000,000 Earnest Money Deposit and all interest earned thereon. No assurance can be given by Cedar Bay or SKR that the SEC will not raise additional comments on such responses. Except as otherwise set forth herein, all other terms and conditions of the MOU shall remain in full force and effect. This agreement shall become effective upon receipt by Cedar of the aggregate of the \$1,000,000 Earnest Money Deposit and the execution and delivery of this agreement by all parties hereto.

ACKNOWLEDGED AND AGREED:

CEDAR INCOME FUND, LTD.

Yours very truly,
Cedar Bay Company, as assignee
of SKR Management Corp.

By: /s/ Alan F. Fletcher

By: /s/ Leo S. Ullman

Name: Alan F. Fletcher
Title: Vice President and Treasurer

Leo S. Ullman, CEO

SKR MANAGEMENT CORP.

By: /s/ Leo S. Ullman

Leo S. Ullman, President

FOR IMMEDIATE RELEASE

CONTACT: Alan Fletcher
Vice President and Treasurer
Cedar Income Fund, Ltd.
(319) 398-8895

TENDER OFFER FOR CEDAR INCOME FUND, LTD. EXTENDED

CEDAR RAPIDS, IOWA -- February 26, 1998 -- Cedar Income Fund, Ltd. (the "Company"), announced today that it has entered into a letter agreement dated February 24, 1998 (the "Letter Agreement"), with Cedar Bay Company (the "Bidder") and SKR Management Corp. ("SKR"). SKR and the Company have previously entered into a Memorandum of Understanding (the "Memorandum of Understanding"), dated as of December 5, 1997, pursuant to which the Bidder commenced, on January 12, 1998, a tender offer (the "Offer") to purchase all of the outstanding shares of common stock of the Company for \$7.00 per share in cash. Pursuant to the Letter Agreement, the Company has agreed to the extension of the Offer by the Bidder until 12:00 Midnight, New York City time, on March 27, 1998. The Bidder requested the extension "in order to finalize financing arrangements." SKR has deposited with the Company an additional \$250,000 to be held as an increase in the current earnest money deposit of \$750,000. The parties have additionally agreed to certain amendments to the Memorandum of Understanding relating to the return of the earnest money deposit.