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

FORM 10-K

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

For the fiscal year ended December 31, 1996 Commission file number 0-14510

CEDAR INCOME FUND, LTD.
(Exact name of registrant as specified in its charter)

Iowa	42-1241468
(State or other jurisdiction incorporation or organization)	(I.R.S. Employer Identification No.)
4333 Edgewood Road N.E., Cedar Rapids, IA	52499
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (319) 398-8975

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Shares of Common Stock, $1 Par Value
(Title of Class)

Indicate by check-mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

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

The aggregate market value of the voting shares of the registrant held by non-affiliates at March 3, 1997 was $7,190,952.

The number of shares of common stock of the registrant outstanding at March 3, 1997 was 2,245,411.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Part I.

Item 1. Business

Cedar Income Fund, Ltd. (the "Company") was incorporated in Iowa on December 10, 1984 by AEGON USA Realty Advisors, Inc. ("AEGON Realty Advisors"), the Company's advisor. The Company operates as an equity-based real estate investment trust ("REIT"). To qualify as a REIT under the Internal Revenue Code, the Company must have a significant percentage of its assets invested in, and income derived from, real estate and related sources. Cedar Income Fund 2, Ltd. ("Cedar 2") was merged with and into the Company on October 1, 1989. Cedar 2, another real estate investment trust sponsored by AEGON Realty Advisors, was incorporated in Iowa on October 30, 1986. The Company's objectives are to provide its shareholders with a professionally managed, diversified portfolio of commercial real estate investments which will provide the best available cash flow and present an opportunity for capital appreciation.

The Company's public offering of common stock commenced on May 29, 1985 and was completed on November 25, 1986. Net offering proceeds, after commissions and registration costs, were $12,410,658. Cedar 2's public offering of common stock commenced on February 24, 1987 and was completed on August 22, 1988. Net offering proceeds after commissions and registration costs, were $6,335,765. The Company has invested the proceeds from these offerings in four real estate properties and a mortgage loan participation, utilizing only a minimum amount of indebtedness against the properties. (See Note 6 to the Financial Statements.)

The Company has no employees, as all services necessary to conduct the day-to-day operations are performed by AEGON Realty Advisors and its affiliates.

The Company's real estate investments are not expected to be substantially affected by current federal, state or local laws and regulations establishing ecological or environmental restrictions on the development and operations of such property. However, the enactment of new provisions or laws may reduce the Company's ability to fulfill its investment objectives.

Mortgage Loan Receivable

On September 20, 1993, the Company purchased a 30% participation in a promissory note from Life Investors Insurance Company of America ("Life Investors"), an affiliate of AEGON Realty Advisors. The participation was acquired for an investment of $600,000 and yields 8.25% to the Company. The promissory note matures in August 2000, and is secured by a deed of trust on the Woodbury Office Plaza in Woodbury, Minnesota. Life Investors has the right to repurchase principal sums of their discretion upon thirty days written notice.

Item 2. Properties

Real Estate Investments

Germantown Square Shopping Center
Louisville, Kentucky

On September 28, 1988 the Company purchased a 50% undivided interest in a neighborhood shopping center known as Germantown Square Shopping Center in Louisville, Kentucky ("Germantown"). The remaining 50% undivided interest was purchased by Life Investors. Germantown consists of two single-story buildings totaling 74,267 square feet on a 9.0 acre site which includes parking for 428 vehicles. The total acquisition cost of the Company's 50% interest in Germantown was $3,707,599. Subsequent improvements have increased the Company's recorded cost to $3,717,017.

Germantown represented 19% of the Company's total assets at December 31, 1996 and provided 19% of total revenue. At December 31, 1996, Germantown was 100% leased to eleven tenants under leases having a minimum term of five years (not including renewal options). Annual base rents range from $7.77 to $16.12 per square foot. Five leases representing 11% of the square feet at Germantown expire during 1997. The anchor tenant, Winn Dixie (a grocery store), pays a fixed base rent plus 1% of gross sales in excess of a specified base. Winn Dixie occupies 59% of Germantown under a lease term expiring in September 2008, with five five-year options to renew. Winn Dixie provided 9% of the Company's 1996 revenue.

Germantown experiences competition in attracting tenants in its primary trade area from a number of shopping centers ranging in size from 35,000 square feet to 600,000 square feet. The effect of this competition is mitigated by the high occupancy rates experienced in the area, as well as the locational attributes of the Germantown site. Germantown's primary market area is mostly developed, thereby limiting the possibility of additional retail development.

Corporate Center East
Bloomington, Illinois

On March 24, 1988 the Company acquired Corporate Center East, a 25,200 square foot office building in Bloomington, Illinois for $2,221,783 cash. Capital improvements have increased the property's recorded cost to $2,360,138. The Hewlett Packard Corporation occupied 20,400 square feet in Corporate Center East, until December 31, 1995, providing 11% of the Company's 1995 revenue. During the fourth quarter of 1996 and during the first quarter of 1997, the Company was successful in locating two replacement tenants for this space.

In 1996, the Company incurred tenant improvements of approximately $136,000 in securing one of the tenants, Skyward, Inc., for 5,929 square feet. In 1997, the Company anticipates incurring lease commissions, tenant improvements, and other costs of approximately $200,000 for leasing the remaining 12,666 square feet to Goshen Fidelity, Inc. Included in this expected cost is the development of additional parking as required by Goshen Fidelity. Goshen Fidelity also has an option to purchase Corporate Center East during the first year of their lease term at a price of $1,900,000.

Corporate Center East represented 13% of the Company's total assets at December 31, 1996 and provided 3% of 1996 revenue. At December 31, 1996, Corporate Center East was 50% leased to three tenants: 1) Metropolitan Life Insurance Company occupies 2,590 square feet under a lease expiring in December 1998; 2) a local law firm occupies 4,015 square feet under a lease expiring in October, 2002; and 3) Skyward, Inc. occupies 5,929 square feet under a lease expiring in November, 1999. In the first quarter of 1997, the Company leased the remaining space at Corporate Center East to Goshen Fidelity, Inc. (described above), bringing the property's occupancy to 100%. The property is subject to competition from several office projects in the same geographic area.

Broadbent Business Center
Salt Lake City, Utah

Broadbent Business Center in Salt Lake City, Utah ("Broadbent"), was acquired on March 31, 1987 for $4,057,950, subject to mortgage loan indebtedness of $1,966,110. Approximately $300,000 was expended to upgrade the property immediately after acquisition and subsequent improvements have increased the property's recorded cost to $4,533,017. The original mortgage indebtedness was scheduled to mature in September, 2008. However, this loan was called by the lender pursuant to the terms of the note. New financing was obtained in October, 1992 in the amount of $1,500,000 to retire the original mortgage which had a balance of $1,300,472 at the date of retirement.

Broadbent consists of eight single-story buildings totaling 119,500 square feet, approximately half of which is office use and half service/warehouse, on a 12.5 acre site which includes parking for approximately 320 vehicles. Broadbent represented 22% of the Company's total assets at December 31, 1996 and provided 34% of 1996 revenue. At December 31, 1996 Broadbent was 98% occupied by 54 tenants under leases having a minimum term of one month (not including renewal options) with annual base rents ranging from $3.50 to $7.58 per square foot. Leases representing 51% of the square footage of Broadbent expire during 1997. The Company anticipates most of these leases will be renewed or the space will be leased to new tenants, resulting in stable occupancy during 1997.

Cyclopss Corporation, Broadbent's largest tenant, occupies 14,850 square feet under a lease which expires in December, 1997. Cyclopss provided 4% of the Company's 1996 revenue.

There is no direct competition in Broadbent's immediate geographic area; however, there is significant competition from newer projects within its market, most notably the Salt Lake International Center, a 900 acre business park adjoining the Salt Lake City International Airport.

Southpoint Parkway Center
Jacksonville, Florida

Southpoint Parkway Center in Jacksonville, Florida ("Southpoint") was acquired on May 6, 1986 for $6,505,495 cash. Capital expenditures made since the purchase date have increased the property's recorded cost to $7,852,730. Southpoint is a single-story office service center consisting of 79,010 square feet of net leasable area on approximately 10.8 acres which includes 467 parking spaces. Southpoint represented 38% of the Company's total assets at December 31, 1996 and provided 40% of its revenue.

At December 31, 1996, the property was 78% leased to ten tenants with terms ranging from three to ten years (not including renewal options) and annual base rents ranging from $9.00 to $13.50 per square foot. Three leases representing 11% of the square footage of Southpoint expire in 1997. The Company anticipates these leases will be renewed or the space will be leased to new tenants, resulting in stable occupancy during 1997.

The General Services Administration ("GSA"), a United States government agency, occupies 39,037 square feet in Southpoint under a ten-year lease which expires in December, 2001, with an option to terminate any time after providing a ninety day notice. The GSA lease was negotiated in 1991, and in connection therewith, the Company purchased 2.9 acres of adjacent land, constructed a parking lot and made interior building improvements at a total cost of $988,832 (included in the above $7,852,730). The GSA provided 23% of the Company's 1996 revenue.

In 1997, the Company anticipates leasing an additional 16,361 square feet to an existing tenant, B.T.I. Services, Inc., expanding their total space to 20,072 square feet at Southpoint. The Company expects to incur lease commissions and tenant improvements of approximately $163,000 for the B.T.I. Services expansion.

Southpoint competes with other office buildings in the suburban Jacksonville office market. During the early 1990's, Jacksonville experienced an oversupply of office space due to new office construction and consolidations by two major financial services firms, both of which occurred in the late 1980's. Net new absorption of office space in recent years has resulted in improved office occupancies and stabilized rents in the Southpoint market area.

The Company's properties are summarized in the table below.

Name and Location	Square Footage	Occupancy at December 31, 1996	Lease Expiration	Assets at December 31, 1996 Amount	Assets at December 31, 1996 Percent	1996 Revenue Amount	1996 Revenue Percent
Managed							
Southpoint Parkway Center Jacksonville, Florida	79,010	78%	1997-2006	$ 6,251,806	38%	$ 886,103	40%
Broadbent Business Center Salt Lake City, Utah	119,500	98	1997-1999	3,575,634	22	742,315	34
Corporate Center East Bloomington, Illinois	25,200	50	1998-2002	2,049,980	13	69,510	3
Germantown Square Louisville, Kentucky	74,267	100	1997-2008	3,137,522	19	423,938	19
	297,977			15,014,942	92	2,121,866	96
Financial and other				1,255,207	8	95,160	4
				$16,270,149	100%	$2,217,026	100%

Current Value of Real Estate

Traditional accounting methods and generally accepted accounting principles require that investments in real estate be presented in the financial statements on the basis of historical cost, reduced by related depreciation and any reasonable estimated permanent decline in value, without recognition for appreciation. Management believes the current appraised value of real estate is relevant and useful information.

An evaluation of the estimated current value of the real estate assets owned by the Company was prepared by AEGON Realty Advisors. The valuation was based on review of each property's past operating performance, revenue and expense projections, and capital expenditure requirements. The economic and physical attributes of the property, its trade area, existing mortgage financing, lease structure and growth potential were also taken into consideration, as well as the independent property appraisals obtained upon acquisition of the properties.

The estimate of the aggregate current value of the Company's real estate as of December 31, 1996 was $13.1 million, which was $1.6 million less than its recorded book value. The Company believes this is a temporary decline in value due to current market conditions and, as a result, has not established a valuation allowance in the Financial Statements. Current value estimates for the Company's financial assets and liabilities are presented in Notes 4 and 6 to the Financial Statements.

This information should be considered in the context with other evaluations of financial condition and performance employed by informed investors in their overall assessment of the results and prospects of an ongoing real estate enterprise.

Item 3. Legal Proceedings

Legal Proceedings

The Company is not a party to any pending legal proceedings which, in the opinion of management, are material to the Company's financial position.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Part II.

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Dividend Information

The Company is required to distribute at least 95% of its taxable income to continue qualification as a real estate investment trust. In 1996, the Company paid dividends of $.10 per share in February, May, August and November, totaling $.40 per share. While the Company expects to continue paying dividends to shareholders, there is no assurance of future dividends, as they are dependent upon earnings, cash flow, the financial condition of the Company and other factors.

A Form 1099 is mailed to shareholders at the end of each year reflecting the dividends paid by the Company in that year. The percentages indicated below, multiplied by the amount of dividends paid for that year, result in the amount to be reported for income tax purposes.

Dividend Character

	1996	1995	1994
Ordinary income	71.24%	94.35%	82.13%
Nontaxable return of capital	28.76%	5.65%	17.87%
Total	100.00%	100.00%	100.00%
Dividends paid, per share	$.40	$.40	$.40

Market Information

At March 3, 1997 the Company had 2,245,411 shares of common stock issued and outstanding to 1,131 shareholders of record. The Company's shares began trading on the National Association of Securities Dealers Automated Quotations (NASDAQ) System under the symbol CEDR on December 17, 1986. At March 3, 1997 the Company's per share bid and asked prices were $4.125 and $4.5625, respectively, as obtained from Wedbush/Morgan Securities, Inc., Newport Beach, California and Herzog, Heine, Geduld, Inc., New York, New York, the principal market makers for shares of the Company. These prices reflect quotations between dealers without adjustment for retail mark-up, mark-down or commission and do not necessarily represent actual transactions.

Market Price Range

	Over-the-Counter Bid Price		
Quarter Ended	High	Low	Close
1996			
March 31	4 1/2	4	4 1/4
June 30	4 1/2	3 7/8	3 7/8
September 30	4 1/2	3 3/4	4
December 31	4 1/2	3 5/8	4 1/4
1995			
March 31	4 1/2	3 3/4	3 3/4
June 30	4 1/2	3 5/8	4 1/4
September 30	4 1/2	4 1/8	4 1/8
December 31	4 1/2	4	4

Advisor

AEGON USA Realty Advisors, Inc.
Cedar Rapids, Iowa

Property Manager

AEGON USA Realty Management, Inc.

Cedar Rapids, Iowa

Stock Transfer and Dividend Reinvestment Agent

Cedar Income Fund, Ltd.
c/o Boston EquiServe, L.P.
P.O. Box 8200
Boston, MA 02266-8200
Telephone: 1-800-426-5523

Annual Meeting

The annual meeting of shareholders of Cedar Income Fund, Ltd. will be held on April 28, 1997 at 10:00 a.m. at the AEGON Financial Center, 4333 Edgewood Road N.E., Cedar Rapids, Iowa.

10-K Information

The 1996 Form 10-K filed with the Securities and Exchange Commission (exclusive of certain exhibits) is available without charge upon written request to Roger L. Schulz, Controller, Cedar Income Fund, Ltd., 4333 Edgewood Road N.E., Cedar Rapids, Iowa 52499-5441.

Item 6. Selected Financial Data
<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
	Years Ended December 31,				
	1996	1995	1994	1993	1992
Revenue	$ 2,217,026	2,487,157	2,383,889	2,228,371	2,121,921
Net Earnings	$ 561,616	769,621	659,553	467,196	395,350
Dividends to Shareholders	$ 898,164	898,164	898,164	898,165	903,987
Per Share					
Net Earnings*	$ .25	.34	.29	.21	.17
Dividends to Shareholders**	$ .40	.40	.40	.40	.40
Shareholders**					
Total Assets	$ 16,270,149	16,610,105	16,786,232	17,026,932	17,439,445
Mortgage Loan Payable	$ 1,423,492	1,444,654	1,463,929	1,481,486	1,497,477
Shareholders' Equity	$ 14,625,080	14,961,628	15,090,171	15,328,782	15,759,751

</TABLE>

* Based on weighted average number of shares outstanding.
** Based on number of shares outstanding on respective record dates.

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

The discussion that follows should be read in the general context of the discussion on "Item 1. Business" and "Item 2. Properties."

Results of Operations

The United States had another "above trend" year for job generation in 1996, although the momentum of growth is slowing. Non-agricultural employment advanced at a year-over-year rate of 1.9 million, about the same as 1995 and down from 1994's superb performance. The retail market continues to expand as there has been 316 million square feet of shopping center starts in the last five years. Despite the increased supply of retail properties in the nation, total retail sales (excluding automobiles) were up 5% for the first eight months of 1996 compared to 6% for the comparable timeframe in 1995. The Company owns office, office/warehouse, and retail properties in four U.S. cities. The Company's properties continue to compete with centers and office buildings of similar size, tenant mix and location. As of December 31, 1996 the combined leased occupancy of the Company's four properties was 89%. During the fourth quarter of 1996 and the first quarter of 1997, the Company was successful in releasing the space vacated at the end of 1995 by the Hewlett Packard Corporation at Corporate Center East. Operating results in the forthcoming year will be influenced by the ability of current tenants to continue paying rent, and the Company's ability to renew expiring tenant leases and obtain new leases at competitive rental rates.

It has been the intention of the Company since its inception to be essentially self-liquidating. While there are no legal requirements that the Company be liquidated by a particular date or within any particular time frame, the original expectation was that the Company would be liquidated ten years following the stock offering completed in 1986. The manner in which the liquidation was intended to be accomplished was by eventually selling the assets and distributing to shareholders the net cash proceeds. There are several options available to the Company and the Board of Directors has begun exploring the various possibilities.

1996 compared to 1995
Rental income was $2,121,866 in 1996 compared to $2,400,273 in 1995, a decrease of 12% or $278,407. This decrease was attributed to the Hewlett Packard Corporation vacating 20,400 square feet of space at Corporate Center East, upon their December 31, 1995 lease expiration. In 1995, Hewlett Packard contributed rents of $279,000. Rental income at Southpoint decreased by $60,000 during 1996 due to tenants vacating their space upon lease expiration. This was offset by an increase in rental income at Broadbent and Germantown of $29,000 and $30,000, respectively, due to increased rental rates at both properties and improved occupancy at Broadbent. Interest income increased by 10% from 1995 to 1996 due to a higher balance of cash available for investment.

Property expenses, excluding depreciation, declined from $932,431 in 1995 to $884,104 in 1996. Repairs and maintenance declined by $63,000 primarily due to pest control services required at Southpoint in 1995, painting the Broadbent buildings in 1995, and tenant remodeling and other expenses incurred in 1995 that were not required in 1996. The increase in utilities of $12,410 or 9% from 1995 to 1996 is primarily because Hewlett Packard was responsible for their own utilities at Corporate Center East, but this expense became the Company's after Hewlett Packard vacated at the end of 1995. Management fees decreased by $13,920 or 12% from 1995 to 1996, corresponding to the decrease in rental income. Other administrative expenses decreased by 18% from 1995 to 1996 due to lower than anticipated printing and mailing costs. Overall, property expenses, excluding depreciation, as a percent of rental income increased from 39% in 1995 to 42% in 1996 as the decrease in property expenses was not as large as the decrease in rental income.

The net effect of the lower revenues and expenses was a 27% decrease in net earnings from $769,621 in 1995 compared to $561,616 in 1996.

1995 compared to 1994
Rental income was $2,400,273 in 1995 compared to $2,316,229 in 1994, an increase of 3.6%. This increase is due to higher occupancy and rental rates at Broadbent and Southpoint. During 1995 rental income increased $60,350 at Broadbent and $43,457 at Southpoint, representing gains of 9% and 5%, respectively, over 1994. Germantown was 100% occupied during 1995; however, rental income decreased $25,185 primarily due to a decrease in expense recoveries from tenants as operating expenses, namely real estate taxes, decreased from 1994. Rental income at Corporate Center East increased by $5,421 as expense recoveries from tenants increased in 1995. Interest income was $86,884 in 1995 compared to $67,660 in 1994, an increase of 28%. This increase was attributable to higher investable cash balances and higher interest rates in 1995.

Property expenses, excluding depreciation, declined from $940,123 in 1994 to $932,431 in 1995. Contributing to the decrease in property expenses was a $23,317 decrease in wages and salaries due to a reduction of property management personnel at Broadbent. Management fees increased $4,201 in 1995, an increase of 4%, corresponding to the increase in rental income. Insurance expense increased from $15,699 in 1994 to $16,521 in 1995 due to higher insurance premiums. The remaining property expenses each experienced less than a 3% increase from 1994. Property expenses, excluding depreciation, as a percent of rental income, decreased to 39% in 1995 compared to 41% in 1994. Other administrative expense increased in 1995 as a result of an increase in mailing costs which was partially off-set by a reduction in director's fees and expenses.

The net effect of the higher revenues and lower expenses was a 17% increase in net earnings from $659,553 in 1994 to $769,621 in 1995.

Cash Flow and Funds from Operations

In 1994, the Company adopted "funds from operations" as a measurement of operating performance. "Funds from operations," as used in this report, is defined as: net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from debt restructuring and sales of property, plus depreciation. The Company has adopted this definition of "funds from operations" as a more meaningful measurement of the ongoing performance of a real estate entity than either "net cash provided by operating activities," identified in the Statements of Cash Flows, or "earnings from operations," identified in the Statements of Earnings.

Funds from operations takes into consideration the accrual of revenue and expenses which more appropriately reflects operating performance. Net cash provided by operating activities, on the other hand, represents cash receipts and disbursements without regard to when income is earned or expense incurred. Earnings from operations considers the accrual of revenue and expenses, but is limited as a measurement of the ongoing performance of a real estate entity because it includes depreciation, a non-cash expense. The Company intends to continue using funds from operations as a measure of operating performance.

Liquidity and Capital Resources

The Company's capital resources consist of its current equity in real estate investments (current value less mortgage indebtedness) and a participation in a mortgage loan receivable. The Company maintains the real estate in good condition and provides adequate insurance coverage. Liquidity is considered sufficient to meet current obligations, and is represented by cash and cash equivalents of $670,306 and a mortgage loan participation of $573,991 as of December 31, 1996.

Net cash provided by operating activities, as shown in the Statements of Cash Flows, was $945,243 for the year ended December 31, 1996. The major uses of cash in 1996 were dividends to shareholders of $898,164 and capital expenditures of $136,319 at Corporate Center East in order to acquire a tenant. Dividends to shareholders of $224,541 were also paid in the first quarter of 1997. The Board of Directors continues to closely monitor occupancies, leasing activity, overall Company operations, and liquidity in determining quarterly dividends.

The Company's debt service commitments for the mortgage loan payable are described in Note 6 to the Financial Statements. In addition, the Company anticipates incurring lease commissions, tenant improvements and capital expenditures of $200,000 for releasing the remaining space at Corporate Center East in 1997 and $163,000 for leasing an additional 16,361 square feet to an existing tenant at Southpoint in 1997. There were no other material commitments at December 31, 1996.

Inflation

Low to moderate levels of inflation during the past few years have favorably impacted the Company's operations by stabilizing operating expenses. At the same time, low inflation has the indirect effect of reducing the Company's ability to increase tenant rents. The Company's properties have tenants whose leases include expense reimbursements and other provisions to minimize the effect of inflation. These factors, in the long run, are expected to result in more attractive returns from the Company's real estate portfolio as compared to short-term investment vehicles.

Item 8. Financial Statements and Supplementary Data

Balance Sheets
<TABLE>

<S>	<C>	<C>
	December 31,	
	1996	1995
Assets		
Real Estate		
Land	$ 4,126,044	4,126,044
Buildings and improvements	14,336,858	14,200,539
	18,462,902	18,326,583
Less accumulated depreciation	(3,755,012)	(3,318,273)
	14,707,890	15,008,310
Mortgage loan receivable	573,991	582,769
	15,281,881	15,591,079
Cash and cash equivalents	670,306	772,144
Rent and other receivables	95,413	80,213
Interest receivable	3,946	4,007
Prepaid expenses	84,758	44,275
Deferred lease commissions	116,148	114,807
Taxes held in escrow	17,697	3,580

	$16,270,149	16,610,105
Liabilities and Shareholders' Equity		
Liabilities		
Mortgage loan payable	$ 1,423,492	1,444,654
Accounts payable and accrued expenses	103,337	99,673
Due to affiliates	36,538	28,762
Security deposits	66,655	66,869
Advance rents	15,047	8,519
	1,645,069	1,648,477
Shareholders' equity		
Common stock, $1 par value, 5,020,000 shares authorized, 2,245,411 shares issued and outstanding	2,245,411	2,245,411
Additional paid-in capital	12,379,669	12,716,217
	14,625,080	14,961,628
	$16,270,149	16,610,105

</TABLE>
See the accompanying notes to financial statements.

Statements of Operations
<TABLE>

<S>	<C>	<C>	<C>
		Years Ended December 31,	
	1996	1995	1994
Revenue			
Rents	$ 2,121,866	2,400,273	2,316,229
Interest	95,160	86,884	67,660
	2,217,026	2,487,157	2,383,889
Expenses			
Property expenses:			
Real estate taxes	239,324	228,006	226,426
Repairs and maintenance	255,621	318,633	315,393
Utilities	146,772	134,362	130,667
Management fee	106,093	120,013	115,812
Wages and salaries	21,960	19,911	43,228
Insurance	18,817	16,521	15,699
Other	95,517	94,985	92,898
Property expenses, excluding depreciation	884,104	932,431	940,123
Depreciation	436,739	436,276	436,562
Total property expenses	1,320,843	1,368,707	1,376,685
Interest	138,209	140,096	141,814
Administrative fees	100,363	99,359	98,797
Directors' fees and expenses	42,382	44,228	49,994
Other administrative	53,613	65,146	57,046
	1,655,410	1,717,536	1,724,336
Net earnings	$ 561,616	769,621	659,553
Net earnings per share*	$ .25	.34	.29
Dividends to shareholders	$ 898,164	898,164	898,164
Dividends to shareholders per share*	$ .40	.40	.40

</TABLE>

* Net earnings per share are based on the weighted average number of shares outstanding (2,245,411) for the years 1996, 1995, and 1994. Dividends to shareholders per share are based on the actual number of shares outstanding on the respective record dates.

See the accompanying notes to financial statements.

Statements of Cash Flows
<TABLE>

<S>	<C>	<C>	<C>
		Years Ended December 31,	
	1996	1995	1994
Cash flows from operating activities:			
Rents collected	$ 2,113,074	2,328,138	2,315,720
Interest received	95,221	88,980	66,394
Payments for operating expenses	(1,128,510)	(1,044,928)	(1,114,146)
Interest paid	(134,542)	(136,429)	(138,148)
Net cash provided by operating activities	945,243	1,235,761	1,129,820
Cash flows from investing activities:			

Capital expenditures	(136,319)	---	---
Principal portion of scheduled mortgage loan collections	8,778	8,065	7,410
Security deposits collected, net	(214)	(1,258)	3,798
Net cash provided (used) by investing activities	(127,755)	6,807	11,208
Cash flows from financing activities:			
Principal portion of scheduled mortgage loan payments	(21,162)	(19,275)	(17,557)
Dividends paid to shareholders	(898,164)	(898,164)	(898,164)
Net cash used by financing activities	(919,326)	(917,439)	(915,721)
Net increase (decrease) in cash and cash equivalents	(101,838)	325,129	225,307
Cash and cash equivalents at beginning of year	772,144	447,015	221,708
Cash and cash equivalents at end of year	$ 670,306	772,144	447,015
Reconciliation of net earnings to net cash provided by operating activities:			
Net earnings	$ 561,616	769,621	659,553
Add (deduct) reconciling adjustments:			
Depreciation	436,739	436,276	436,562
Amortization	3,667	3,667	3,666
Increase in rent and other operating receivables	(29,317)	(10,946)	(162)
Decrease (increase) in interest receivable	61	2,096	(1,266)
Decrease (increase) in prepaid expenses	(44,150)	5,641	3,606
Decrease (increase) in deferred lease commissions	(1,341)	56,457	16,191
Increase in operating accounts payable, accrued expenses and due to affiliates	11,440	13,314	4,991
Increase (decrease) in advance rents	6,528	(40,365)	6,679
Net cash provided by operating activities	$ 945,243	1,235,761	1,129,820

</TABLE>

See the accompanying notes to financial statements.

Statements of Shareholders' Equity

<TABLE>
<S> <C> <C> <C> <C>

Years Ended December 31, 1996, 1995, and 1994

	Common Stock	Additional Paid-In Capital	Undistributed Net Earnings	Total Shareholders' Equity
Balance at January 1, 1994	$2,245,411	13,083,371	---	15,328,782
Net earnings	---	---	659,553	659,553
Dividends to shareholders	---	(238,611)	(659,553)	(898,164)
Balance at December 31, 1994	2,245,411	12,844,760	---	15,090,171
Net earnings	---	---	769,621	769,621
Dividends to shareholders	---	(128,543)	(769,621)	(898,164)
Balance at December 31, 1995	2,245,411	12,716,217	---	14,961,628
Net earnings	---	---	561,616	561,616
Dividends to shareholders	---	(336,548)	(561,616)	(898,164)
Balance at December 31, 1996	$2,245,411	12,379,669	---	14,625,080

</TABLE>

See the accompanying notes to financial statements.

Notes to Financial Statements

1. Organization and Accounting Policies

Cedar Income Fund, Ltd. (the "Company") was incorporated as Cedar Income Fund 1, Ltd. ("Cedar 1") in 1984. On October 1, 1989, the Company merged with Cedar Income Fund 2, Ltd. ("Cedar 2"), a real estate investment trust organized in 1986, and changed its name to Cedar Income Fund, Ltd. The merger qualified as a tax-free reorganization under the Internal Revenue Code and was accounted for as a pooling of interests.

The Company is in the business of investing in real estate. Investments in real estate are stated at cost. The Company will provide an allowance for valuation if it is ever determined that the value of real estate has permanently declined below recorded book value.

Statement of Financial Accounting Standards (SFAS) No. 107, Disclosures about Fair Value of Financial Instruments, requires disclosure of fair value information about financial instruments. The methods and assumptions used by the Company in estimating its fair value disclosure are described in Notes 2, 4, and 6.

In March 1995, the Financial Accounting Standards Board issued Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Statement No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company's adoption of Statement No. 121 in 1995 had no impact on the Company's operations in 1995 or 1996.

A provision for possible losses on rents receivable is made when it is determined that collection of the receivable is doubtful. Rent receivable is stated net of an allowance for uncollectible accounts of $19,926 in 1996 and $29,257 in 1995. The Company follows the operating method of accounting for leases, whereby scheduled rental income is recognized on a straight-line basis over the lease term. Contingent rental income is recognized in the period in which it arises.

Cash equivalents include investments with original maturities of three months or less.

Costs incurred in connection with the registration of the Company's public offering of shares, including the public offering of Cedar 2, have been recorded as a reduction of the offering proceeds. Costs of the merger were expensed in 1989, and expenses incurred in connection with the organization of the Company have been fully amortized.

Expenditures for repairs and maintenance which do not add to the value or extend the useful life of property are expensed when incurred. Expenditures which do add to the value or extend the useful life of property are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets.

Expenditures for lease commissions are being amortized on a straight-line basis over the lease term as an operating expense.

Net earnings per share is computed using the weighted average number of shares outstanding during the year.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The actual results of the Company could differ as a result of those estimates.

2. Cash and Cash Equivalents

At December 31, 1996 the Company had $11,785 in cash and $658,521 invested in a money market fund. Information regarding the money market investment is presented in the table below. The amount carried on the balance sheet approximates market value. At December 31, 1995 the Company had cash and cash equivalents of $772,144 which also approximated the market value at that date.

<TABLE>

<S> Name of Issuer and Type of Issue	<S> Maturity Date	<C> Principal Amount	<C> Cost at December 31, 1996
Fidelity Investments Money Market Trust, approximate average, 5.40%	Demand	$658,521	$658,521

</TABLE>

3. Real Estate

The Company's properties are leased to various tenants, whereby the Company incurs normal real estate operating expenses associated with ownership. Information regarding the Company's investment in each property is presented in the Schedule of Real Estate and Accumulated Depreciation below.

Schedule of Real Estate and Accumulated Depreciation

<TABLE>

<S>	<C>	<C>	<C>	<C>
		Initial Cost to Company		

Property Description Name and Location of Property	Amount of Encumbrance	Land	Buildings & Improvements	Subsequent Cost Capitalized
Southpoint Parkway Center Jacksonville, Floria (Office/Service Facility)	$ ---	2,005,495	4,500,000	1,347,235
Broadbent Business Center Salt Lake City, Utah (Office/Service Facility)	1,423,492	595,000	3,462,950	475,067
Corporate Center East Bloomington, Illinois (Office Building)	---	475,000	1,746,783	138,355
Germantown Square Louisville, Kentucky (Shopping Center)	---	678,675	2,284,999	753,343
	$1,423,492	3,754,170	11,994,732	2,714,000

</TABLE>

<TABLE>
<S> <C> <C> <C>

Property Description Name and Location of Property	Gross Amount at Which Carried December 31, 1996 Land	Buildings & Improvements	Total
Southpoint Parkway Center Jacksonville, Floria (Office/Service Facility)	2,377,369	5,475,361	7,852,730
Broadbent Business Center Salt Lake City, Utah (Office/Service Facility)	595,000	3,938,017	4,533,017
Corporate Center East Bloomington, Illinois (Office Building)	475,000	1,885,138	2,360,138
Germantown Square Louisville, Kentucky (Shopping Center)	678,675	3,038,342	3,717,017
	4,126,044	14,336,858	18,462,902

</TABLE>

<TABLE>
<S> <C> <C> <C> <C>

Property Description Name and Location of Property	Accumulated Depreciation	Date Built	Date Acquired	is Computed (in years)
Southpoint Parkway Center Jacksonville, Floria (Office/Service Facility)	1,716,774	1984	5/86	10-40
Broadbent Business Center Salt Lake City, Utah (Office/Service Facility)	1,042,190	1978	3/87	10-40
Corporate Center East Bloomington, Illinois (Office Building)	384,341	1987	3/88	40
Germantown Square Louisville, Kentucky (Shopping Center)	611,707	1988	9/88	10-40
	3,755,012			

</TABLE>

The activity in real estate and related accumulated depreciation for the three year period ended December 31, 1996 is summarized in the table below.

Real Estate	Years Ended December 31, 1996	1995	1994
Cost			
Beginning of year	$18,326,583	18,326,583	18,326,583
Additions during year			
Improvements	136,319	---	---

End of year	$18,462,902*	18,326,583	18,326,583
Accumulated Depreciation			
Beginning of year	$ 3,318,273	2,881,997	2,445,435
Additions during year			
Depreciation expense	436,739	436,276	436,562
End of year	$ 3,755,012	3,318,273	2,881,997

* Also represents cost for federal income tax purposes.

4. Mortgage Loan Receivable

On September 20, 1993, the Company purchased a $600,000 participation in a promissory note owned by Life Investors Insurance Company of America, an affiliate of AEGON Realty Advisors (see Note 8). The note is secured by real estate and the participation yields 8.25% to the Company. Principal payments reduced the receivable balance to $573,991 at December 31, 1996 and $582,769 at December 31, 1995. The estimated fair value of the mortgage loan receivable was $583,560 at December 31, 1996 and $609,818 at December 31, 1995.

The fair values for the mortgage loan receivable are estimated utilizing discounted cash flow analysis, using interest rates reflective of current market conditions and the risk characteristics of the loan. The interest rate applied to discount the cash flows was lower than the stated rate of the loan, and as a result, the estimated fair value exceeded the carrying value of the mortgage loan receivable.

Information regarding the mortgage receivable at December 31, 1996 is presented in the Schedule of Mortgage Loan Receivable below.

Schedule of Mortgage Loan Receivable

<TABLE>
<S> <C> <C> <C> <C> <C> <C> <C>

Property Description Name and Location of Property	Date of Mortgage	Stated Interest Rate	Final Maturity Date	Annual Principal and Interest	Balloon Payment at Maturity	Face Amount of Mortgage Receivable at Acquisition	Amount of Mortgage December 31, 1996
Woodbury Plaza Woodbury, Minnesota	8-1-93	8.25%	8-1-00	$56,552	$535,664	$600,000	$573,991

</TABLE>

The activity in mortgage loan receivable for the three year period ended December 31, 1996, is summarized as follows:

	Years Ended December 31,		
Mortgage Loan Receivable	1996	1995	1994
Principal			
Beginning of year	$582,769	590,834	598,244
Deductions during year			
Scheduled payments	(8,778)	(8,065)	(7,410)
End of year	$573,991	582,769	590,834

5. Leased Assets

The Company's properties are leased to tenants under short-term, non-cancellable operating lease agreements. Future minimum lease rentals to be received under the terms of these lease agreements are as follows:

Year	Amount
1997	$ 1,932,452
1998	1,421,906
1999	1,081,670
2000	822,808
2001	744,531
Thereafter	2,525,195
	$ 8,528,562

Contingent rentals provided by various leases were included in rental income for 1996, 1995, and 1994 of $238,461, $284,887, and $292,622, respectively. The Company derived 10% or more of its revenue from one major tenant in 1996, and two major tenants in 1995 and 1994. Revenues from these tenants were $505,134 in 1996, $541,814 and $278,553 in 1995, and $490,799 and $265,645 in 1994.

One of the Company's major tenants, Hewlett Packard Corporation, vacated 20,400 square feet in Corporate Center East when their lease expired on December 31, 1995. The Hewlett Packard Corporation provided 11% of the Company's 1995 revenue. During the fourth quarter of 1996 and the first quarter of 1997, the Company was successful in releasing all of this space.

6. Mortgage Loan Payable

Broadbent was acquired on March 31, 1987 subject to a mortgage loan obligation. The mortgage was scheduled to mature in September, 2008; however, the lender elected to call the loan pursuant to terms of the note. A payment of $1,300,472 was paid to the lender on October 30, 1992 to retire the obligation, at which time new financing was obtained. Information regarding the new mortgage is presented in the Schedule of Mortgage Loan on Real Estate below.

<TABLE>

<S> Property Description Name and Location of Property	<C> Date of Note	<C> Stated Interest Rate	<C> Final Maturity Date	<C> Annual Principal and Interest	<C> Balloon Payment at Maturity
Broadbent Business Center Salt Lake City, Utah	10/92	9.375%	11/02	$155,704	1,264,582

</TABLE>

Property Description Name and Location of Property	Prepayment Penalty Provisions	Face Amount of Mortgage at Acquisition	Carrying Amount of Mortgage December 31, 1996
Broadbent Business Center Salt Lake City, Utah	from 10/97 to 10/98 5%, declining 1% per year thereafter	$1,500,000	$1,423,492

The estimated fair market value and the carrying value of the mortgage loan payable at December 31, 1996 were $1,508,688 and $1,423,492, respectively. The estimated fair market value and the carrying value of the mortgage loan payable at December 31, 1995 were $1,600,859 and $1,444,654, respectively.

The fair values for the mortgage loan payable are estimated utilizing discounted cash flow analysis, using interest rates reflective of current market conditions and the risk characteristics of the loan. The fair market value exceeds the carrying value as a result of the current interest rate applied to discount cash flows being lower than the stated rate of the note. The activity in mortgage loans payable for the three year period ended December 31, 1996 is summarized in the table below.

	Years Ended December 31,		
Mortgage Loan Payable	1996	1995	1994
Principal			
Beginning of year	$1,444,654	1,463,929	1,481,486
Deductions during year			
Principal payments	(21,162)	(19,275)	(17,557)
End of year	$1,423,492	1,444,654	1,463,929

Scheduled monthly payments will partially amortize the principal balance of the mortgage loan over its term, leaving a balloon payment at maturity in November, 2002. Amortized payments on the outstanding balance due in the next five years are summarized as follows:

Year	Amortized Payments
1997	$ 23,233
1998	25,507
1999	28,004
2000	30,742
2001	33,755

7. Federal Income Taxes

The Company conducts its operations so as to qualify as a real estate investment trust under the Internal Revenue Code which requires, among other things, that at least 95% of the Company's taxable income be distributed to shareholders. The Company has distributed all of its taxable income for 1996, 1995 and 1994; accordingly, no provision has been made for federal income taxes since the Company did not have taxable income after the deductions allowed for dividends paid to shareholders. Differences between taxable income and financial accounting income result from different methods required for depreciation of real estate; such differences are relatively insignificant.

8. Transactions with Affiliates

The Company has entered into an agreement with AEGON Realty Advisors to provide administrative and advisory services for a monthly base fee of 1/12 of 3/4 of 1% of the estimated current value of real estate plus 1/12 of 1/4 of 1% of the estimated current value of all assets of the Company other than real estate, and an annual subordinated incentive fee equal to 15% of the gain on property sold, subject to certain limitations. AEGON Realty Advisors also provides real estate acquisition services for a fee equal to 5% of the gross purchase price of property acquired and disposition services for a fee equal to 3% of the gross sales price of property sold, subject to certain limitations. The administrative and advisory agreement is for a period of one year, automatically renewed annually and cancellable upon 60 days written notice by either party. The Company paid AEGON Realty Advisors $100,363, $99,359, and $98,797 in administrative fees for 1996, 1995, and 1994, respectively. No acquisition fees were paid in 1996, 1995 and 1994 and no incentive or disposition fees have been paid since the Company's inception.

AEGON USA Realty Management, Inc. (the "Property Manager"), a wholly-owned subsidiary of AEGON Realty Advisors, provides property management services to the Company for a monthly fee equal to 5% of the gross income from properties managed. The Property Manager also provides leasing services to the Company for a fee of up to 6% of the rent to be paid during the term of the lease procured. The management agreement is for a period of one year, automatically renewed annually and cancellable upon 60 days written notice by either party. The Company paid the Property Manager $106,093, $120,013, and $115,812 in management fees for 1996, 1995, and 1994, respectively, and $36,901, $18,809, and $40,150 in leasing fees for 1996, 1995 and 1994, respectively.

AEGON Realty Advisors provides dividend disbursement, stock certificate preparation, recordkeeping and other shareholder services to the Company for a quarterly fee of $.875 per shareholder account (as defined) and $1.00 per shareholder account for dividends processed. The Company paid AEGON Realty Advisors $9,578, $10,281, and $10,892 in shareholder service fees for 1996, 1995, and 1994, respectively. AEGON Realty Advisors has subcontracted with Boston EquiServe, L.P., a subsidiary of State Street Bank and Trust Company, for delivery of these services.

AEGON Realty Advisors administers the Company's common stock repurchase program, earning $.0625 per share for each share repurchased. No shares were repurchased and no fees were paid in 1996, 1995 or 1994.

The Company has purchased participations in promissory notes owned by various affiliates of AEGON Realty Advisors (see note 4). The Company received interest income from the participations of $47,691, $48,388, and $49,028 for 1996, 1995 and 1994, respectively.

AEGON Realty Advisors is a wholly-owned subsidiary of AEGON USA, Inc. which, through AEGON Realty Advisors and various other wholly-owned subsidiaries, beneficially owns 584,567 shares of the Company, representing approximately 26% of the shares outstanding at December 31, 1996.

9. Selected Quarterly Financial Data (Unaudited)

	Quarter Ended				Year Ended
Year	3/31	6/30	9/30	12/31	12/31
1996					
Revenue	$ 582,292	544,903	557,005	532,826	2,217,026
Net earnings	166,021	128,924	132,676	133,995	561,616
Net earnings per share	.07	.06	.06	.06	.25
1995					
Revenue	619,893	621,256	629,480	616,528	2,487,157
Net earnings	184,870	171,659	205,710	207,382	769,621

Net earnings per share	.08	.08	.09	.09	.34
1994					
Revenue	575,151	595,603	617,720	595,415	2,383,889
Net earnings	163,373	147,053	153,708	195,419	659,553
Net earnings per share	.07	.07	.07	.09	.29

Report of Independent Auditors

The Board of Directors and Shareholders
Cedar Income Fund, Ltd.

We have audited the accompanying balance sheets of Cedar Income Fund, Ltd. as of December 31, 1996 and 1995, and the related statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cedar Income Fund, Ltd. at December 31, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Des Moines, Iowa
February 19, 1997

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

None.

Part III.

Item 10. Directors and Executive Officers of the Registrant

Information About Directors

Certain information about the nominees for Director appears below. (See "Item 13. Certain Relationships and Related Transactions" for a description of the Company's relationship with AEGON USA Realty Advisors, Inc. and other subsidiaries of AEGON USA, Inc.)

PATRICK E. FALCONIO, age 55, has served as Chairman of the Board and a Director of the Company since 1988. He is Executive Vice President and Chief Investment Officer of AEGON USA, Inc. (insurance and financial services), Cedar Rapids, Iowa, where he has been employed since 1987. Mr. Falconio is a Director of AEGON USA Realty Advisors, Inc. and various other subsidiaries of AEGON USA, Inc. He is also Chairman of the Board of Trustees of USP Real Estate Investment Trust (real estate investment company) and a Director of Firstar Bank Cedar Rapids, N.A. (commercial bank).

EDWIN L. INGRAHAM, age 70, has served as a Director of the Company from inception to 1988, and again since 1991. He retired in 1988 as Executive Vice President, Treasurer and Chief Investment Officer of AEGON USA, Inc., where he had been employed since 1982. He is a Trustee of USP Real Estate Investment Trust (real estate investment company). Mr. Ingraham is a member of the Audit Committee.

ALEX A. MEYER, age 66, has served as a Director of the Company since its inception. He retired in 1992 as Senior Vice President of Amana Refrigeration, Inc., Amana, Iowa, a subsidiary of Raytheon Company (manufacturing), where he had been employed in various executive and marketing positions since 1956. He is a Director of the Toro Company (equipment manufacturing). Mr. Meyer is a member of the Audit Committee.

JAMES L. ROBERTS, age 54, has served as a Director of the Company since December, 1996. He is President and Chief Executive Officer of Perpetual Savings Bank, FSB (federal savings and loan corporation), Cedar Rapids, Iowa, where he has been employed since 1993. From 1990 to 1993, Mr. Roberts was Executive Vice President and Director of Corporate Finance for Kemper Securities, Inc.'s Eastern Region (brokerage firm). He is a Director of Perpetual Savings Bank, FSB. Mr. Roberts is a member of the Audit Committee.

James L. Roberts was elected to fill the vacancy created by the death of Edwin B. Lancaster, a Director of the Company since inception. Mr. Lancaster passed away on October 25, 1996. James C. Kafes, also a Director of the Company, resigned effective November 25, 1996. The Board of Directors expresses its grateful appreciation on behalf of the Company for the services of Messrs. Lancaster and Kafes.

Information About Other Executive Officers

Certain information about the executive officers of the Company who are not also nominees appears below. The term of office of each executive officer will expire at the Annual Meeting of the Board of Directors which will follow the Annual Meeting of Shareholders. (See "Item 13. Certain Relationships and Related Transactions" for a description of the Company's relationship with AEGON USA Realty Advisors, Inc. and other subsidiaries of AEGON USA, Inc.)

DAVID L. BLANKENSHIP, age 46, has served as President of the Company since its inception. He has been employed by AEGON USA, Inc. since 1977 in various administrative and management positions related to real estate investment activities and is Chairman of the Board and President of AEGON USA Realty Advisors, Inc.

MAUREEN DEWALD, age 46, has served as Vice President and Secretary of the Company since its inception. She has been employed by AEGON USA, Inc. since 1983 as an attorney for real estate investment activities and is Senior Vice President, Secretary and General Counsel of AEGON USA Realty Advisors, Inc.

JEFFRY DIXON, age 43, has served as Director of Investor Relations and Assistant Secretary of the Company since 1994. He has been employed by AEGON USA, Inc. since 1984 in real estate acquisition and mortgage lending activities and is a Portfolio Manager of AEGON USA Realty Advisors, Inc.

ALAN F. FLETCHER, age 47, has served as Vice President and Treasurer of the Company since its inception and as Assistant Secretary since 1987. He has been employed by AEGON USA, Inc. since 1981 in various financial and administrative positions related to investment activities and is Senior Vice President and Chief Financial Officer of AEGON USA Realty Advisors, Inc.

ROGER L. SCHULZ, age 35, has served as Controller and Assistant Secretary of the Company since January, 1996. He has been employed by AEGON USA, Inc. since 1985 in real estate accounting and financial reporting activities and is Manager - Financial Reporting for AEGON USA Realty Advisors, Inc.

Item 11. Executive Compensation

The officers and Directors of the Company who are also affiliated with AEGON USA Realty Advisors, Inc. (see "Item 10. Directors and Executive Officers of the Registrant") receive no remuneration for their services to the Company other than reimbursement of travel and other expenses incurred in connection with their duties. During 1996, with the exception of Mr. Falconio, each Director received an annual fee of $5,000 plus $750 for each Board meeting attended. There is an additional fee of $500 for any special activity (property inspection, committee meeting, etc.) unless such activity coincides with a meeting of the Board of Directors. Mr. Falconio has waived all fees for his services as a Director so long as he continues to be affiliated with AEGON USA, Inc. (see "Item 10. Directors and Executive Officers of the Registrant"). Total fees paid to all Directors as a group were $23,250 for 1996. (See "Item 13. Certain Relationships and Related Transactions" for information regarding compensation to AEGON USA Realty Advisors, Inc.)

Item 12. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Certain Beneficial Owners

The following table sets forth information with respect to each person and group (as that term is used in Section 13(d)(3) of the

Securities Exchange Act of 1934) known by the Company to be the beneficial owner of more than five percent (5%) of the outstanding Shares of the Company as of March 3, 1997. Each such owner has sole voting and investment powers with respect to the Shares owned by it.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
AEGON USA, Inc. 4333 Edgewood Road N.E. Cedar Rapids, Iowa 52499	584,567	26.03%

AEGON USA, Inc. is an indirect, wholly-owned subsidiary of AEGON N.V., a holding company organized under the laws of The Netherlands which is controlled by Vereniging AEGON, an association organized under the laws of The Netherlands. AEGON USA, Inc. has sole voting and investment powers with respect to the above Shares.

Security Ownership of Management

The following table sets forth the number of Shares of the Company beneficially owned as of March 3, 1997 by each Director, nominee, and officer and by all Directors, nominees and officers as a group (9 persons). Under rules adopted by the Securities and Exchange Commission, certain events such as the appointment of a person who becomes a Director are reportable on a Form 3, "Initial Statement of Beneficial Ownership of Securities." Mr. Roberts' report on Form 3 was filed late, which reported he was elected as a Director in December 1996. Mr. Roberts has no shares of the Company that are beneficially owned by him.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Patrick E. Falconio(1)	584,567	26.03%
Edwin L. Ingraham(2)	300	*
Alex A. Meyer(3)	300	*
James L. Roberts	0	*
David L. Blankenship(4)	981	*
Maureen DeWald(5)	2,892	*
Jeffry Dixon	0	*
Alan F. Fletcher(6)	500	*
Roger L. Schulz(7)	400	*
Directors, nominees and officers as a group	589,940	26.27%

(1) Mr. Falconio may be deemed to be the beneficial owner of 584,567 Shares owned beneficially by AEGON USA, Inc. by reason of his position as Chief Investment Officer of AEGON USA, Inc. (see "Item 10. Directors and Executive Officers of the Registrant"). Mr. Falconio disclaims beneficial ownership of such Shares.
(2) Mr. Ingraham is the direct owner of 300 Shares held jointly with his wife and shares voting and investment powers with respect to such Shares.
(3) Mr. Meyer is the direct owner of 300 Shares for which he has sole voting and investment powers.
(4) Mr. Blankenship may be deemed to be the beneficial owner of 981 Shares held in an individual retirement account owned by his wife for which she has sole voting and investment powers through the custodian.
(5) Ms. DeWald is the direct owner of 2,892 Shares for which she has sole voting and investment powers.
(6) Mr. Fletcher is the direct owner of 200 Shares for which he has sole voting and investment powers and is the beneficial owner of 300 Shares held in an individual retirement account for which he has sole voting and investment powers through the custodian.
(7) Mr. Schulz is the direct owner of 400 Shares for which he has sole voting and investment powers.
*Such holdings represent less than one percent of the outstanding Shares.

Item 13. Certain Relationships and Related Transactions

The Company has no employees and has contracted with various subsidiaries of AEGON USA, Inc., an indirect, majority-owned subsidiary of AEGON N.V., to provide the Company with administrative, advisory, acquisition, divestiture, property management, leasing and shareholder services. A description of the relationships between AEGON USA, Inc. and its various subsidiaries and of such subsidiaries' agreements with the Company follows. The description of the agreements is qualified in its entirety by reference to the terms and provisions of such agreements. (See "Item 12. Security Ownership of Certain Beneficial Owners and Management" for a description of the relationship between AEGON USA, Inc. and AEGON N.V.)

Administrative and Advisory Services

AEGON USA Realty Advisors, Inc. ("AEGON Advisors"), a wholly-owned subsidiary of AEGON USA, Inc., provides administrative, advisory, acquisition and divestiture services to the Company pursuant to an Administrative and Advisory Agreement (the "Advisory Agreement"). The term of the Advisory Agreement is for one (1) year and is automatically renewed annually for an additional year subject to the right of either party to cancel the Advisory Agreement upon 60 days written notice.

Under the Advisory Agreement, AEGON Advisors is obligated to: (a) provide office space and equipment, personnel and general office services necessary to conduct the day-to-day operations of the Company; (b) select and conduct relations with accountants, attorneys, brokers, banks and other lenders, and such other parties as may be considered necessary in connection with the Company's business and investment activities, including, but not limited to, obtaining services required in the acquisition, management and disposition of investments, collection and disbursement of funds, payment of debts and fulfillment of obligations of the Company, and prosecuting, handling and settling any claims of the Company; (c) provide property acquisition and disposition services, research, economic and statistical data, and investment and financial advice to the Company; and (d) maintain appropriate legal, financial, tax, accounting and general business records of activities of the Company and render appropriate periodic reports to the directors and shareholders of the Company and to regulatory agencies, including the Internal Revenue Service, Securities and Exchange Commission, and similar state agencies.

AEGON Advisors receives fees for its administrative and advisory services as follows: (a) a monthly base fee of 1/12 of 3/4 of 1% of the estimated current value of real estate plus 1/12 of 1/4 of 1% of the estimated current value of all assets of the Company other than real estate, and a subordinated incentive fee equal to 15% of the gain on property sold (as defined). No subordinated incentive fee is payable until cumulative cash distributions have been paid to shareholders representing the total proceeds raised by the Company in its initial public offering (less certain amounts) plus an annual 10% cumulative return on such amount. The incentive fee is further limited to 15% of the remaining gain from the sale of the Company's assets after payment to shareholders of the original issue price plus an annual 6% cumulative return on the original issue price. Notwithstanding the foregoing, the combined base and incentive fees for any year cannot exceed the amount permitted by the limitation on operating expenses as provided in the Company's Articles of Incorporation, which limitation is the greater of 2% of the Company's average invested assets or 25% of its net income for such year. In addition, AEGON Advisors receives acquisition fees equal to 5% of the gross purchase price of property acquired and disposition fees equal to 3% of the gross sales price of property sold, subject to certain limitations. The Company paid AEGON Advisors $100,363 in administrative fees for 1996. No incentive, acquisition or disposition fees were paid in 1996.

Management Services

AEGON USA Realty Management, Inc. ("AEGON Management"), a wholly-owned subsidiary of AEGON Advisors, provides property management and leasing services to the Company pursuant to a Management Agreement. The term of the Management Agreement is for one (1) year and is automatically renewed annually for an additional year subject to the right of either party to cancel the Management Agreement upon 60 days written notice. Under the Management Agreement, AEGON Management is obligated to provide property management services, which include leasing and collection of rent, maintenance of books and records, establishment of bank accounts and payment of expenses, maintenance and operation of property, reporting and accounting to the Company regarding property operations, and maintenance of insurance. All of the duties of AEGON Management are to be fulfilled at the Company's expense; provided, however, the Company is not required to reimburse AEGON Management for personnel expenses other than for on-site personnel at the properties managed. AEGON Management receives fees for its property management services as follows: a monthly management fee equal to 5% of the gross income from properties managed and leasing fees of up to 6% of the rent to be paid during the term of the lease procured. The Company paid AEGON Management $106,093 in management fees and $36,901 in leasing fees for 1996.

Shareholder Services

AEGON Advisors provides shareholder services to the Company pursuant to a Shareholder Services Agreement (the "Agreement"). Under the Agreement, AEGON Advisors is obligated to provide dividend disbursement, stock certificate preparation, recordkeeping and other shareholder services for which AEGON

Advisors receives the following fees: a quarterly fee of $.375 per shareholder account based on the total number of active and inactive accounts, a quarterly fee of $.50 per shareholder account based on the number of active accounts, a fee of $1.00 per shareholder account for each dividend processed and such other compensation as from time to time agreed upon by the Company and AEGON Advisors. The Company paid AEGON Advisors $9,578 in shareholder service fees for 1996. AEGON Advisors has subcontracted for stock transfer and dividend disbursement services with Boston EquiServe, L.P., a subsidiary of State Street Bank and Trust Company.

AEGON Advisors also administers the Company's common stock repurchase program and earns $.0625 per share for each share repurchased. During 1996, the Board of Directors voted to amend the Repurchase Plan by increasing the number of shares the Company is authorized to repurchase from time to time from 200,000 shares to 250,000 shares. To date, 83,117 shares have been repurchased. No shares were repurchased in 1996.

Other

On September 20, 1993, the Company purchased from Life Investors Insurance Company of America, a wholly-owned subsidiary of AEGON USA, Inc., a $600,000 participation in a promissory note secured by a mortgage on real estate. The note matures in 2000 and the participation yields 8.25% to the Company. The Company received $8,778 in principal and $47,691 in interest from the mortgage participation in 1996.

Part IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)List of Documents

1. Financial Statements.

The following financial statements are included in Item 8:

Balance Sheets, December 31, 1996 and 1995.
Statements of Operations, Years Ended December 31, 1996, 1995,and 1994.
Statements of Cash Flows, Years Ended December 31, 1996, 1995,and 1994.
Statements of Shareholders' Equity, Years Ended December 31,1996, 1995, and 1994.
Notes to Financial Statements.
Report of Independent Auditors.

2. Financial Statement Schedules.

Financial Statement Schedules. (Included in Notes to Financial Statements)

(III)	Schedule of Real Estate and Accumulated Depreciation.	Note 3
(IV)	Schedule of Mortgage Loans on Real Estate.	Note 6

All other schedules have been omitted because they are not required, or because the required information, where material, is included in the financial statements or accompanying notes.
Part IV (continued)

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K (continued)

(a) List of Documents (continued)

3. Exhibits

(3) Articles of Incorporation dated September 14, 1989, incorporated herein by reference to Item 14(a)3, Exhibit (3) of Form 10-K for the year ended December 31, 1989.

(3.1) Bylaws, as amended July 24, 1991, incorporated herein by reference to Item 14(a)3, Exhibit (3.1) of Form 10-K for the year ended December 31, 1991.

(4) Article III of the Articles of Incorporation dated September 14, 1989, incorporated herein by reference to Item 14(a)3, Exhibit (4) of Form 10-K for the year ended December 31, 1989.

(4.1) Articles II, V, and VII of the Bylaws, as amended July 24, 1991, incorporated herein by reference to Item 14(a)3, Exhibit (4.1) of Form 10-K for the year ended December 31, 1991.

(10) Administrative and Advisory Agreement dated October 1, 1989, incorporated herein by reference to Item 14(a)3, Exhibit

(10) of Form 10-K for the year ended December 31, 1989.

(10.1) Management Agreement dated October 1, 1989, incorporated herein by reference to Item 14(a)3, Exhibit (10.1) of Form 10-K for the year ended December 31, 1989.

(10.2) Shareholder Services Agreement dated October 1, 1989, as amended January 1, 1992 and assigned January 27, 1992, incorporated herein by reference to Item 14(a)3, Exhibit (10.2) of Form 10-K for the year ended December 31, 1991.

(b) No reports on Form 8-K were filed during the fourth quarter of 1996.

(c) The required exhibits applicable to this section are listed in Item 14(a)3.

(d) There are no financial statement schedules applicable to this section.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CEDAR INCOME FUND, LTD.

/s/ Patrick E. Falconio
Patrick E. Falconio
Chairman of the Board
(principal executive officer)

/s/ Alan F.Fletcher
Alan F. Fletcher
Vice President and Treasurer
(principal financial officer)

/s/ Roger L. Schulz
Roger L. Schulz
Controller
(principal accounting officer)

March 26, 1997

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

/s/ Patrick E. Falconio
Patrick E. Falconio
Director

/s/ James L.Roberts
James L.Roberts
Director

/s/ Edwin L. Ingraham
Edwin L. Ingraham
Director

/s/ Alex A.Meyer
Alex A.Meyer
Director

March 26, 1997

EXHIBIT INDEX

Exhibit Item	Title or Description
(3)	Articles of Incorporation dated September 14, 1989, incorporated herein by reference to Item 14(a)3, Exhibit (3) of Form 10-K for the year ended December 31, 1989.
(3.1)	Bylaws, as amended July 24, 1991, incorporated herein by reference to Item 14(a)3, Exhibit (3.1) of Form 10-K for the year ended December 31, 1991.
(4)	Article III of the Articles of Incorporation dated September 14, 1989, incorporated herein by

reference to Item 14(a)3, Exhibit (4) of Form 10-K for the year ended December 31, 1989.

(4.1) Articles II, V, and VII of the Bylaws, as amended July 24, 1991, incorporated herein by reference to Item 14(a)3, Exhibit (4.1) of Form 10-K for the year ended December 31, 1991.

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(10.1) Management Agreement dated October 1, 1989, incorporated herein by reference to Item 14(a)3, Exhibit (10.1) of Form 10-K for the year ended December 31, 1989.

(10.2) Shareholder Services Agreement dated October 1, 1989, as amended January 1, 1992 and assigned January 27, 1992, incorporated herein by reference to Item 14(a)3, Exhibit (10.2) of Form 10-K for the year ended December 31, 1991.

All Exhibit Items are omitted from this report, but a copy will be furnished upon payment of $13.00, representing a charge of fifty cents ($.50) per page, accompanying a written request to Roger L. Schulz, Controller, Cedar Income Fund, Ltd., 4333 Edgewood Road N.E., Cedar Rapids, Iowa 52499.

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