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, 1997   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 of 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.   [X]

The aggregate market value of the voting shares of the registrant held by non-affiliates at March 3, 1998 was $11,173,950.

The number of shares of common stock of the registrant outstanding at March 3, 1998 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. 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 incorporated in Iowa on October 30, 1986, and merged with and into the Company on October 1, 1989. 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 7 to the Financial

Statements.)

The Company has no employees, as all services necessary to conduct the day-to-day operations are performed by AEGON USA Realty Advisors, Inc. ("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.

The Company has entered into a Memorandum of Understanding (the "Memorandum of Understanding"), dated as of December 5, 1997, between the Company and SKR Management Corp. ("SKR") pursuant to which Cedar Bay Company (the "Bidder"), an affiliate of SKR, 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 a letter agreement dated February 24, 1998 (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. SKR has deposited $1,000,000 with the Company as an earnest money deposit, to be returned to SKR upon the successful completion of the Offer. The Memorandum of Understanding provides that the Company shall cause its current officers and directors to resign effective upon consummation of the Offer. Additionally, the Company has agreed to cause the termination of the Administrative and Advisory Agreement between the Company and AEGON USA Realty Advisors, Inc., and the Management Agreement between the Company and AEGON USA Realty Management, Inc. effective upon consummation of the Offer.

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, 1997, and provided 18% of total revenue. At December 31, 1997, Germantown was 98% leased to ten tenants under leases having a minimum term of one year (not including renewal options). Annual base rents range from $7.94 to $16.52 per square foot. Four leases representing 19% of the square feet at Germantown expire during 1998. 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 8% of the Company's 1997 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 $2,536,123. 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 the first quarter of 1997, the Company was successful in locating two replacement tenants for this space.

In 1997, the Company incurred tenant improvements, lease commissions and other costs of approximately $194,000 in securing one of the tenants, Goshen Fidelity, for 12,666 square feet. Included in this cost is the development of additional parking as required by Goshen Fidelity. Goshen Fidelity also had an option to purchase Corporate Center East during the first year of their lease term at a price of $1,900,000. This option expired unexercised in February 1998.

Corporate Center East represented 14% of the Company's total assets at December 31, 1997, and provided 10% of 1997 revenue. At December 31, 1997, Corporate Center East was 100% leased to four tenants under leases having a minimum term of three years (not including renewal options). Annual base rents range from $10.50 to $12.75 per square foot. One lease representing 10% of the square feet at Corporate Center East expires in 1998. Goshen Fidelity, Corporate Center East's largest tenant, occupies 12,666 square feet under a lease which expires in February 2000. Goshen Fidelity provided 6% of the Company's 1997 revenue. 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, 1997, and provided 32% of 1997 revenue.

At December 31, 1997, Broadbent was 96% 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 $8.40 per square foot. Leases representing 51% of the square footage of Broadbent expire during 1998. The Company anticipates most of these leases will be renewed or the space will be leased to new tenants, resulting in stable occupancy during 1998.

Cyclopss Corporation, Broadbent's largest tenant, occupies 13,250 square feet under a lease which expires in December 1998. Cyclopss provided 4% of the Company's 1997 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 $7,976,730. 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 39% of the Company's total assets at December 31, 1997, and provided 37% of its revenue.

At December 31, 1997, the property was 99% leased to eight tenants with terms ranging from two to ten years (not including renewal options) and annual base rents ranging from $9.50 to

$13.21 per square foot. Two leases representing 11% of the square footage of Southpoint expire in 1998. The Company anticipates these leases will be renewed or the space will be leased to new tenants, resulting in stable occupancy during 1998.

The General Services Administration ("GSA"), a United States government agency, occupies 40,447 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 $7,976,730). The GSA provided 19% of the Company's 1997 revenue.

In 1997, the Company leased an additional 17,116 square feet to an existing tenant, Intuition, Inc., expanding their total space to 20,827 square feet at Southpoint. The Company incurred lease commissions and tenant improvements of approximately $179,500 for the Intuition 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.
<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Name and Location	Square Footage	Occupancy At December 31, 1997	Lease Expiration	Assets at December 31, 1997 Amount	Percent	1997 Revenue Amount	Percent
Managed							
Southpoint Parkway Center Jacksonville, Florida	79,010	99%	1998-2006	$ 6,197,259	39%	$ 900,930	37%
Broadbent Business Center Salt Lake City, Utah	119,500	96	1998-2002	3,454,608	22	793,329	32
Corporate Center East Bloomington, Illinois	25,200	100	1998-2002	2,168,397	14	244,478	10
Germantown Square Louisville, Kentucky	74,267	98	1998-2008	3,095,435	19	447,812	18
	297,977			14,915,699	94	2,386,549	97
Financial and other				1,025,984	6	81,309	3
				$15,941,683	100%	$2,467,858	100%

</TABLE>

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 1997, 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

	1997	1996	1995
Ordinary income	66.23%	71.24%	94.35%
Nontaxable return of capital	33.77%	28.76%	5.65%
Total	100.00%	100.00%	100.00%
Dividends paid, per share	$.40	$.40	$.40

Market Information

At March 3, 1998, the Company had 2,245,411 shares of common stock issued and outstanding to 1,025 shareholders of record. The Company's shares began trading on The Nasdaq Stock Market under the symbol CEDR on December 17, 1986. At March 3, 1998, the Company's per share high and low sales prices were $6.75, 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 Sales Prices		
Quarter Ended	High	Low	Close
1997			
March 31	4 3/4	3 7/8	4 5/8
June 30	6	4 1/8	5 5/8
September 30	6 3/8	5 3/8	5 7/8
December 31	7 1/4	5 7/8	6 1/2
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

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

10-K Information

The 1997 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,			
	1997	1996	1995	1994	1993

Revenue	$	2,467,858	2,217,026	2,487,157	2,383,889	2,228,371
Net Earnings	$	500,186	561,616	769,621	659,553	467,196
Dividends to Shareholders	$	898,164	898,164	898,164	898,164	898,165
Per Share						
Basic and Diluted Net Earnings*	$	.22	.25	.34	.29	.21
Dividends to Shareholders**	$	.40	.40	.40	.40	.40
Total Assets	$	15,941,683	16,270,149	16,610,105	16,786,232	17,026,932
Mortgage Loan Payable	$	1,400,259	1,423,492	1,444,654	1,463,929	1,481,486
Shareholders' Equity	$	14,227,102	14,625,080	14,961,628	15,090,171	15,328,782

</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 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, 1997, the combined leased occupancy of the Company's four properties was 98%. During the first quarter of 1997, the Company was successful in releasing the remaining 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.

The Company has entered into a Memorandum of Understanding (the "Memorandum of Understanding"), dated as of December 5, 1997, between the Company and SKR Management Corp. ("SKR") pursuant to which Cedar Bay Company (the "Bidder"), an affiliate of SKR, 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 a letter agreement dated February 24, 1998 (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. SKR has deposited $1,000,000 with the Company as an earnest money deposit, to be returned to SKR upon the successful completion of the Offer. The Memorandum of Understanding provides that the Company shall cause its current officers and directors to resign effective upon consummation of the Offer. Additionally, the Company has agreed to cause the termination of the Administrative and Advisory Agreement between the Company and AEGON USA Realty Advisors, Inc., and the Management Agreement between the Company and AEGON USA Realty Management, Inc. effective upon consummation of the Offer.

1997 compared to 1996
The Company's net earnings for the year ended December 31, 1997, were $500,186 ($.22 per share) compared to $561,616 ($.25 per share) for the year ended December 31, 1996. (All per share amounts are on a basic and diluted basis.) The decrease in net earnings from 1996 to 1997 was primarily due to legal and consulting expenses incurred in connection with the recent tender offer for all shares of the Company.

Rental income was $2,386,549 in 1997 compared to $2,121,866 in 1996, an increase of $264,683 or 12%. Rental income at Corporate Center East in Bloomington, Illinois increased by $175,000 due to the Company's success in locating replacement tenants for the 20,000 square feet of space that had been vacant since the end of 1995. Corporate Center East is currently 100% occupied. Rental income increased by $51,000 at Broadbent Business Center in Salt Lake City, Utah due to higher base rents. Rents also increased at Germantown Square in Louisville, Kentucky and at Southport Parkway Center in Jacksonville, Florida due to an increase in tenant expense recoveries.

Interest income decreased by $14,000 due to a lower balance of funds available for investment throughout 1997.

Property expenses, excluding depreciation, increased from $884,104 in 1996 to $1,020,388 in 1997. The increase in property expenses is attributed to the following items. Wages and salaries decreased by 51% due to the reduction of property management personnel at Broadbent. Repairs and maintenance increased by $130,000 primarily due to tenant remodeling, parking lot improvements and other expenses incurred in 1997 that were not required in 1996. Management fees increased by $13,000 in 1997, an increase of 12%, corresponding to the 12% increase in rental income.

Directors' fees and expenses increased by $7,000 primarily due to an increase in directors and officers insurance coverage and an increase in the annual insurance premium. Other administrative expenses increased by $144,000 primarily due to legal and consulting expenses incurred in connection with the recent tender off for all Cedar shares.

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, representing 39% of rental income in 1995 and 42% of rental income 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 $12,000 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 $14,000 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.

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.

Cash Flow and Funds from Operations

In 1994, the Company adopted "funds from operations" as a measurement of operating performance. Funds from operations is defined by the Company as earnings from operations plus depreciation expense. Funds from operations does not represent operating income or cash flows from operations as defined by generally accepted accounting principles, and should not be construed as an alternative to operating income as an indicator of operating performance or to cash flows as a measure of liquidity. Management generally considers funds from operations to be a useful financial performance measure which, together with earnings, cash flows and other information, may be used by investors to evaluate the Company. Funds from operations as presented by the Company may not be comparable to similarly titled measures reported by other companies. The Company's funds from operations for the three years ended December 31, 1997, is presented in the table below.

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

	Funds from operations*		
Name and Location	1997	1996	1995
Southpoint Parkway Center, Jacksonville, Florida	$ 450,346	486,745	526,622
Broadbent Business Center, Salt Lake City, Utah	364,542	326,607	261,435
Corporate Center East, Bloomington, Illinois	94,366	(47,600)	222,665
Germantown Square, Louisville, Kentucky	320,770	333,801	317,024
Total	1,230,024	1,099,553	1,327,746
Non-property Company operations, net	(267,151)	(101,198)	(121,849)
Funds from operations	$ 962,873	998,355	1,205,897

*Earnings from operations plus depreciation
</TABLE>

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, which include capital expenditures, and is represented by cash and cash equivalents of $407,216 and a mortgage loan participation of $564,437 as of December 31, 1997.

Net cash provided by operating activities, as shown in the Statements of Cash Flows, was $935,308 for the year ended December 31, 1997. The major uses of cash in 1997 were dividends to shareholders of $898,164 and capital expenditures of $299,985 ($124,000 at Southpoint Parkway and $175,985 at Corporate Center East) in connection with leasing activities. Dividends to shareholders of $224,541 were also paid in the first quarter of 1998. 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 7 to the Financial Statements. There are no other material commitments at December 31, 1997.

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.

Year 2000 Issue

Although the Company does not employ any computer systems in its business, the Company could be adversely affected if the computer systems used by the Advisor (AEGON USA Realty Advisors, Inc.), Property Manager (AEGON USA Realty Management, Inc.), and other service providers do not properly process and calculate date-related information and data from and after January 1, 2000. The Advisor and Property Manager are taking steps which they believe are reasonably designed to address this issue with respect to computer systems they use and to obtain reasonable assurances that comparable steps are being taken by the Company's other major service providers. At this time, however, there can be no assurance that these steps will be sufficient to avoid any adverse impact to the Company.

Item 8. Financial Statements and Supplementary Data

Balance Sheets
<TABLE>

<S>	<C>	<C>
	December 31,	
	1997	1996
Assets		
Real Estate		
Land	$ 4,126,044	4,126,044
Buildings and improvements	14,636,843	14,336,858
	18,762,887	18,462,902
Less accumulated depreciation	(4,217,699)	(3,755,012)
	14,545,188	14,707,890
Mortgage loan receivable	564,437	573,991
	15,109,625	15,281,881
Cash and cash equivalents	407,216	670,306
Rent and other receivables	130,615	95,413
Interest receivable	3,881	3,946
Prepaid expenses	109,624	84,758
Deferred lease commissions	164,826	116,148
Taxes held in escrow	15,896	17,697
	$ 15,941,683	16,270,149

Liabilities and Shareholders' Equity		
Liabilities		
Mortgage loan payable	$ 1,400,259	1,423,492
Accounts payable and accrued expenses	162,320	103,337
Due to affiliates	62,570	36,538
Security deposits	80,085	66,655
Advance rents	9,347	15,047
	1,714,581	1,645,069
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	11,981,691	12,379,669
	14,227,102	14,625,080
	$ 15,941,683	16,270,149

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

Statements of Operations
<TABLE>

<S>	<C>	<C>	<C>
		Years Ended December 31,	
	1997	1996	1995
Revenue			
Rents	$ 2,386,549	2,121,866	2,400,273
Interest	81,309	95,160	86,884
	2,467,858	2,217,026	2,487,157
Expenses			
Property expenses			
Real estate taxes	233,160	239,324	228,006
Repairs and maintenance	385,806	255,621	318,633
Utilities	159,672	146,772	134,362
Management fee	119,328	106,093	120,013
Wages and salaries	10,756	21,960	19,911
Insurance	19,270	18,817	16,521
Other	92,396	95,517	94,985
Property expenses, excluding depreciation	1,020,388	884,104	932,431
Depreciation	462,687	436,739	436,276
Total property expenses	1,483,075	1,320,843	1,368,707
Interest	136,137	138,209	140,096
Administrative fees	101,192	100,363	99,359
Directors' fees and expenses	49,417	42,382	44,228
Other administrative	197,851	53,613	65,146
	1,967,672	1,655,410	1,717,536
Net earnings	$ 500,186	561,616	769,621
Basic and diluted net earnings per share*	$ .22	.25	.34
Dividends to shareholders	$ 898,164	898,164	898,164
Dividends to shareholders per share*	$ .40	.40	.40

</TABLE>
* Basic and diluted net earnings per share are based on the weighted average number of shares outstanding (2,245,411) for the years 1997, 1996, and 1995. 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>	<C>
		Years Ended December 31,	
	1997	1996	1995
Cash flows from operating activities			
Rents collected	$ 2,345,647	2,113,074	2,328,138
Interest received	81,374	95,221	88,980
Payments for operating expenses	(1,359,242)	(1,128,510)	(1,044,928)
Interest paid	(132,471)	(134,542)	(136,429)
Net cash provided by operating activities	935,308	945,243	1,235,761
Cash flows from investing activities			
Capital expenditures	(299,985)	(136,319)	---
Principal portion of scheduled mortgage loan collections	9,554	8,778	8,065

Security deposits collected, net	13,430	(214)	(1,258)
Net cash provided (used) by investing activities	(277,001)	(127,755)	6,807
Cash flows from financing activities			
Principal portion of scheduled mortgage loan payments	(23,233)	(21,162)	(19,275)
Dividends paid to shareholders	(898,164)	(898,164)	(898,164)
Net cash used by financing activities	(921,397)	(919,326)	(917,439)
Net increase (decrease) in cash and cash equivalents	(263,090)	(101,838)	325,129
Cash and cash equivalents at beginning of year	670,306	772,144	447,015
Cash and cash equivalents at end of year	$ 407,216	670,306	772,144
Reconciliation of net earnings to net cash provided by operating activities			
Net earnings	$ 500,186	561,616	769,621
Add (deduct) reconciling adjustments			
Depreciation	462,687	436,739	436,276
Amortization	3,666	3,667	3,667
Increase in rent and other operating receivables	(33,401)	(29,317)	(10,946)
Decrease in interest receivable	65	61	2,096
Decrease (increase) in prepaid expenses	(28,532)	(44,150)	5,641
Decrease (increase) in deferred lease commissions	(48,678)	(1,341)	56,457
Increase in operating accounts payable and accrued expenses	58,983	3,664	13,614
Increase (decrease) in due to affiliates	26,032	7,776	(300)
Increase (decrease) in advance rents	(5,700)	6,528	(40,365)
Net cash provided by operating activities	$ 935,308	945,243	1,235,761

</TABLE>

See the accompanying notes to financial statements.

Statements of Shareholders' Equity

<TABLE>

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

Years Ended December 31, 1997, 1996, and 1995

	Common Stock	Additional Paid-In Capital	Undistributed Net Earnings	Total Shareholders' Equity
Balance at January 1, 1995	$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
Net earnings	---	---	500,186	500,186
Dividends to shareholders	---	(397,978)	(500,186)	(898,164)
Balance at December 31, 1997	$2,245,411	11,981,691	---	14,227,102

</TABLE>

See the accompanying notes to financial statements.

Notes to Financial Statements

1. Organization and Accounting Policies

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 Standard 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 disclosures are described in Note 2.

Financial Accounting Standard No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, was issued during 1995. Statement No. 121 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 during 1995 had no impact on the Company's operations for that year.

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 $7,240 in 1997 and $19,926 in 1996. 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.

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.

Statement of Financial Accounting Standard No. 128, Earnings per Share, was issued and adopted by the Company during 1997. Statement No. 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Since the Company has no potentially dilutive securities outstanding, basic and diluted net earnings per share in accordance with Statement No. 128 are the same and do not differ from amounts previously reported as net earnings per share (primary earnings per share). Accordingly, basic and diluted net earnings per share are 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.

Certain amounts in the 1996 and 1995 financial statements have been reclassified to conform to the 1997 financial statement presentation.

2.Fair Values of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments.

Mortgage loan receivable: The fair value of the mortgage loan receivable is estimated utilizing discounted cash flow analysis, using interest rates reflective of current market conditions and the risk characteristics of the loans.

Cash and cash equivalents: The carrying amounts of cash and cash equivalents approximates their fair values.

Mortgage loan payable: The fair value of the mortgage loan payable is estimated utilizing discounted cash flow analysis, using interest rates reflective of current market conditions and the risk characteristics of the loans.

The following sets forth a comparison of the fair values and carrying values of the Company's financial instruments subject to the provisions of Statement of Financial Accounting Standard No. 107:

<TABLE>

<S>	<C>	<C>	<C>	<C>
	1997		1996	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Mortgage loan receivable	564,437	581,013	573,991	583,560
Cash and cash equivalents	407,216	407,216	670,306	670,306
Liabilities				
Mortgage loan payable	1,400,259	1,526,689	1,423,492	1,508,688

</TABLE>

3. Cash and Cash Equivalents

At December 31, 1997, the Company had $1,319 in cash and $405,897 invested in a money market fund. At December 31, 1996, the

Company had $11,785 in cash and $658,521 invested in a money market fund.

4. Real Estate

The Company's properties are leased to various tenants, whereby the Company incurs normal real estate operating expenses associated with ownership. In 1997, the Company incurred capital expenditures of $299,985. The improvements consisted of tenant build-outs and the development of additional parking. 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>

		Initial Cost to Company		
Property Description Name and Location of Property	Amount of Encumbrance	Land	Buildings & Improvements	Subsequent Cost Capitalized
Southpoint Parkway Center Jacksonville, Florida (Office/Service Facility)	$ ---	2,005,495	4,500,000	1,471,235
Broadbent Business Center Salt Lake City, Utah (Office/Service Facility)	1,400,259	595,000	3,462,950	475,067
Corporate Center East Bloomington, Illinois (Office Building)	---	475,000	1,746,783	314,340
Germantown Square Louisville, Kentucky (Shopping Center)	---	678,675	2,284,999	753,343
	$ 1,400,259	3,754,170	11,994,732	3,013,985

</TABLE>

<TABLE>

	Gross Amount at Which Carried December 31, 1997		
Property Description Name and Location of Property	Land	Buildings & Improvements	Total
Southpoint Parkway Center Jacksonville, Florida (Office/Service Facility)	$ 2,377,369	5,599,361	7,976,730
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	2,061,123	2,536,123
Germantown Square Louisville, Kentucky (Shopping Center)	678,675	3,038,342	3,717,017
	$ 4,126,044	14,636,843	18,762,887

</TABLE>

<TABLE>

Property Description Name and Location of Property	Accumulated Depreciation	Date Built	Date Acquired	Life on Which Depreciation is Computed (in years)
Southpoint Parkway Center Jacksonville, Florida (Office/Service Facility)	1,924,459	1984	5/86	10-40
Broadbent Business Center Salt Lake City, Utah (Office/Service Facility)	1,154,125	1978	3/87	10-40

Corporate Center East Bloomington, Illinois (Office Building)	450,897	1987	3/88	10-40
Germantown Square Louisville, Kentucky (Shopping Center)	688,218	1988	9/88	10-40
	4,217,699			

</TABLE>

The activity in real estate and related accumulated depreciation for the three year period ended December 31, 1997 is summarized in the table below.

	Years Ended December 31,		
Real Estate	1997	1996	1995
Cost			
Beginning of year	$ 18,462,902	18,326,583	18,326,583
Additions during year			
Improvements	299,985	136,319	---
End of year	$ 18,762,887*	18,462,902	18,326,583
Accumulated Depreciation			
Beginning of year	$ 3,755,012	3,318,273	2,881,997
Additions during year			
Depreciation expense	462,687	436,739	436,276
End of year	$ 4,217,699	3,755,012	3,318,273

* Also represents cost for federal income tax purposes.

5. 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 9). The note is secured by real estate and the participation yields 8.25% to the Company. Principal payments reduced the receivable balance to $564,437 at December 31, 1997 and $573,991 at December 31, 1996.

Information regarding the mortgage loan receivable at December 31, 1997 is presented in the Schedule of Mortgage Loan Receivable below.

Schedule of Mortgage Loan Receivable

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

				Periodic Payment Terms			
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	Carrying Amount of Mortgage December 31, 1997
Woodbury Plaza Woodbury, Minnesota	8-1-93	8.25%	8-1-00	$56,577	$535,664	$600,000	$564,437

</TABLE>

The activity for the mortgage loan receivable for the three year period ended December 31, 1997, is summarized as follows:

	Years Ended December 31,		
Mortgage Loan Receivable	1997	1996	1995
Principal			
Beginning of year	$573,991	582,769	590,834
Deductions during year			
Scheduled payments	(9,554)	(8,778)	(8,065)
End of year	$564,437	573,991	582,769

6. 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
1998	$ 1,946,731
1999	1,303,232
2000	974,151

2001	830,601
2002	526,664
Thereafter	2,082,697
	$ 7,664,076

Contingent rentals provided by various leases were included in rental income for 1997, 1996, and 1995 of $284,219, $238,461, and $284,887, respectively. The Company derived 10% or more of its revenue from one major tenant in 1997 and 1996, and two major tenants in 1995. Revenues from these tenants were $477,323 in 1997, $505,134 in 1996, and $541,814 and $278,553 in 1995.

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.

7. 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.

Schedule of Mortgage Loan on Real Estate
<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	1,254,779

</TABLE>
<TABLE>

<S> Property Description Name and Location of Property	<C> Prepayment Penalty Provisions	<C> Face Amount of Mortgage at Acquisition	<C> Carrying Amount of Mortgage December 31, 1997
Broadbent Business Center Salt Lake City, Utah	from 10/97 to 10/98 5%, declining 1% per year thereafter	$1,500,000	$1,400,259

</TABLE>

The activity in mortgage loans payable for the three year period ended December 31, 1997, is summarized in the table below.

Mortgage Loan Payable	Years Ended December 31, 1997	1996	1995
Principal			
Beginning of year	$1,423,492	1,444,654	1,463,929
Deductions during year			
Principal payments	(23,233)	(21,162)	(19,275)
End of year	$1,400,259	1,423,492	1,444,654

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	Balloon Payment
1998	$25,507	---
1999	28,004	---
2000	30,742	---
2001	33,755	---
2002	27,472	1,254,779

8. 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 1997, 1996 and 1995;

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.

9. Transactions with Affiliates

The Company has entered into an agreement with AEGON USA Realty Advisors, Inc. ("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 $101,192, $100,363 and $99,359 in administrative fees for 1997, 1996, and 1995, respectively. No acquisition fees were paid in 1997, 1996 and 1995 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 $119,328, $106,093, and $120,013 in management fees for 1997, 1996, and 1995, respectively, and $44,906, $36,901, and $18,809 in leasing fees for 1997, 1996 and 1995, 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 $8,947, $9,578 and $10,281 in shareholder service fees for 1997, 1996, and 1995, 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.

The Company has purchased participations in promissory notes owned by various affiliates of AEGON Realty Advisors (see note 5). The Company received interest income from the participations of $46,933, $47,691, and $48,388 for 1997, 1996 and 1995, 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, 1997.

10. Selected Quarterly Financial Data (Unaudited)

<TABLE>

<S>	<C>	<C>	<C>	<C>	<C>
		Quarter Ended			Year Ended
Year	3/31	6/30	9/30	12/31	12/31
1997					
Revenue	$ 560,915	623,622	626,237	657,084	2,467,858
Net earnings	124,207	182,421	181,052	12,506	500,186
Basic and diluted net earnings per share	.06	.08	.08	.00	.22
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
Basic and diluted 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
Basic and diluted net earnings per share	.08	.08	.09	.09	.34

</TABLE>

11. Subsequent Event

Cedar Bay Company, an affiliate of SKR Management Corp. (collectively, "SKR"), commenced a tender offer (the "Offer"), on January 12, 1998, to acquire all, but not less than a majority, of the outstanding shares of the Company for $7.00 per share in cash. The Offer is scheduled to expire at 12:00 Midnight, New York City time, on March 27, 1998, unless the Offer is extended. SKR has deposited $1,000,000 with the Company as an earnest money deposit, to be returned to SKR upon the successful completion of the Offer. Upon completion of the Offer, the current directors and officers of the Company will resign and new directors and officers will be appointed by SKR until the next annual meeting of shareholders. In addition, the agreements the Company has entered into with AEGON Realty Advisors and the Property Manager to provide administrative and advisory services and property management services, respectively, will terminate upon the completion of the Offer. It is anticipated the Company will enter into similar agreements with affiliates of SKR.

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, 1997 and 1996, and the related statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1997. 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, 1997 and 1996, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Des Moines, Iowa
February 20, 1998

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 56, has served as Chairman of the Board and a Director of the Company since 1988. He is an Executive Vice President 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 71, 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 67, 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 55, has served as a Director of the Company since 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.

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 47, 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 47, 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.

ALAN F. FLETCHER, age 48, 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 36, has served as Controller and Assistant Secretary of the Company since 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 1997, 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 $21,000 for 1997. (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, 1998. 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, 1998 by each Director, nominee, and officer and by all Directors, nominees and officers as a group (8 persons).

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)	1,052	*
Maureen DeWald(5)	2,892	*
Alan F. Fletcher(6)	500	*
Roger L. Schulz(7)	400	*
Directors, nominees and officers as a group	590,011	26.28%

(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 Executive Vice President of AEGON USA, Inc. (see "Principal Shareholders" and "Information About the Nominees"). 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 1,052 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., 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 $101,192 in administrative fees for 1997. No incentive, acquisition or disposition fees were paid in 1997.

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 $119,328 in management fees and $44,906 in leasing fees for 1997.

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 $8,947 in shareholder service fees for 1997. 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.

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 $9,554 in principal and $46,933 in interest from the mortgage participation in 1997.

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, 1997 and 1996.
Statements of Operations, Years Ended December 31, 1997, 1996,and 1995.
Statements of Cash Flows, Years Ended December 31, 1997, 1996,and 1995.
Statements of Shareholders' Equity, Years Ended December 31, 1997, 1996, and 1995.
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 4
(IV)	Schedule of Mortgage Loans on Real Estate.	Note 7

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.

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.

(10.3) Memorandum of Understanding, dated as of December 5, 1997, by and between Cedar Income Fund, Ltd. and SKR Management Corp., incorporated by reference to Exhibit No. 2.1 of the Company's Current Report on Form 8-K filed on December 8, 1997, File No. 0-14510.

(10.4) Tender Agreement, dated as of December 5, 1997, by and among SKR Management Corp. and certain stockholders listed therein of Cedar Income Fund, Ltd., incorporated by reference to Exhibit No. 2.3 of the Company's Current Report on Form 8-K filed on December 8, 1997, File No. 0-14510.

(10.5) Escrow Agreement, dated as of December 5, 1997, by and among Cedar Income Fund, Ltd., SKR Management Corp. and American Title Company, incorporated by reference to Exhibit No. 2.2 of the Company's Current Report on Form 8-K filed on December 8, 1997, File No. 0-14510.

(10.6) Letter Agreement, dated as of February 24, 1998, between Cedar Income Fund, Ltd. and Cedar Bay Company, incorporated herein by reference to Exhibit 9 to Amendment 1 to the Schedule 14D-9 filed on February 26, 1998.

(b) Reports on Form 8-K.

The Company reported on a Form 8-K, dated December 8, 1997, that it entered into a Memorandum of Understanding with an unaffiliated entity.

(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	/s/ Alan F. Fletcher
Patrick E. Falconio	Alan F. Fletcher
Chairman of the Board	Vice President and Treasurer
(principal executive officer)	(principal financial officer)

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

March 26, 1998

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, 1998

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.
(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.
(10.3)	Memorandum of Understanding, dated as of December 5, 1997, by and between Cedar Income Fund, Ltd. and SKR Management Corp., incorporated by reference to Exhibit No. 2.1 of the Company's Current Report on Form 8-K filed on December 8, 1997, File No. 0-14510.
(10.4)	Tender Agreement, dated as of December 5, 1997, by and among SKR Management Corp. and certain stockholders listed therein of Cedar Income Fund, Ltd., incorporated by reference to Exhibit No. 2.3 of the Company's Current Report on Form 8-K filed on December 8, 1997, File No. 0-14510.
(10.5)	Escrow Agreement, dated as of December 5, 1997, by and among Cedar Income Fund, Ltd., SKR Management Corp. and American Title Company, incorporated by reference to Exhibit No. 2.2 of the Company's Current Report on Form 8-K filed on December 8, 1997, File No. 0-14510.
(10.6)	Letter Agreement, dated as of February 24, 1998, between Cedar Income Fund, Ltd. and Cedar Bay Company, incorporated herein by reference to Exhibit 9 to Amendment 1 to the Schedule 14D-9 filed on February 26, 1998.

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.

<TABLE> <S> <C>

<ARTICLE> 5
<CIK> 0000761648
<NAME> CEDAR INCOME FUND, LTD.

<S>	<C>	
<PERIOD-TYPE>	YEAR	
<FISCAL-YEAR-END>		DEC-31-1997
<PERIOD-END>		DEC-31-1997
<CASH>		407,216
<SECURITIES>		0
<RECEIVABLES>		137,855
<ALLOWANCES>		7,240
<INVENTORY>		0
<CURRENT-ASSETS>		816,162
<PP&E>		18,762,887
<DEPRECIATION>		4,217,699
<TOTAL-ASSETS>		15,941,683
<CURRENT-LIABILITIES>		314,322
<BONDS>		1,400,259
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		2,245,411
<OTHER-SE>		11,981,691
<TOTAL-LIABILITY-AND-EQUITY>		15,941,683
<SALES>		0
<TOTAL-REVENUES>		2,467,858
<CGS>		0
<TOTAL-COSTS>		1,483,075
<OTHER-EXPENSES>		348,460
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		136,137
<INCOME-PRETAX>		500,186
<INCOME-TAX>		0
<INCOME-CONTINUING>		500,186
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		500,186
<EPS-PRIMARY>		.22
<EPS-DILUTED>		.22

</TABLE>