

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, 2003; Commission file number 0-14510

CEDAR SHOPPING CENTERS, INC.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

42-1241468
(I.R.S. Employer
Identification Number)

44 South Bayles Avenue, Port Washington, NY
(Address of principal executive offices)

11050
(Zip Code)

Registrant's telephone number, including area code: (516) 767-6492
Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock, \$0.06 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark if the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

Yes 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]

Based on the closing sales price on June 30, 2003 of \$16.39 per share, the aggregate market value of the voting stock held by non-affiliates of the registrant was \$ 2,009,447.

The number of shares outstanding of the registrant's Common Stock \$.06 par value was 16,456,011 on March 26, 2004.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's definitive proxy statement relating to its 2004 annual meeting of shareholders are incorporated herein by reference.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the securities laws. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general and specific economic and business conditions, which will, among other things, affect demand for rental space, the availability and creditworthiness of prospective tenants, lease rents and the availability of financing; adverse changes in the Company's real estate markets, including, among other things, competition with other companies; risks of real estate development and acquisition; risks of adverse operating results and creditworthiness of current tenants; governmental actions and initiatives; and environmental/safety requirements. Such forward-looking statements speak only as of the date of this report. The Company does not intend, and disclaims any duty or obligation, to update or revise any forward-looking statements set forth in this report to reflect any change in expectations, change in information, new information, future events or circumstances on which such information was based.

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Part I.

Item 1. Business

Cedar Shopping Centers, Inc., formerly Cedar Income Fund, Ltd. (the "Company"), was organized in 1984 and elected to be taxed as a real estate investment trust ("REIT") in 1986. The Company is now a fully-integrated, self-administered and self-managed real estate company, and focuses on the ownership, operation and redevelopment of community and neighborhood shopping centers located primarily in Pennsylvania, with additional properties in Connecticut, Maryland and New Jersey. As of December 31, 2003, the Company owned 22 properties, aggregating approximately 3.5 million square feet of gross leasable area ("GLA").

Originally incorporated in Iowa in 1984, the Company's common stock was listed on the NASDAQ securities market shortly thereafter. In June 1998, following a tender offer for the purchase of the Company's shares by Cedar Bay Company ("CBC"), the Company was reorganized as a Maryland corporation and included in an "umbrella partnership" structure through the contribution of substantially all of its assets to a Delaware limited partnership, Cedar Shopping Centers Partnership, L.P, formerly Cedar Income Fund Partnership, L.P. (the "Operating Partnership"). At the time of the tender offer, the Company owned four properties, which it had held since shortly after its incorporation. During the years 2000, 2001 and 2002, the Company sold those four properties and reinvested the net proceeds, together with newly-borrowed funds, in a portfolio of primarily supermarket-anchored shopping centers. This marked a change of focus away from the prior concentration in office and office/warehouse properties dispersed throughout the United States to retail properties, mostly supermarket-anchored shopping centers, located primarily in Pennsylvania.

The Company, the Operating Partnership, their subsidiaries and affiliated partnerships are separate legal entities. For ease of reference, the terms "Company" and "Operating Partnership" (including their respective subsidiaries and affiliates), as well as the terms "we", "us", "our", and "ours" refer to the business and properties of all these entities, unless the context

otherwise requires. The Company's executive offices are located at 44 South Bayles Avenue, Port Washington, New York 10050 (Telephone 516-767-6492). The Company's website can be accessed at www.cedarshoppingcenters.com, where a copy of the Company's forms 10-K, 10-Q, 8-K and other filings can be obtained free of charge. These SEC filings are added to the website as soon as reasonably practicable. The Company's Code of Ethics and committee charters are also listed on the website. This information is also available by written request to Investor Relations at our executive office address set forth above.

In early 2003, management of the Company made a strategic decision to significantly expand the Company's capital base and its portfolio of shopping-center properties. In connection therewith, the Company (1) identified an appropriate underwriter and planned for a public offering of shares of its common stock, (2) identified and targeted a number of real estate investment opportunities, (3) arranged for the temporary financing that would be required in the interim, and (4) identified banking institutions and received a commitment for a term line of credit to be concluded following the completion of the public offering. As a result of discussions with the underwriter and the Company's financial advisor, management determined that it was appropriate to acquire the companies that had previously provided the Company with advisory, management, and legal services, and to acquire the ownership interests in the Operating Partnership and certain other remaining partnership interests that were held by related parties.

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On July 14, 2003, in order to maintain the minimum "float" requirement for purposes of the Company's listing on the NASDAQ small cap market, the Company paid a stock dividend of one new share for each share of common stock outstanding to shareholders of record on July 7, 2003. On October 20, 2003 the Company effectuated a one-for-six "reverse" stock split, intended to facilitate efficient trading of the Company's stock in connection with the intended public offering and listing of its shares on the New York Stock Exchange.

In October 2003, the Company completed a public offering ("the Offering") of 13,500,000 shares of its common stock at a price of \$11.50 per share pursuant to a registration statement filed with the Securities and Exchange Commission, and realized approximately \$141,200,000 after underwriting fees and Offering costs. The Company's shares were listed on the New York Stock Exchange and commenced trading on October 24, 2003; the listing of the Company's stock on the NASDAQ was simultaneously terminated. In November 2003, the underwriter exercised its over-allotment option to purchase an additional 2,025,000 shares at \$11.50 per share less underwriting fees, and the Company received an additional \$21,700,000.

Prior to the Offering, the Company was externally advised and, in this connection, Cedar Bay Realty Advisors, Inc. ("CBRA"), SKR Management Corp. ("SKR") and Brentway Management, LLC ("Brentway") provided advisory, management and legal services to the Company. Contemporaneously with the Offering, CBRA and SKR merged into the Company and Brentway merged into the Operating Partnership. Each of the Company's executive officers was also a principal or officer of our advisors and each became an employee of the Company upon consummation of the Offering, together with the employees of the acquired companies. An independent committee of our Board retained a financial advisor who advised it as to the fairness from a financial perspective of the consideration to be paid in connection with the merger. The merger was approved at the annual meeting of stockholders held on October 9, 2003, with approximately 93% of the shares voting in favor. The total consideration paid for CBRA, SKR and Brentway was \$11.96 million, comprised of 693,333 shares of the Company's common stock and 346,667 units of the Operating Partnership ("OP Units"), each valued at \$11.50 per share/unit. The consideration was distributed to the owners, who are also executive officers of the Company, and to substantially all other officers and employees of the Company.

Prior to the Offering, CBC owned approximately 78% of the Company's common stock and OP Units (comprised of approximately 63,000 shares of common stock and approximately 568,000 OP Units). CBC received \$9.0 million of the proceeds from the Offering in connection with the repurchase of all the OP Units owned by it (\$15.85 per unit). The same financial advisor that opined as to the fairness from a financial perspective of the consideration paid for the merged entities also advised the independent committee of the Board as to the fairness from a financial perspective of the consideration paid to CBC.

The Company used \$3.96 million of the proceeds from the Offering to redeem the 3,300 Preferred OP Units owned by Homburg Invest USA Inc. (see below). As a result of these redemptions, the conversion of \$1,000,000 of outstanding debt into OP Units, and the aforementioned issuances of common stock and OP Units in connection with the mergers of the management companies, the Company now owns approximately 97% of the Operating Partnership.

The Company has elected to be taxed as a REIT under applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"). To qualify as a REIT under those provisions, the Company must have a significant percentage of its assets invested in, and income derived from, real estate and related sources. The Company's objectives are to provide to its shareholders a professionally managed, diversified portfolio of commercial real estate investments (primarily supermarket-anchored shopping centers), which will provide the best available cash flow, currently or in the future, and present an opportunity for capital appreciation.

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The Company as of December 31, 2003, had 16,456,011 shares outstanding; in addition, the Operating Partnership had outstanding 439,421 OP Units convertible into shares of common stock of the Company on a one-to-one basis.

The Company's shares are traded on the New York Stock Exchange under the symbol "CDR".

Acquisitions in 2003

Fairview Plaza, Halifax Plaza and Newport Plaza

In January and February of 2003, the Company acquired a 30% general partnership interest in Fairview Plaza, Halifax Plaza and Newport Plaza. These properties, located in New Cumberland, Halifax and Newport, Pennsylvania, respectively, contain an aggregate of 191,000 square feet of GLA, and are leased to 28 tenants, including Giant Foods, Rite Aid, the Pennsylvania Liquor Control Board, and McDonald's. The properties were originally built in 1992, 1994 and 1996, respectively, and were acquired for an aggregate purchase price of \$20.5 million, including closing costs. Kimco Preferred Investors III ("Kimco") is the 70% limited partner.

The properties were acquired with a combination of first mortgage financing and cash equity provided by the purchasers. As of December 31, 2003, the outstanding principal balances on the mortgage loans for Fairview Plaza, Halifax Plaza and Newport Plaza were \$6.0 million, \$4.2 million and \$5.3 million, respectively. The interest rate on the Fairview Plaza mortgage is 5.71%. Through interest rate swaps, the interest rates on the Halifax Plaza and Newport Plaza mortgages have been fixed at 6.83% throughout the terms of the mortgages. The maturity dates for the mortgages are February 2013 for Fairview Plaza, and February 2010 for Halifax Plaza and Newport Plaza. The amortization schedule for Fairview Plaza is 30 years, while Halifax Plaza and Newport Plaza have annual principal amortization payments of \$90,000 and \$109,000, respectively.

The partnership agreements for each of the respective properties essentially provide that Kimco is entitled to receive a 12.5% preferred return, after which the Operating Partnership is entitled to receive a 12.5% preferred return, after which the next \$100,000 is payable to Kimco, and thereafter, any excess cash flow is divided 50% to Kimco and 50% to the Operating Partnership. In the event of a sale, refinancing or other capital transaction, the initial proceeds of such transaction after repayment of third party debt shall be distributed generally to Kimco until its initial capital contribution is reduced to zero, then to Kimco until it achieves a 12.5% internal rate of return ("IRR"), then to the Operating Partnership until its capital contribution balance is reduced to zero, then until it receives a 12.5% IRR, and then in accordance with the residual sharing ratio (30% to the Operating Partnership and 70% to Kimco). Pursuant to the partnership agreements, any shortfall in required priority payments by any one of the three properties can be offset by excess payments from any of the other properties. Any shortfall in Kimco's preferred IRR arrangements may expose the Company's contributed capital.

Pine Grove Shopping Center

In April 2003, the Company acquired a 15% general partnership interest in the Pine Grove Shopping Center. The property, located in Pemberton Township, New Jersey, contains 79,000 square feet of GLA and is leased to 15 tenants, including Peebles, Fashion Bug and others. It is "shadow anchored" (i.e., a tenant located on adjacent property not owned by the Company) by an approximately 45,000 square foot Acme supermarket. The center was constructed in 2001 and 2002.

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The purchase price for the property was approximately \$8.6 million, including closing costs, which the Company financed in part by a \$6.0 million

first mortgage. Homburg Invest USA Inc., a wholly-owned subsidiary of Homburg Invest Inc. ("Homburg Invest"), which owned approximately 21% of the Company's common stock prior to the Offering and which is approximately 62% owned by Mr. Richard Homburg, a director of the Company, purchased an 85% limited partnership interest for \$2.1 million and received a 10% origination fee. Following the Offering, the Company exercised its option to acquire the 85% limited partnership interest, whereby Homburg Invest received a return of its \$2.1 million plus a 15% annualized rate of return.

As of December 31, 2003, the outstanding principal balance on the mortgage was approximately \$5.9 million. Through an interest rate swap, the interest rate on the mortgage was fixed at 6.24% throughout the term of the mortgage. The mortgage has annual principal amortization payments of \$150,000 and matures in April 2010.

Swede Square Shopping Center

In May 2003, the Company acquired a 15% general partnership interest in the Swede Square Shopping Center. The property, located in East Norriton, Pennsylvania, contains 103,000 square feet of GLA and is leased to 12 tenants, including LA Fitness Center, Panera Bread and others. The center was originally constructed in 1980 and is currently in the final stages of a complete redevelopment, including re-tenanting with multiple new tenant build-outs, upgrading common areas, redesigning the parking lot, improving access and traffic flow, and installing new facades and signage.

The purchase price for the property was approximately \$8.1 million, including closing costs, which the Company financed in part by a \$5.6 million, two-year, interest-only first mortgage. The principal amount of the mortgage may be increased to a total of \$7.5 million based on certain leasing and redevelopment achievements. Homburg Invest purchased an 85% limited partnership interest for \$3.0 million, and received a 10% origination fee. Following the Offering, the Company exercised its option to acquire the 85% limited partnership interest, whereby Homburg Invest received a return of its \$3.0 million plus a 15% annualized rate of return.

The balance of the mortgage was repaid without penalty in March 2004, and had carried a floating rate of LIBOR plus 585 basis points, with a minimum rate of 7.25%.

Valley Plaza Shopping Center

In June 2003, the Company acquired Valley Plaza Shopping Center. The property, located in Hagerstown, Maryland, contains 191,000 square feet of GLA and is leased to seven tenants, including K-Mart, Ollie's, Tractor Supply Company and McDonald's. The center was originally constructed in 1975, and was redeveloped in 1994.

The purchase price was \$9.4 million, including closing costs, which the Company financed by a \$6.4 million, two-year, interest-only senior bank loan with interest at LIBOR plus 250 basis points, and a two-year, \$3.5 million subordinated bank loan with interest at 12%. Commitment fees of \$65,000 for the senior bank loan and \$346,000 for the subordinated bank loan were included in the loan amounts. Following the Offering, the Company repaid the subordinated bank loan together with an exit fee of \$104,000. Homburg Invest received from the lender one-half of the commitment fees and exit fees, and 40% of the interest on the subordinated loan, in consideration for arranging the loan and for providing the lender with certain repayment guarantees with respect to both loans.

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Wal-Mart Shopping Center

In August 2003, the Company acquired a 15% general partnership interest in the Wal-Mart Shopping Center. The property, located in Southington, Connecticut, contains 155,000 square feet of GLA, and is subject to a ground lease that expires in 2071. Tenants include Wal-Mart, which occupies approximately 94,000 square feet with a lease extending through 2020, Namco, Southington Wine & Spirits, Connecticut Lighting Center and Sovereign Bank. The property was built in 1972 and was redeveloped in 2000.

The purchase price for the property was approximately \$8.7 million, including closing costs. Homburg Invest purchased an 85% limited partnership interest for \$825,000, and received a 10% origination fee. The Company also obtained a subordinated loan of \$2.9 million and a senior loan of \$5.4 million, with both loans maturing in two years. Commitment fees of \$102,000 for the senior bank loan and \$293,000 for the subordinated bank loan were included in the loan amounts. The subordinated loan bore interest at a rate of 12%, while

the senior loan bears interest at 250 basis points over 30-day LIBOR. Following the Offering, the Company exercised its option to acquire Homburg Invest's limited partnership interest for \$990,000 plus a 12% annualized rate of return. In addition, the Company repaid the subordinated loan together with an exit fee of \$88,000. Homburg Invest received from the lender one-half of the commitment fees and exit fees, and 40% of the interest on the subordinated loan, in consideration for arranging the loan and for providing the lender with certain repayment guarantees with respect to both loans.

South Philadelphia Shopping Plaza

In October 2003, following the Offering, the Company entered into a net lease for the South Philadelphia Shopping Plaza for a term of 29 years, 11 months. The Company has an option to purchase the property at fair market value at any time after ten years, subject to an acceleration right in certain instances, such as the bankruptcy of the existing owner.

The property, located in Philadelphia, Pennsylvania, contains 283,000 square feet of GLA. Tenants include a 54,000 square foot Shop Rite, Bally's Total Fitness, Ross Stores and Strauss Auto Zone. The property was built in 1950 and was redeveloped from 1998 through 2003. Simultaneously with the execution of the net lease, the Company loaned \$39 million to the existing owner, secured by a first mortgage on the owner's fee interest in the property; interest payments under the loan will approximate the fixed rent under the net lease.

River View Plaza I, River View Plaza II, and River View Plaza III Shopping Centers

In November 2003, the Company acquired operating control of the River View Plaza I, River View Plaza II and River View Plaza III shopping centers for approximately \$50.3 million, including closing costs. In connection with the transaction, the Company defeased the existing first mortgage at a cost of approximately \$4.8 million, which was charged to expense in 2003. These shopping centers, located in Philadelphia, Pennsylvania, consist of three separate properties containing an aggregate of approximately 247,000 square feet of GLA. River View I is anchored by a United Artists Theatre, River View II is anchored by Staples and West Marine, and River View III is anchored by Pep Boys and Athlete's Foot. The properties were built in 1991 and were redeveloped from 1993 through 1998.

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In exchange for their contribution of the properties to a newly formed-partnership, each of the prior owners received a preferred limited partnership interest in the partnership, and the Company became the managing general partner. In addition, the Company made a \$26.7 million loan to the prior owners, which must be repaid at the time their interests in the partnership are redeemed. The return on the preferred interests will approximate the interest payable under the loan. The Company has an option to redeem the preferred interests in ten years in the event and to the extent the prior owners have not previously redeemed their interests.

The Point Shopping Center

In November 2003, the Company increased its ownership in The Point Shopping Center to 100% by acquiring the remaining 50% interest from an affiliate of CBC for a purchase price of approximately \$2.4 million. The property, located in Harrisburg, Pennsylvania, contains approximately 255,000 square feet of GLA, and is subject to a 7.63% first mortgage with an outstanding balance of approximately \$19.6 million at December 31, 2003. The mortgage is scheduled for repayment in September 2012.

Columbus Crossing Shopping Center

In December 2003, the Company acquired operating control of the Columbus Crossing Shopping Center for approximately \$24.2 million, including closing costs. The property, located in Philadelphia, Pennsylvania, is fully leased, contains approximately 142,000 square feet of GLA, and was completed in 2001. Tenants include a 62,000 square foot Super Fresh supermarket, Old Navy, A.C. Moore and Famous Footwear.

The interests of the prior partners in the partnership that owns the property were recast to preferred limited partnership interests, and the Company became the managing general partner. In addition, the Company made a \$6.4 million loan to the prior owners, which must be repaid at the time their interests in the partnership are redeemed. The return on the preferred interests will approximate the interest payable under the loan. The Company has an option to redeem the preferred interests in ten years in the event and to the extent the existing owners have not previously redeemed their interests.

Sunset Crossings Shopping Center

In December 2003, the Company acquired the Sunset Crossings Shopping Center for a purchase price of approximately \$11.4 million, including closing costs. The property, located in Dickson City, Pennsylvania, contains approximately 74,000 square feet of GLA, was built in 2002, and is anchored by a 54,000 square foot Giant Foods supermarket.

Golden Triangle Shopping Center

In December 2003, the Company acquired, from an affiliate of CBC, the Golden Triangle Shopping Center in Lancaster, Pennsylvania. This property contains 229,000 square feet of GLA, was built in 1960, was redeveloped in 1985, 1990 and 1997, and is currently undergoing a complete redevelopment, including re-tenanting with multiple new tenant build-outs, upgrading of common areas, redesigning the parking lot, and improving access and traffic flow. Tenants include a 30,000 square foot Marshalls and a 24,000 square foot Staples. The Company has entered into a lease for a new 46,000 square foot L.A. Fitness Center, and expects to redesign the parking lot and install new facades and signage. The purchase price for the property was approximately \$11.4 million, including closing costs, and the assumption of a \$9.8 million 7.39% first mortgage loan. The mortgage is amortized over a thirty year schedule with the balance due in April 2008.

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Options

The Company has an option to acquire an undeveloped 16.5 acre parcel of land located between Harrisburg and Hershey, Pennsylvania for \$1.84 million. The option, which cost \$150,000, was originally scheduled to expire in March 2004, but was extended for an additional six-month period. It is the Company's present intention to exercise the option and to build a supermarket-anchored shopping center on the site. In this connection, the Company has entered into a letter of intent with Giant Foods for a 55,000 square foot store on the site.

The Company has an option to acquire the Shore Mall in Egg Harbor Township, New Jersey, a 620,000 square foot shopping center, subject to a right of first refusal of a former owner. The option, which expires in 2013, provides that the purchase price will be the appraised value at the time the option is exercised. The option also provides the Company with a right of first refusal if the owner receives a bona fide third-party offer. Following the Offering, the Company has been providing property management, leasing, construction management and legal services to the property, and expects to continue to provide these services, and to receive fees at standard rates until the property is acquired or sold or otherwise disposed of by the existing owners. An affiliate of CBC owns 92% of this property and Mr. Ullman, the Company's Chief Executive Officer, owns 8%.

Competition

The Company believes that competition for the acquisition and operation of retail shopping centers is highly fragmented. It faces competition from institutional investors, public and private REITs and owner-operators engaged in the acquisition, ownership and leasing of shopping centers, as well as from numerous local, regional and national real estate developers and owners in each of our markets.

The Company encounters competition for acquisitions of existing income-producing properties. It also faces competition in leasing available space at its properties to prospective tenants. The actual competition for tenants varies depending upon the characteristics of each local market in which it owns and manages property. The Company believes that the principal competitive factors in attracting tenants in its market areas are location, price, the presence of anchor tenants, the mix and quality of tenants, and maintenance of properties.

Environmental Matters

Under various federal, state, and local laws, ordinances, and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at such property, and may be held liable to a governmental entity or to third parties for property damage, and for investigation and clean up costs incurred by such parties in connection with contamination. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In connection with the ownership, operation and management of real properties, the Company is potentially liable for removal or remediation costs, as well as certain other related costs, including

governmental fines and injuries to persons and property.

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The Company believes that environmental studies made with respect to substantially all of its properties have not revealed environmental liabilities that would have a material adverse affect on its business, results of operations and liquidity. However, no assurances can be given that existing environmental studies with respect to any of the properties reveal all environmental liabilities, that any prior owner of a property did not create a material environmental condition not known to the Company, or that a material environmental condition does not otherwise exist at any one or more of its properties. If a material environmental condition does in fact exist, it could have an adverse impact upon the Company's financial condition, results of operations and liquidity.

Employees

As of March 26, 2004 the Company had 43 employees. The Company believes that its relations with its employees are good.

The Company's Properties

The following table and notes set forth information relating to the Company's properties and major tenants as of December 31, 2003:

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Major Tenants Greater than Property Description 10% of GLA	Percent Owned (1)	Gross	Net Book Value	Mortgage Balance	Percent Occupied	
		Leasable Area			at December 31, 2003 2002	
----- <S> <C>	<C>	<C>	<C>	<C>	<C>	<C>
The Point Shopping Center Burlington Coat Harrisburg, PA Giant Foods	100%	255,000	\$22,625,000	\$19,575,000	93%	93%
Port Richmond Village Thriftway Philadelphia, PA Pep Boys	100%	157,000	14,322,000	11,292,000	100%	89%
Academy Plaza Acme Markets Philadelphia, PA Raising Horizons	100%	155,000	11,893,000	10,422,000	99%	89%
Washington Center Shoppes Acme Markets Washington Township, NJ Powerhouse Gym	100%	158,000	9,273,000	5,826,000	98%	87%
Red Lion Shopping Center Best Buy Stores Philadelphia, PA Sports Authority	20%	224,000	19,799,000	16,590,000	95%	91%
Staples						
Loyal Plaza K-Mart Williamsport, PA Giant Foods	25%	293,000	18,957,000	13,677,000	92%	92%
Camp Hill Mall (2)	100%	522,000	22,694,000	14,000,000	66%	90%

Boscov's
Camp Hill, PA

LA Fitness Facility LA Fitness Fort Washington, PA	50%	41,000	5,692,000	4,559,000	100%	N/A
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Fairview Plaza Giant Foods New Cumberland, PA	30%	70,000	8,904,000	6,018,000	97%	N/A
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Halifax Plaza Giant Foods Halifax, PA Rite Aid	30%	54,000	5,634,000	4,190,000	100%	N/A
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Newport Plaza Giant Foods Newport, PA Rite Aid	30%	67,000	6,514,000	5,346,000	100%	N/A
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Pine Grove Plaza Shopping Center Peebles Pemberton Township, NJ	100%	79,000	8,379,000	6,301,000	97%	N/A
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Swede Square Shopping Center (2) LA Fitness East Norriton, PA	100%	103,000	7,875,000	5,560,000	78%	N/A
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Valley Plaza Shopping Center K-Mart Hagerstown, MD Ollie's	100%	191,000	9,619,000	6,361,000	100%	N/A
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Tractor Supply
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Property Description	Square Feet	Lease Expiration
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<S>	<C>	<C>
The Point Shopping Center Harrisburg, PA	77,000 55,000	2016 2021
Port Richmond Village Philadelphia, PA	40,000 21,000	2008 2009
Academy Plaza Philadelphia, PA	51,000 20,000	2018 2004
Washington Center Shoppes Washington Township, NJ	66,000 21,000	2020 2012
Red Lion Shopping Center Philadelphia, PA	46,000 44,000 24,000	2014 2005 2015
Loyal Plaza Williamsport, PA	103,000 67,000	2006 2019
Camp Hill Mall (2) Camp Hill, PA	168,000	2010
LA Fitness Facility Fort Washington, PA	41,000	2018
Fairview Plaza New Cumberland, PA	59,000	2017
Halifax Plaza Halifax, PA	32,000 8,000	2019 2009
Newport Plaza Newport, PA	43,000 10,000	2021 2016
Pine Grove Plaza Shopping Center Pemberton Township, NJ	25,000	2022
Swede Square Shopping Center (2) East Norriton, PA	37,000	2016
Valley Plaza Shopping Center Hagerstown, MD	96,000 42,000	2004 2011

</TABLE>

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<TABLE>
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Property Description	Percent Owned (1)	Gross Leasable Area	Net Book Value	Mortgage Balance	Percent Occupied at December 31, 2003 2002	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Wal-Mart Shopping Center Southington, CT	100%	155,000	11,735,000	\$ 5,441,000	100%	N/A
South Philadelphia Shopping Plaza Philadelphia, PA	100%	283,000	41,117,000	-	82%	N/A
River View Plaza I, II and III Philadelphia, PA	100%	247,000	48,389,000	-	95%	N/A
Columbus Crossing Shopping Center Philadelphia, PA	100%	142,000	22,869,000	-	100%	N/A
Sunset Crossings Shopping Center Dickson City, PA	100%	74,000	10,744,000	-	96%	N/A
Golden Triangle Shopping (2) Center Lancaster, PA	100%	229,000	11,590,000	9,825,000	68%	N/A
Totals		3,499,000	\$318,624,000	\$144,983,000		

</TABLE>

[RESTUBBED TABLE]

<TABLE>
<CAPTION>

Property Description	Major Tenants Greater than 10% of GLA	Square Feet	Lease Expiration
<S>	<C>	<C>	<C>
Wal-Mart Shopping Center Southington, CT	Wal-Mart Namco	94,000 20,000	2020 2011
South Philadelphia Shopping Plaza Philadelphia, PA	Shop Rite Bally's Total Fitness Ross Stores	54,000 31,000 31,000	2018 2017 2013
River View Plaza I, II and III Philadelphia, PA	United Artists	78,000	2018
Columbus Crossing Shopping Center Philadelphia, PA	Super Fresh Supermarkets Old Navy A.C. Moore	62,000 25,000 22,000	2020 2009 2011
Sunset Crossings Shopping Center Dickson City, PA	Giant Foods	54,000	2017
Golden Triangle Shopping (2) Center Lancaster, PA	Marshalls Staples	30,000 24,000	2010 2012
Totals			

</TABLE>

(1) Other than Red Lion, the terms of the several joint venture agreements provide, among other things, that the limited partners receive certain preferential returns on their investments prior to any distributions to the Company.

(2) These properties are redevelopment properties. The occupancy rates for these properties may include month-to-month and seasonal tenants.

The terms of the Company's retail leases vary from tenancies at will to 25 years, excluding options. Anchor tenant leases are typically for 10 to 25 years, with one or more extension options available to the lessee upon

expiration of the initial lease term. By contrast, smaller store leases are typically negotiated for 5-year terms. The longer terms of major tenant leases serve to protect the Company against significant vacancies and to assure the presence of strong tenants who draw consumers to its centers. The shorter terms of smaller store leases allow the Company under appropriate circumstances to adjust rental rates periodically for non-major store space and, where possible, to upgrade the overall tenant mix.

Leases to anchor tenants generally provide lower minimum rents per square foot than smaller shop leases. The Company believes that minimum rental rates for most anchor tenant leases entered into several years ago are at or below current market rates, while recent anchor tenant leases and most non-anchor leases provide for minimum rental rates that more closely reflect current market conditions.

Risk Factors

General

Income from the Company's real property investments and its resulting ability to service debt and to meet other obligations as they become due may be adversely affected by general and specific economic and business conditions, which will, among other things, affect demand for rental space, the availability and creditworthiness of prospective tenants, lease rents and the availability of financing, adverse changes in the Company's real estate markets, including, among other things, competition with other companies, risks of real estate development and acquisition, risks of adverse operating results and creditworthiness of current tenants, governmental actions and initiatives, and environmental/safety requirements.

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Insurance

The Company carries comprehensive liability and all-risk property insurance with respect to its assets (fire, flood, extended coverage, terrorism and rental loss insurance). There can be no assurance, however, that the policy limits will in fact be adequate to cover all possible losses.

Dependence on Rental Income

Substantially all of the Company's revenues are derived from rental income from its properties. The Company competes with other shopping centers for tenants within the same geographic marketplace. The Company's ability to attract new tenants and keep existing tenants may be affected by its ability to fund tenant improvements, grant rent concessions, pay leasing commissions, pay for capital improvements, and to periodically upgrade and modernize the shopping centers. As a result, the Company's ability to service its debt and to meet its other obligations may be adversely affected if a major tenant or a significant number of smaller tenants were unable to meet their obligations, or if a significant amount of space at the Company's properties were to become vacant.

Several of the Company's properties (Camp Hill, Fairview Plaza, Halifax Plaza, Loyal Plaza, Newport Plaza, The Point and Sunset Crossings) have Giant Food Stores, Inc. supermarkets ("Giant Foods") as anchor tenants. In all, rents and expense recoveries from Giant Foods in 2003 represented approximately 12% of the Company's total revenues. Ahold N.V., a Netherlands corporation and Giant Food's parent company, generally guarantees the Giant Foods leases. During 2003, there were published reports indicating that there had been accounting irregularities at certain of Ahold's U.S. and foreign operations, which did not necessarily include the supermarket stores or the Giant Foods supermarket affiliates. Ahold's debt rating was downgraded, which may adversely affect the resulting value of the Company's properties having such tenancies.

Market Liquidity

Real estate investments are relatively illiquid. The Company is limited in its ability to vary its real estate portfolio in response to economic changes, and may encounter difficulty in recovering its investment in properties if vacancy rates rise.

Leverage

At December 31, 2003, the Company had gross assets of approximately \$341.3 million with approximately 3.5 million square feet of GLA. The Company has financed its growth with a combination of the proceeds from the Offering and third-party debt. At December 31, 2003, the Company had approximately \$145.0 million in mortgage indebtedness outstanding and approximately \$17.0 million outstanding under its line of credit; the percentage of debt to total assets at December 31, 2003 was approximately 47.5%. Principal payments of approximately \$21.2 million are scheduled to be paid over the next twelve months on such debt (see notes to consolidated financial statements contained in this report).

The Company is subject to risks normally associated with debt financing, including the risk that its cash flow will be insufficient to meet required payments of principal and interest. The Company is also subject to the risk that existing indebtedness on the properties (which, in most cases, will not have been fully amortized at maturity) will not be able to be refinanced, or that the terms of such refinancing, if in fact available, will not be as favorable as the terms of the Company's existing indebtedness. If the Company is not successful in refinancing such debt when it becomes due, it may be forced to dispose of properties at disadvantageous terms, which might adversely affect the Company's ability to service other debt and to meet its other obligations. If prevailing interest rates, or other factors at the time of refinancing result in higher interest rates, the Company's interest expense would increase, which could also adversely affect its ability to service other debt and to meet its other obligations.

In addition to the risks associated with debt financing, the terms of certain of the Company's joint venture partnership agreements provide for minimum priority cumulative returns to the limited partners. To the extent that these specified minimum returns are not achieved, the Company's equity interest in these partnerships can be negatively affected.

Adverse Consequences of Failure to Qualify as a REIT

The Company has elected since 1986 to be taxed as a REIT under the Code. A REIT will generally not be subject to federal income taxation on that portion of its income that qualifies as REIT taxable income, to the extent that it distributes at least 90% of its taxable income to its shareholders and complies with certain other requirements. Under applicable provisions of the Code governing REITs, a REIT, among other things, may not own more than ten percent in value or voting power of a corporation other than a qualifying "taxable REIT subsidiary". During the course of the Company's preparation of this report, it was determined that the Company indirectly owned more than 10% of one company with an equity value of approximately \$8,000, for which it had inadvertently failed to file a timely election to be treated as a taxable REIT subsidiary. The Company has filed with the Internal Revenue Service an election to treat such entity as a taxable REIT subsidiary retroactive to June 2002 when it was formed, and has filed a request for a ruling to permit late filing of such election. The Company, based on opinion of counsel, believes that it will receive a favorable ruling and that the likelihood of an unfavorable ruling is remote.

Rents and Occupancy Information

Five of our properties either contributed more than 10% of our aggregate gross revenues during 2003 or had a book value equal to more than 10% of our total assets at year-end 2003. Except for Giant Foods, no tenant leases more than 10% of the Company's total GLA. The following table shows certain information for these properties during the shorter of the prior three years or the period of our ownership.

Property	Year	Average Occupancy Rate	Average Annual Gross Revenues PerSquare Foot
The Point Shopping Center	2003	93%	\$ 12.24
	2002	93%	11.44
	2001	82%	8.94
Red Lion Shopping Center	2003	93%	13.73
Port Richmond Village Shopping Center	2003	95%	17.32
	2002	89%	15.46
Camp Hill Mall	2003	78%	9.29
South Philadelphia Shopping Center	2003	82%	n/a

The following tables show lease expiration data as of December 31, 2003 for each of the above properties for the next ten years (assuming that none of the tenants exercise renewal options). Annualized expiring rents represents the contractual rent for expiring leases, calculated on a straight-line basis in accordance with GAAP.

<TABLE>
<CAPTION>

The Point Shopping Center

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	Annualized Expiring Rents per Sq Ft	Annualized Expiring Rents	Percentage of Property Rent Expiring
-----	-----	-----	-----	-----	-----

<S>	<C>	<C>		<C>	<C>
2004	1	2,550	\$ 10.09	\$ 25,733	1.04%
2005	1	1,600	8.13	13,000	0.52%
2006	2	11,640	3.65	42,512	1.71%
2007	3	14,648	15.99	234,231	9.43%
2008	1	6,635	8.17	54,241	2.18%
2011	1	5,000	7.50	37,500	1.51%
2012	4	15,664	15.76	246,793	9.94%
2013	2	44,000	10.25	451,046	18.16%
Thereafter	3	134,865	10.22	1,378,605	55.51%

	18	236,602	\$ 10.50	\$ 2,483,661	100.00%
=====					

</TABLE>

<TABLE>
<CAPTION>

Red Lion Shopping Center

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	Annualized Expiring Rents per Sq Ft	Annualized Expiring Rents	Percentage of Property Rent Expiring
<S>	<C>	<C>		<C>	<C>
2004	1	29,483	\$ 2.85	\$ 84,000	3.46%
2005	3	50,546	11.86	599,553	24.69%
2006	1	3,600	15.00	54,000	2.22%
2007	3	26,815	10.64	285,297	11.75%
2008	1	1,410	17.00	23,970	0.99%
2009	1	4,310	14.96	64,489	2.66%
2013	3	12,550	16.75	210,191	8.66%
2014	2	59,500	13.13	781,244	32.17%
Thereafter	1	23,942	13.60	325,708	13.41%

Total	16	212,156	\$ 11.45	\$ 2,428,452	100.00%
=====					

</TABLE>

<TABLE>
<CAPTION>

Port Richmond Village Shopping Center

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	Annualized Expiring Rents per Sq Ft	Annualized Expiring Rents	Percentage of Property Rent Expiring
<S>	<C>	<C>		<C>	<C>
2004	5	8,631	\$ 27.29	\$ 235,516	12.60%
2005	3	3,150	19.25	60,645	3.24%
2006	2	10,403	14.69	152,769	8.17%
2007	5	19,917	8.73	173,813	9.30%
2008	9	76,625	11.17	856,133	45.81%
2009	7	36,182	10.78	390,053	20.87%

Total	31	154,908	\$ 12.06	\$ 1,868,929	100.00%
=====					

</TABLE>

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<TABLE>
<CAPTION>

Camp Hill Mall

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	Annualized Expiring Rents per Sq Ft	Annualized Expiring Rents	Percentage of Property Rent Expiring
<S>	<C>	<C>		<C>	<C>
2004	28	61,040	\$ 11.71	\$ 714,917	26.62%
2005	3	3,479	19.94	69,388	2.58%
2006	2	8,276	11.19	92,597	3.45%
2008	1	1,297	18.32	23,759	0.88%
2009	1	3,639	17.16	62,438	2.32%
2010	3	173,662	4.90	851,508	31.71%
2011	5	74,646	8.98	669,956	24.95%
2012	2	3,466	15.42	53,462	1.99%
Thereafter	1	3,700	39.86	147,468	5.49%

Total	46	333,205	\$ 8.06	\$ 2,685,492	100.00%
=====					

</TABLE>

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<CAPTION>

South Philadelphia Shopping Center

Year of Lease Expiration	Number of Leases Expiring	Square Footage of Leases Expiring	Annualized Expiring Rents per Sq Ft	Annualized Expiring Rents	Percentage of Property Rent Expiring
<S>	<C>	<C>		<C>	<C>
2004	3	9,100	\$ 13.49	\$ 122,775	3.79%
2005	3	16,830	12.90	217,114	7.01%
2006	2	4,410	22.73	100,247	1.84%
2007	3	14,880	15.98	237,744	6.20%
2008	2	12,577	17.39	218,678	5.24%
2009	3	13,383	17.08	228,552	5.58%
2011	1	1,300	30.35	39,461	0.54%
2012	1	3,100	22.96	71,167	1.29%
2013	2	51,349	11.10	569,963	21.40%
Thereafter	4	112,988	13.54	1,529,597	47.09%
Total	24	239,917	\$ 13.90	\$ 3,335,298	100.00%

</TABLE>

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Depreciation on The Point Shopping Center, Red Lion Shopping Center, Port Richmond Shopping Center, Camp Hill Mall and South Philadelphia Shopping Center is calculated using the straight-line method over the estimated useful life of the real property and improvements, which ranges from ten to 40 years. At December 31, 2003, the Federal tax basis in these centers was as follows: approximately \$22.6 million for The Point Shopping Center, approximately \$19.7 million for Red Lion Shopping Center, approximately \$14.3 million for Port Richmond Shopping Center, approximately \$18.9 million for Camp Hill Mall and approximately \$39 million for a mortgage loan receivable on South Philadelphia Shopping Center.

The real estate tax rate is approximately \$8.27 per \$100 of assessed value for Red Lion Shopping Center; \$1.74 per \$100 for The Point Shopping Center; \$1.61 per \$100 for Camp Hill Mall, \$8.27 per \$100 for Port Richmond Village Shopping Center, and \$8.27 per \$100 for South Philadelphia Shopping Center.

Item 2. Properties

The properties the Company owned at December 31, 2003 are described under Item 1 and in the notes to consolidated financial statements contained in this report.

The Company's executive office is located in 6,200 square feet at 44 South Bayles Avenue, Port Washington, New York, which it leases from a partnership owned 24% by the Company's Chief Executive Officer. The lease expires in October 2007. The Company also maintains property management and leasing offices at two of its shopping-center properties.

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Item 3. Legal Proceedings

The Company is not presently involved in any litigation, nor, to its knowledge, is any litigation threatened against the Company or its subsidiaries, that in management's opinion would result in any material adverse effect on the Company's ownership, management or operation of its properties, or which is not covered by the Company's liability insurance.

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

The Company held an annual meeting of stockholders on October 9, 2003, at which the following matters were voted upon:

1. Election of three directors.
2. Approval of issuance of stock.
3. Approval of an amendment to the 1998 Stock Option Plan
4. Approval of merger of Cedar Bay Realty Advisors, Inc. and SKR Management Corp. into the Company and Brentway Management, LLC into Cedar Shopping Centers Partnership, L.P.
5. Authorize amendments to articles of incorporation to effect a

- reverse stock split, declassify the Board of Directors, and increase ownership limit of the Company's stock.
6. Approval of appointment of Ernst & Young, LLP as independent auditors for the fiscal year ending December 31, 2003.

The results of the meeting were as follows:

	For ---	Against -----	Abstain -----	Broker Non-Votes -----
<S>	<C>	<C>	<C>	<C>
Proposal 1:				
James J. Burns	1,315,160	22,772		
Richard Homburg	1,317,186	20,747		
Everett B. Miller	1,315,160	22,772		
Proposal 2:				
Issuance of Stock	1,004,198	60,296	7,890	265,549
Proposal 3:				
Amendment to Employee Stock Option Plan	974,854	91,814	6,516	264,749
Proposal 4:				
Mergers	1,000,252	65,753	7,179	264,749
Proposal 5:				
Amendments to Articles of Incorporation	1,032,415	30,088	10,681	264,749
Proposal 6:				
Independent Auditors	1,318,528	6,506	12,899	

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Messrs. Leo S. Ullman, Frank Matheson and J.A.M.H. der Kinderen and Ms. Brenda Walker continued as directors after the meeting.

Directors and Executive Officers of the Company

Information regarding our directors and executive officers is set forth below:

<TABLE>			
<CAPTION>			
Name	Age	Position	

<S>	<C>	<C>	<C>
Leo S. Ullman	64	Chairman of the Board of Directors, Chief Executive Officer and President	
Brenda J. Walker	51	Director and Vice President	
James J. Burns	64	Director	
Johannes A.M.H. der Kinderen	63	Director	
Richard Homburg	54	Director	
Everett B. Miller, III	58	Director	
Roger M. Widmann	64	Director	
Thomas J. O'Keefe	59	Chief Financial Officer	
Thomas B. Richey	48	Vice President and Director of Development and Construction Services	
Stuart H. Widowski	43	Secretary and General Counsel	

Leo S. Ullman, chief executive officer, president and chairman of the board of directors, has been involved in real estate property and asset management for approximately twenty-five years. He was chairman and president of SKR and chairman of Brentway from 1994 (and its predecessors since 1978), and president of CBRA since the latter company's formation in January 1998. He is also president and sole director of a number of companies affiliated with CBC. Mr. Ullman was first elected as the Company's chairman in April 1998 and served until November 1999. He was re-elected in December 2000. Mr. Ullman also has been chief executive officer and president from April 1998 to date. He has been a member of the New York Bar since 1966 and was in private legal practice until 1998. From 1984 until 1993, he was a partner in the New York law firm of Reid & Priest, and served as initial director of its real estate group. Mr. Ullman received an A.B. from Harvard University and a J.D. and M.B.A. from Columbia University.

Brenda J. Walker, has been vice president and a director since 1998, and was treasurer from April 1998 until November 1999. She was president of Brentway and vice president of SKR from 1994; vice president of API Management Services Corp. and API Asset Management, Inc. from 1992 through 1995; and vice president of CBRA from 1998. Ms. Walker has been involved in real estate property and asset management for more than twenty years. Ms. Walker received a B.A. from Lincoln University.

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James J. Burns, a director since 2001, has been chief financial officer and senior vice president of Wellsford Real Properties, Inc. since December 2000. He joined Wellsford in October 1999 as chief accounting officer upon his retirement from Ernst & Young in September 1999. At Ernst & Young, Mr. Burns was a senior audit partner in the E&Y Kenneth Leventhal Real Estate Group for 22 years. Mr. Burns also serves as a director of One Liberty Properties, Inc., a REIT listed on the New York Stock Exchange. Mr. Burns is a certified public accountant and a member of the American Institute of Certified Public Accountants.

Johannes A.M.H. der Kinderen, a director since 1998, was the director of investments from 1984 through 1994 for Rabobank Pension Fund, and has been or is chairman and/or a member of the board of the following entities: Noord Amerika Real Estate B.V. (1995-to date); Noord Amerika Vast Goed B.V. (1985-to date); Mass Mutual Pierson (M.M.P.) (1988 to 1997); Warner Building Corporation (1996 to date); GIM Vastgoed (1998 to date); Fellion Investments B.V. (2001 to date); and N.V. Maatschappij voor Trustzaken Ameuro (2002 to date).

Richard Homburg, a director and chairman from November 1999 to August 2000, and a director again since December 2002, was born and educated in the Netherlands. Mr. Homburg was the president and CEO of Uni-Invest N.V., a publicly listed Dutch real estate fund from 1991 until 2000. In 2002, an investment group purchased 100% of the shares of Uni-Invest N.V., taking it private, at which time it was one of the largest real estate funds in the Netherlands with assets of approximately \$2.5 billion CDN. Mr. Homburg is chairman and CEO of Homburg Invest Inc. and president of Homburg Invest USA Inc. (a wholly-owned subsidiary of Homburg Invest Inc.). In addition to his varied business interests, Mr. Homburg has served on many boards, including as past president and director of the Investment Property Owners of Nova Scotia, Evangeline Trust and World Trade Center in Eindhoven, the Netherlands, and also has sat on the board of directors or advisory boards of large charitable organizations.

Everett B. Miller, III, a director since 1998, is vice president of alternative investments at YMCA Retirement Fund. In March 2003, Mr. Miller was appointed to the Real Estate Advisory Committee of the New York State Common Retirement Fund. Prior to his retirement from Commonfund Realty, Inc., a registered investment advisor, and his appointment to the board of directors of such company in May 2002, Mr. Miller served as the chief operating officer of that company from 1997 until May 2002. Prior to such time, commencing in March 1997, Mr. Miller was the senior vice president and chief executive officer of two privately held REITs, Endowment Realty Investors and Endowment Realty Investors II, sponsored by Commonfund, which is located in Wilton, Connecticut. From January 1995 through March 1997, Mr. Miller was the principal investment officer for real estate and alternative investment at the Office of the Treasurer of the State of Connecticut. Before that, Mr. Miller was employed for eighteen years at affiliates of the Travelers Insurance Company, at which his last position was senior vice president of the Travelers Realty Investment Company.

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Roger M. Widmann, a director since October 2003, is a principal of the investment banking firm of Tanner & Co., Inc., which specializes in providing advice to corporations ranging from Fortune 200 companies to mid-sized firms. From 1986 to 1995, Mr. Widmann was a senior managing director of Chemical Securities Inc., a subsidiary of Chemical Banking Corporation (now JPMorgan Chase Corporation). Prior to joining Chemical Securities Inc., Mr. Widmann was a founder and managing director of First Reserve Corporation, the largest independent energy investing firm in the U.S. Previously, he was senior vice president with the investment banking firm of Donaldson, Lufkin & Jenrette, responsible for the firm's domestic and international investment banking business. He has also been a vice president with New Court Securities Corporation (now Rothschild, Inc.). Mr. Widmann is a senior moderator of the Executive Seminar in the Humanities at The Aspen Institute, is Chairman of Lydall, Inc. (NYSE), Manchester, Connecticut, a manufacturer of thermal, acoustical and filtration materials, and is president of the March of Dimes of Greater New York.

Thomas J. O'Keefe, joined the Company in November 2002 as the chief financial officer. Prior to joining, Mr. O'Keefe served as a financial consultant from 1997 to 2002, as chief financial officer of Bradley Real Estate, Inc., a shopping center REIT, from 1985 to 1996, as chief financial officer of R.M. Bradley & Co., Inc., a full service real estate management company from 1981 to 1997, and as audit manager for Deloitte & Touche from 1975 to 1981. Mr. O'Keefe, a certified public accountant, is also a director of the John Fitzgerald Kennedy Library Foundation and serves on its executive, audit and investment committees. Mr. O'Keefe received a B.S.A. from Bentley College and an M.B.A. from Babson College.

Thomas B. Richey, joined the Company in 1998 as vice president and director of development and construction services. Mr. Richey has been involved in the real estate business for approximately 25 years. He served as director of a historic site service project in Muncy, Pennsylvania, from 1978 through 1980, and as economic development director of the city of Williamsport, Pennsylvania, from 1980 through 1983. From 1983 to 1986, Mr. Richey was involved with acquisitions and construction for Lundy Construction Company and for Shawnee Management Inc. From 1988 through 1996, Mr. Richey was a partner in two companies involved in renovating and providing other services to hotel properties. From 1996 through 1998, Mr. Richey was business and project manager for Grove Associates, Inc., an engineering and surveying company. Mr. Richey received a B.A. from Lycoming College.

Stuart H. Widowski, joined the Company in 1996 as vice president and general counsel. He was in private practice for seven years, including five years with the law firm of Reid & Priest in New York, New York. From 1991 through 1996, Mr. Widowski served in the legal department of the Federal Deposit Insurance Corporation. Mr. Widowski received a B.A. from Brandeis University and a J.D. from the University of Michigan.

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Part II.

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

Dividend Information

A corporation electing REIT status is required to distribute at least 90% of its "REIT taxable income", as defined in the Code, to continue qualification as a REIT. The Company was not required to, and did not, pay dividends in 2003 or 2002. On January 27, 2004, the Company's Board of Directors approved a dividend of \$0.16 per share, which was paid on February 16, 2004 to shareholders of record as of February 9, 2004. This amount reflects an annual dividend rate of \$0.90 per share, which was the estimated dividend rate set forth in the Offering prospectus. While the Company intends to continue paying regular quarterly dividends, future dividend declarations will be at the discretion of the Board of Directors, and will depend on the cash flow and financial condition of the Company, capital requirements, annual distribution requirements, where applicable, under the REIT provisions of the Code, covenant limitations under our revolving line of credit, and such other factors as the Board of Directors deems relevant.

Market Information

The Company had 16,456,011 shares of common stock outstanding held by 292 shareholders of record at December 31, 2003. The Company believes it has more than 2,000 beneficial holders of its common stock. The Company's shares

trade on the NYSE under the symbol "CDR". Prior to the Offering and the Company's listing on the NYSE, the Company's shares were thinly traded on the NASDAQ small cap market, and as such, the price could vary significantly depending on the size and the "spread" between the inside bid and asked quotations and the quantity of shares actually being traded. The following table sets forth the high, low, and closing prices of the Company's stock during each quarter for last two years. All share and per share data have been adjusted to reflect the 2-for-1 stock split that was paid as a stock dividend on July 14, 2003 and the 1-for-6 reverse stock split effectuated on October 20, 2003.

Market Price Range

Quarter Ended	High	Low	Close

2003			

March 31	\$18.69	\$12.66	\$16.41
June 30	17.81	12.97	16.39
September 30	31.19	12.50	23.26
December 31	23.31	11.28	12.42
2002			

March 31	\$15.16	\$13.28	\$14.81
June 30	27.50	14.81	15.66
September 30	20.25	11.09	13.22
December 31	13.44	8.16	12.50

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Item 6. Selected Financial Data

<TABLE>
<CAPTION>

----- Operations statement data 1999	Years ended December 31, -----			
	2003	2002	2001	2000
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
<C>				
Revenues				
Rents and expense recoveries	\$ 26,279,000	\$ 12,964,000	\$ 4,817,000	\$ 3,037,000
\$ 2,489,000				
Interest and other	227,000	25,000	282,000	179,000
26,000				
-----	-----	-----	-----	-----
Total revenues	26,506,000	12,989,000	5,099,000	3,216,000
2,515,000				
-----	-----	-----	-----	-----
Expenses				
Operating, maintenance and management	7,190,000	3,158,000	1,091,000	745,000
587,000				
Real estate and other property-related taxes	2,861,000	1,527,000	494,000	308,000
259,000				
General and administrative	3,161,000	1,160,000	731,000	635,000
669,000				
Depreciation and amortization	5,023,000	2,546,000	991,000	622,000
493,000				
Interest	9,412,000	5,523,000	1,888,000	604,000
128,000				
Costs incurred in acquiring external advisor	11,960,000	-	-	-
-				
Early extinguishment of debt	6,935,000	487,000	264,000	50,000
-				
Other	1,893,000	-	-	-
-				
-----	-----	-----	-----	-----
Total expenses	48,435,000	14,401,000	5,459,000	2,964,000
2,136,000				
-----	-----	-----	-----	-----

(Loss) income before the following: 379,000	(21,929,000)	(1,412,000)	(360,000)	252,000
Minority interest	(983,000)	(159,000)	(44,000)	8,000
-				
Limited partners' interest in consolidated Operating Partnership (315,000)	1,637,000	1,152,000	263,000	(160,000)
Distributions on Preferred OP Units (net of limited partners' interest of \$178,000)	(76,000)	-	-	-
-				
Loss on impairment	-	-	(1,342,000)	(204,000)
-				
(Loss) gain on sale of properties	-	(49,000)	1,342,000	91,000
-				

Net (loss) income before cumulative effect adjustment 64,000	(21,351,000)	(468,000)	(141,000)	(13,000)
Cumulative effect of change in accounting principles (net of limited partners' interest of \$15,000)	-	-	(6,000)	-
-				

Net (loss) income \$ 64,000	\$ (21,351,000)	\$ (468,000)	\$ (147,000)	\$ (13,000)
=====				
Per share:				
Net (loss) income before cumulative effect adjustment \$0.32	(\$7.09)	(\$2.03)	(\$0.61)	(\$0.04)
Cumulative effect of change in accounting principles 0.00	0.00	0.00	(0.03)	0.00

Net (loss) income before cumulative effect adjustment \$0.32	(\$7.09)	(\$2.03)	(\$0.64)	(\$0.04)
=====				
Dividends to shareholders \$ 257,000	\$ -	\$ -	\$ -	\$ 268,000
Dividends to shareholders per share \$ 1.30	\$ -	\$ -	\$ -	\$ 0.92
Average number of shares outstanding 198,000	3,010,000	231,000	231,000	290,000

</TABLE>

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Item 6. Selected Financial Data (continued)

<TABLE>
<CAPTION>

	As Of December 31,			
	2003	2002	2001	2000

Balance Sheet Data 1999				

<S>	<C>	<C>	<C>	<C>
<C>				
Land, buildings and improvements, net of accumulated \$13,995,000	\$ 318,624,000	\$121,238,000	\$ 56,948,000	\$ 24,095,000
Real estate held for sale	-	-	4,402,000	1,850,000
-				
Other assets 2,698,000	22,683,000	11,900,000	7,000,000	9,622,000

Total assets \$16,693,000	\$341,307,000	\$133,138,000	\$ 68,350,000	\$ 35,567,000
=====				
Mortgages and other loans payable \$ 1,347,000	\$ 161,983,000	\$101,001,000	\$ 52,110,000	\$ 19,416,000
Other liabilities	11,706,000	7,765,000	1,374,000	803,000

542,000				
Minority interests	12,435,000	10,238,000	2,235,000	2,291,000
-				
Limited partners' interest in consolidated Operating Partnership	4,035,000	7,889,000	8,964,000	9,242,000
9,561,000				
Preferred OP Units	-	3,000,000	-	-
-				
Shareholders' equity	151,148,000	3,245,000	3,667,000	3,815,000
5,243,000				

Total liabilities and shareholders' equity	\$ 341,307,000	\$133,138,000	\$ 68,350,000	\$ 35,567,000
\$16,693,000				
=====				

Funds From Operations (1)	\$ (20,537,000)	\$ (451,000)	\$ 153,000	\$ 754,000
\$ 872,000				
Total properties - square feet	3,499,000	1,806,000	807,000	484,000
298,000				
Total properties - percent leased	88%	92%	92%	83%
92%				

</TABLE>

(1) See Item 7 - "Operating Activities" for discussion of Funds From Operations

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

The following discussion should be read in conjunction with the historical financial statements of the Company and the related notes thereto.

Executive Summary

The Company is a fully integrated, self-administered and self-managed real estate company. As of December 31, 2003, the Company had a portfolio of 22 properties totaling approximately 3.5 million square feet of GLA, including 16 wholly-owned properties comprising approximately 2.8 million square feet of GLA and six properties owned through joint ventures comprising approximately 700,000 square feet of GLA. The portfolio, excluding three properties currently under redevelopment, was approximately 95% leased as of that date.

The Company, organized as a Maryland corporation, has established an umbrella partnership structure through the contribution of substantially all of its assets to the Operating Partnership. On December 31, 2003, the Company owned approximately 97.4% of the Operating Partnership, is its sole general partner, and through which it conducts all of its business. OP units are economically equivalent to the Company's common stock and are convertible into the Company's common stock at the option of the holders on a one-for-one basis.

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The Company derives substantially all of its revenues from rents and expense reimbursements received pursuant to long term leases. The Company's operating results therefore depend on the ability of its tenants to make the payments required by the terms of their leases. The Company focuses its investment activities on community and neighborhood shopping centers, anchored principally by regional and national grocery store chains. The Company believes, because of the need of consumers to purchase food and other staple goods and services generally available at supermarket anchored shopping centers, that the nature of its investments provide for relatively stable revenue flows even during difficult economic times.

The Company continues to seek acquisition opportunities where it can utilize its experience in shopping center renovation, expansion, re-leasing and re-merchandising to achieve long-term cash flow growth and favorable investment returns. The Company would also consider investment opportunities in markets beyond the Pennsylvania, New Jersey, Connecticut and Maryland areas in the event such opportunities were consistent with its focus, could be effectively controlled and managed by it, and provided that the investment has the potential for favorable investment returns and can contribute to increased shareholder value.

Summary of Critical Accounting Policies

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. In response to recent guidance from the Securities and Exchange Commission, the Company has identified the following critical accounting policies, the application of which requires

significant judgments and estimates.

On an ongoing basis, management evaluates its estimates, including those related to revenue recognition and the allowance for doubtful accounts receivable, real estate investments and asset impairment, and derivatives used to hedge interest-rate risks. These accounting policies are further described in the notes to the consolidated financial statements. Management's estimates are based on information that is currently available and on various other assumptions management believes to be reasonable under the circumstances. Actual results could differ from those estimates and those estimates could be different under varying assumptions or conditions.

Revenue Recognition

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

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

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Real Estate Investments

Real estate investments are carried at cost less accumulated depreciation. The provision for depreciation and amortization is calculated using the straight-line method based upon the estimated useful lives of assets. Expenditures for maintenance, repairs and betterments that do not materially prolong the normal useful life of an asset are charged to operations as incurred. Additions and betterments that substantially extend the useful lives of the properties are capitalized.

The Company is required to make subjective estimates as to the useful lives of its properties for purposes of determining the amount of depreciation to reflect on an annual basis. These assessments have a direct impact on net income. A shorter estimate of the useful life of an investment would have the effect of increasing depreciation expense and lowering net income, whereas a longer estimate of the useful life of the investment would have the effect of reducing depreciation expense and increasing net income.

Effective January 1, 2002, the Company adopted, on a prospective basis, Statement of Accounting Standard ("SFAS") No. 141 "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangibles". In connection therewith, the fair value of the real estate acquired is allocated to land, building and building improvements. The fair value of in-place leases, consisting of above and below market rents, tenant relationships, and other intangibles is allocated to intangible assets and liabilities.

The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land, building and building improvements based on management's determination of the relative fair values of these assets. Management determines the as-if-vacant fair value of a property using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. Management also estimates costs to execute similar leases, including leasing commissions, legal and other related costs.

The value of in-place leases is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates, over (ii) the estimated fair value of the property as if vacant. Above and below market in-place lease values are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be

received and management's estimate of fair market lease rates, measured over the non-cancelable terms. This aggregate value is allocated between above and below market lease rates, tenant relationships, and other intangibles based on management's evaluation of the specific characteristics of each lease.

The value of tenant relationships and other intangibles is amortized to expense, and the above and below market lease values is amortized to rental income over the remaining non-cancelable terms of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be immediately recognized in earnings.

The Company applies SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" to recognize and measure impairment of long-lived assets. Management reviews each real estate investment for impairment whenever events or circumstances indicate that the carrying value of a real estate investment may not be recoverable. The review of recoverability is based on an estimate of the future cash flows that are expected to result from the real estate investment's use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If an impairment event exists due to the inability to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds estimated fair market value. Real estate investments held for sale are carried at the lower of carrying amount or estimated fair value, less cost to sell. Depreciation and amortization are suspended during the period held for sale. Management is required to make subjective assessments as to whether there are impairments in the value of its real estate properties. These assessments have a direct impact on net income, because an impairment loss is recognized in the period that the assessment is made.

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Hedging Activities

From time to time, the Company uses derivative financial instruments to manage its exposure to changes in interest rates. Derivative instruments are carried on the consolidated balance sheet at their estimated fair values. Any change in the value of a derivative is reported as accumulated other comprehensive income or loss, whereas the ineffective portion of a derivative's change in fair value is immediately recognized in earnings. If interest rate assumptions and other factors used to estimate a derivative's fair value or methodologies used to determine a derivative's effectiveness were different, amounts included in the determination of net income or accumulated other comprehensive income or loss could be affected.

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Results of Operations

Comparison of 2003 to 2002

Schedule of changes in revenues and expenses

<TABLE>
<CAPTION>

Properties	2003	2002	Increase (decrease)	Percentage change	
Acquisitions/ held in dispositions both years					
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Rents and expense recoveries \$629,000	\$26,279,000	\$12,964,000	\$13,315,000	103%	\$12,686,000
Property expenses 586,000	10,051,000	4,685,000	5,366,000	115%	4,780,000
Depreciation and amortization 166,000	5,023,000	2,546,000	2,477,000	97%	2,311,000
Interest expense (58,000)	9,412,000	5,523,000	3,889,000	70%	3,947,000
General and administrative	3,161,000	1,160,000	2,001,000	173%	
Costs incurred in acquiring external advisor	11,960,000	-	11,960,000	N/A	
Early extinguishment of debt	6,935,000	487,000	6,448,000	1324%	
Other	1,893,000	-	1,893,000	N/A	

</TABLE>

Acquisitions/dispositions. Differences in results of operations between 2003 and 2002 were driven largely by the transactions in connection with the Offering described elsewhere in this report and acquisition activity. During 2003, the Company acquired 14 shopping centers aggregating approximately 1.7 million square feet of GLA for a total cost of approximately \$193.4 million,

including closing costs, and the assumption of a \$9.8 million mortgage. In addition the Company also completed the acquisition of the remaining 50% interest in The Point for a purchase price of \$2.4 million. Net loss before minority interest, limited partners' interest, gain (loss) on sale of properties, and Preferred OP Unit distributions increased from \$1.4 million in 2002 to \$21.9 million in 2003.

Properties held in both years. The Company held four properties throughout both 2003 and 2002. The increase in revenues and operating expenses for the four properties is attributable to an increased occupancy rate during 2003 as compared to 2002. (97% at December 31, 2003 versus 90% at December 31 2002) Interest expense declined as a result of lower debt levels achieved through scheduled principal amortization.

General and administrative expenses. General and administrative expenses increased from approximately \$1.2 million in 2002 to approximately \$3.2 million in 2003. The increase is primarily the result of the Company's growth throughout both years.

Costs incurred in acquiring external advisor. During the fourth quarter of 2003, the Company completed an Offering of 15,250,000 shares of its common stock at a price of \$11.50 per share pursuant to a registration statement filed with the Securities and Exchange Commission, and received approximately \$162.5 million after underwriting fees and Offering costs. Contemporaneously with the Offering, the Company merged with its advisor and became self-advised and self-managed. The total consideration for the merger was \$11.96 million (1,040,000 shares of stock and OP Units) at the public offering price of \$11.50 per share/unit. The Company accounted for the merger as the termination of a contract and accordingly the full consideration was charged to operations.

Early extinguishment of debt. In connection with the Offering, the Company refinanced certain of its debt financings and defeased a mortgage in connection with a property acquisition for an aggregate cost of approximately \$6.9 million, which was charged to operations during 2003.

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Other. The Company redeemed the \$3 million Preferred OP Units for \$3.96 million of which \$960,000 was charged to operations during 2003. In connection with the distribution of shares to certain non-executive employees, the Company's chairman and the principal owner of the advisory companies agreed to reimburse these employees for the personal income taxes incurred as a result of receiving the shares. Prior to December 31, 2003, the chairman contributed \$633,000 to the Company which was credited to shareholders' equity and charged to operations during 2003.

Comparison of 2002 to 2001

Schedule of changes in revenues and expenses

<TABLE>

<CAPTION>

Properties

held in	2002	2001	Increase (decrease)	Percentage change	Acquisitions/ dispositions
both years					
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Rents and expense recoveries \$843,000	\$12,964,000	\$4,817,000	\$8,147,000	169%	\$7,304,000
Property expenses 194,000	4,685,000	1,585,000	3,100,000	196%	2,906,000
Depreciation and amortization 360,000	2,546,000	991,000	1,555,000	157%	1,195,000
Interest expense 104,000	5,523,000	1,888,000	3,635,000	193%	3,531,000
General and administrative N/A	1,160,000	731,000	429,000	59%	N/A

</TABLE>

Acquisitions and dispositions. Differences in results of operations between 2002 and 2001 were driven largely by the Company's acquisition and disposition activity. At December 31, 2002, the Company owned eight properties. During 2002, the Company acquired three shopping centers aggregating approximately 1,039,000 square feet of GLA and the land for a 41,000 square foot LA Fitness facility for an aggregate cost of approximately \$61 million. During May 2002, the Company sold its last office building for a net sales price of \$4.4 million. Net loss before minority interest, limited partners' interest, gain (loss) on sale of properties, and Preferred OP Unit distributions increased from \$360,000 in 2001 to \$1.4 million in 2002.

Properties held in both years. Results of operations for properties held throughout both 2002 and 2001 included one property. Revenues and property operating expenses increased as a redevelopment project started in August 2001 was fully in service during 2002. Interest expense increased as a result of financing the redevelopment costs.

General and administrative expenses. General and administrative expenses increased from \$731,000 in 2001 to approximately \$1.2 million in 2002. The increase was primarily the result of the Company's growth throughout both years.

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Liquidity and Capital Resources

The Company funds operating expenses and other short-term liquidity requirements including debt service payments, tenant improvements, leasing commissions, and dividend distributions primarily from operating cash flows, although, if needed, the Company may also use its line of credit for these purposes. The Company expects to fund long-term liquidity requirements for property acquisitions, redevelopment costs and capital improvements, initially with its line of credit and ultimately through a combination of issuing additional mortgage debt and equity securities. The Company may also acquire properties through the issuance of limited partnership Units of the Operating Partnership.

Under the terms of its three-year syndicated secured revolving credit facility with Fleet National Bank as agent, the Company will have available, subject to certain covenants and collateral requirements, \$100 million on a revolving basis. As of March 26, 2004, based on collateral in place, the Company is permitted to draw up to approximately \$70 million. Borrowings under the facility will incur interest at a rate of LIBOR plus 225 basis points, ("bps"), subject to increases to a maximum of 275 bps depending upon the Company's overall leverage. The credit facility may be used to fund acquisitions, re-development activities, capital expenditures, mortgage repayments, dividend distributions, and for general corporate purposes.

At December 31, 2003, the Company's financial liquidity was provided by \$6.2 million in cash and cash equivalents and by the line of credit. Mortgage debt outstanding at December 31, 2003 consisted of fixed-rate notes totaling \$110.2 million and floating rate debt totaling \$34.8 million, with a combined weighted average interest rate of 6.6%, and maturing at various dates through 2013.

In March 2004, the Company acquired two properties aggregating approximately 406,000 square feet of GLA. The properties cost approximately \$34.5 million, including closing costs. Funding was provided by the Company's line of credit and by the assumption of a \$10.0 million first mortgage.

Portions of the Company's assets are owned through joint venture partnership arrangements which require, among other things, that the Company maintain separate cash accounts for the operations of the joint venture partnerships. The terms of certain of the Company's mortgage agreements require it to deposit replacement and other reserves with its lenders. These joint venture and reserve accounts are separately classified on the Company's balance sheet as restricted cash and are available for the specific purpose for which they were established; they are not available to fund other Company obligations.

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Contractual obligations and commercial commitments

The following table sets forth the Company's significant debt repayment and operating lease obligations at December 31, 2003 (in thousands):

<TABLE> <CAPTION>	2004	2005	2006	2007	2008	Thereafter
Total	-----	-----	-----	-----	-----	-----
-	-----	-----	-----	-----	-----	-----
<S> <C>	<C>	<C>	<C>	<C>	<C>	<C>
Mortgage notes payable \$ 145,000	\$ 21,200	\$ 13,500	\$ 2,200	\$12,000	\$ 20,900	\$ 75,200
Line of credit 17,000	-	-	-	17,000	-	-
Operating lease obligations 9,373	301	306	307	281	129	8,049
-----	-----	-----	-----	-----	-----	-----
Total \$ 171,373	\$ 21,501	\$ 13,806	\$ 2,507	\$29,281	\$ 21,029	\$ 83,249

=====
</TABLE>

Net Cash Flows

Operating Activities

Net cash flows used in operating activities amounted to (\$4.9 million) during 2003 compared to cash flows provided by operating activities of \$1.3 million during 2002 and \$0.6 million during 2001. The 2003 change in operating cash flows is primarily due to transactions associated with the Offering, including debt defeasance costs, the cost of interim financing associated with the property acquisition program, and costs above par value to redeem Preferred OP Units (see note 2 to the consolidated financial statements). These cash flows used in operating activities are offset, in part, by net revenues generated from property acquisitions. During 2002 and 2001, the change in cash flows from operating activities was primarily the result of net revenues generated by the Company's property acquisition program.

Investing Activities

Net cash flows used in investing activities increased to \$199.9 million in 2003 from \$40.5 million during 2002, and \$2.1 million in 2001. These increases are the result of an active acquisition program. During 2003, the Company acquired 12 shopping centers and two redevelopment properties; during 2002, the Company acquired three shopping centers and one redevelopment property; and during 2001, the Company acquired three shopping centers. During 2002, the Company sold one property for net proceeds of \$4.4 million and during 2001, the Company sold two properties for net proceeds of \$6.6 million.

Financing Activities

Net cash flows provided by financing activities increased to \$207.1 million in 2003 from \$40.8 million in 2002 and \$3.4 million in 2001. The increase in 2003 is primarily due to the \$162.5 million net proceeds from the Offering, \$49.3 million net proceeds from mortgage financings, net capital contributions from minority interest partners of \$8.8 million, net proceeds from the Company's line of credit and interim financings of \$10.5 million, offset by \$12.0 million in redemptions of OP Units, other financing costs of \$4.3 million, and the repayment of mortgage obligations of \$7.7 million. During 2002, the Company received \$32.7 million in mortgage financings, \$9.0 million in minority interest capital contributions and \$3.0 million from the issuance of Preferred OP Units. During 2001 the Company received \$4.5 million from mortgage financings.

Funds From Operations

The Company considers Funds From Operations ("FFO") to be a relevant and meaningful supplemental measure of the performance of the Company because it is predicated on a cash flow analysis, contrasted with net income, a measure predicated on GAAP, which gives effect to non-cash items such as depreciation. The Company computes FFO in accordance with the "White Paper" on FFO published by the National Association of Real Estate Investment Trusts ("NAREIT"), as income before allocation to minority interests (computed in accordance with GAAP), excluding gains or losses from debt restructurings and sales of property, plus depreciation and amortization, and after preferred stock distributions and adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are computed to reflect FFO on the same basis. In computing FFO, the Company does not add back to net income the amortization of costs incurred in connection with its financing activities or depreciation of non-real estate assets, but does add back to net income those items that are defined as "extraordinary" under GAAP. FFO does not represent cash generated from operating activities in accordance with GAAP and should not be considered as an alternative to cash flow as a measure of liquidity. Since the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another. FFO is not necessarily indicative of cash available to fund ongoing cash needs. The following table sets forth the Company's calculations of FFO for the years ended December 31:

<TABLE>

<CAPTION>

	2003	2002
2001		
	-----	-----
<S>	<C>	<C>
<C>		
Net (loss)	\$ (21,351,000)	\$ (468,000)
\$ (147,000)		
Add (deduct):		
Depreciation	3,751,000	1,720,000
697,000		
Limited partners' interest	(1,637,000)	(1,152,000)
(263,000)		
Impairment loss	-	-

1,342,000		
Loss (gain) on sale of real estate (1,342,000)	-	49,000
Minority interests 44,000	983,000	159,000
Amount distributable to minority partners (178,000)	(2,283,000)	(759,000)
-----	-----	-----
Funds (used in) from operations \$ 153,000	\$ (20,537,000)	\$ (451,000)
=====	=====	=====
Weighted average shares/units outstanding 799,000	3,557,000	799,000

</TABLE>
31

Inflation

Low to moderate levels of inflation during the past several years have favorably impacted the Company's operations by stabilizing operating expenses. At the same time, low inflation had an 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 7A. Quantitative and Qualitative Disclosures About Market Risk

The primary market risk facing the Company is interest rate risk on its mortgages and loans payable. The Company will, when advantageous, hedge its interest rate risk using financial instruments. The Company is not subject to foreign currency risk.

The Company is exposed to interest rate changes primarily through (i) the line of credit used to maintain liquidity, fund capital expenditures and expand its real estate investment portfolio, and (ii) floating rate acquisition financing. The Company's interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve these objectives, the Company borrows primarily at fixed rates and may enter into derivative financial instruments such as interest rate swaps, caps and treasury locks in order to mitigate its interest rate risk on a related financial instrument. The Company does not enter into derivative or interest rate transactions for speculative purposes.

The Company's interest rate risk is monitored using a variety of techniques. As of December 31, 2003, long-term debt consisted of fixed-rate secured mortgage indebtedness, variable-rate secured mortgage indebtedness, and a variable-rate line of credit facility. The average interest rate on the \$110.2 million of fixed rate indebtedness outstanding was 7.2%, with maturities at various dates through 2013. The weighted average interest rate on the Company's \$34.8 million of variable-rate debt was 4.6%, with maturities at various dates through 2007.

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<TABLE>
<CAPTION>

<S> <C>

Item 8. Financial Statements and Supplemental Data

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Consolidated Balance Sheets as of December 31, 2003 and December 31, 2002.....	35
Consolidated Statements of Operations for the years ended December 31, 2003, 2002 and 2001.....	36
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2003, 2002 and 2001	37

Consolidated Statements of Cash Flows for the years ended December 31, 2003,

</TABLE>

33

Report of Independent Auditors

The Board of Directors and Shareholders
Cedar Shopping Centers, Inc.

We have audited the accompanying consolidated balance sheets of Cedar Shopping Centers, Inc. as of December 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. We have also audited the financial statement schedule listed in the Index at Item 15(a). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 consolidated financial position of Cedar Shopping Centers, Inc. at December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States. Also, in our opinion the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Ernst & Young, LLP

New York, NY
March 26, 2004

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Cedar Shopping Centers, Inc
Consolidated Balance Sheets

<TABLE>
<CAPTION>

	December 31, 2003	December 31, 2002
	----- <C>	----- <C>
<S>		
Assets		
Real estate		
Land	\$ 61,717,000	\$ 24,741,000
Buildings and improvements	263,054,000	98,893,000
	-----	-----
	324,771,000	123,634,000
Less accumulated depreciation	(6,147,000)	(2,396,000)
	-----	-----
Real estate, net	318,624,000	121,238,000
Cash and cash equivalents	6,154,000	3,827,000
Cash at joint ventures and restricted cash	6,208,000	2,883,000

Rents and other receivables, net	3,269,000	736,000
Other assets	3,773,000	1,467,000
Deferred charges, net	3,279,000	2,987,000
	-----	-----
Total Assets	\$341,307,000	\$133,138,000
	=====	=====
Liabilities and Shareholders' Equity		
Mortgage loans payable	\$144,983,000	\$93,537,000
Loans payable	17,000,000	7,464,000
Accounts payable, accrued expenses, and other	5,616,000	2,570,000
Deferred liabilities	6,090,000	5,195,000
	-----	-----
Total Liabilities	173,689,000	108,766,000
	-----	-----
Minority interest	12,435,000	10,238,000
Limited partners' interest in consolidated Operating Partnership	4,035,000	7,889,000
Series A preferred 9% convertible, redeemable Operating Partnership Units	-	3,000,000
	-----	-----
	16,470,000	10,889,000
Shareholders' Equity		
Common stock (\$0.06 par value, 50,000,000 shares authorized, 16,456,000 and 232,000 shares issued and outstanding, respectively)	987,000	14,000
Treasury stock (319,000 shares, at cost)	(3,669,000)	-
Accumulated other comprehensive gain (loss)	47,000	(65,000)
Additional paid-in capital	153,783,000	3,296,000
	-----	-----
Total Shareholders' Equity	151,148,000	3,245,000
	-----	-----
Total Liabilities and Shareholders' Equity	\$341,307,000	\$133,138,000
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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Cedar Shopping Centers, Inc
Consolidated Statements of Operations

<TABLE>
<CAPTION>

	For the years ended December	
31,	2003	2002
2001	-----	-----
<S>	<C>	<C>
<C>		
Revenues		
Rents	\$ 20,770,000	\$ 9,974,000
\$ 3,913,000		
Expense recoveries	5,509,000	2,990,000
904,000		
Interest and other	227,000	25,000
282,000		
	-----	-----
Total revenues	26,506,000	12,989,000
5,099,000		
	-----	-----
Expenses		
Operating, maintenance and management	7,190,000	3,158,000
1,091,000		
Real estate and other property-related taxes	2,861,000	1,527,000
494,000		
General and administrative	3,161,000	1,160,000
731,000		
Depreciation and amortization	5,023,000	2,546,000
991,000		
Interest	9,412,000	5,523,000
1,888,000		
Costs incurred in acquiring external advisor (see Note 2)	11,960,000	-
-		
Early extinguishment of debt (see Note 2)	6,935,000	487,000
264,000		
Other (see Note 2)	1,893,000	-
-		

-----	-----	-----
Total expenses 5,459,000	48,435,000	14,401,000
-----	-----	-----
Loss before the following: (360,000)	(21,929,000)	(1,412,000)
Minority interests (44,000)	(983,000)	(159,000)
Limited partners' interest 263,000	1,637,000	1,152,000
Distribution to preferred shareholders (net of limited partners' interest of \$178,000)	(76,000)	-
-	-	-
Loss on impairment (1,342,000)	-	-
(Loss) gain on sale of properties 1,342,000	-	(49,000)
-----	-----	-----
Net loss before cumulative effect adjustment \$ (141,000)	\$ (21,351,000)	\$ (468,000)
Cumulative effect of change in accounting principles (net of limited partners' interest of \$15,000) (6,000)	-	-
-----	-----	-----
Net loss \$ (147,000)	\$ (21,351,000)	\$ (468,000)
=====	=====	=====
Per share:		
Net loss before cumulative effect adjustment (\$0.61)	(\$7.09)	(\$2.03)
Cumulative change in accounting principles (0.03)	-	-
-----	-----	-----
Net loss (\$0.64)	(\$7.09)	(\$2.03)
=====	=====	=====
Average number of shares outstanding 231,000	3,010,000	231,000

</TABLE>

See accompanying notes to consolidated financial statements.

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Cedar Shopping Centers, Inc
Consolidated Statements of Shareholders' Equity

<TABLE>
<CAPTION>

	Common Stock		Treasury Stock, At Cost	Additional Paid-In Capital
	Shares	Par Value		

<S>	<C>	<C>	<C>	<C>
Balance at December 31, 2000	232,000	\$ 14,000	\$ -	\$ 3,800,000
Net loss				(147,000)
-----				-----
Balance at December 31, 2001	232,000	14,000		3,653,000
Net loss				(468,000)
Unrealized loss on change in fair value of cash flow hedge				
Issuance of warrants				100,000
Conversion of OP Units to stock				11,000
-----				-----
Balance at December 31, 2002	232,000	14,000		3,296,000
Net loss				(21,351,000)
Unrealized gain on change in fair value of				

cash flow hedges				
Issuance of warrants				70,000
Issuances of stock for services	6,000			95,000
Conversion of OP Units to stock	46,000	3,000		500,000
Conversion of stock to OP Units	(46,000)	(3,000)		(500,000)
Proceeds from public offering	15,525,000	931,000		161,982,000
Redemption of limited partners' interest in excess of basis				(2,542,000)
Issuance of stock in connection with acquiring external advisor	693,000	42,000		7,931,000
Contribution from Company's chairman relating to employee payroll taxes				633,000
Deferred compensation program funded by treasury stock			(3,669,000)	3,669,000

Balance at December 31, 2003	16,456,000	\$987,000	\$ (3,669,000)	\$153,783,000

</TABLE>

[RESTUBBED TABLE]

<TABLE>
<CAPTION>

	Accumulated Other Comprehensive Gain (Loss)	Total Shareholders' Equity
	<C>	<C>
Balance at December 31, 2000	\$ -	\$ 3,814,000
Net loss		(147,000)

Balance at December 31, 2001		3,667,000
Net loss		(468,000)
Unrealized loss on change in fair value of cash flow hedge	(65,000)	(65,000)
Issuance of warrants		100,000
Conversion of OP Units to stock		11,000

Balance at December 31, 2002	(65,000)	3,245,000
Net loss		(21,351,000)
Unrealized gain on change in fair value of cash flow hedges	112,000	112,000
Issuance of warrants		70,000
Issuances of stock for services		95,000
Conversion of OP Units to stock		503,000
Conversion of stock to OP Units		(503,000)
Proceeds from public offering		162,913,000
Redemption of limited partners' interest in excess of basis		(2,542,000)
Issuance of stock in connection with acquiring external advisor		7,973,000
Contribution from Company's chairman relating to employee payroll taxes		633,000
Deferred compensation program funded by treasury stock		-

Balance at December 31, 2003	\$ 47,000	\$151,148,000
=====		

</TABLE>

See accompanying notes to consolidated financial statements.

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Cedar Shopping Centers, Inc.
Consolidated Statements of Cash Flows

<TABLE>
<CAPTION>

	Years Ended December 31,		
	2003	2002	2001
	-----	-----	-----
<S>	<C>	<C>	<C>
Cash Flow From Operating Activities			

Net loss	\$ (21,351,000)	\$ (468,000)	\$ (147,000)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Non-cash provisions:			
Acquisition of external advisor for stock and OP Units	11,960,000	-	-
Minority interests	193,000	-	-
Straight-line rents	(739,000)	(385,000)	(48,000)
Limited partners' interests	(1,637,000)	(806,000)	(75,000)
Early extinguishment of debt	1,442,000	487,000	264,000
Depreciation and amortization	5,023,000	2,546,000	991,000
Amortization of intangible lease liabilities	(706,000)	(146,000)	-
Other	927,000	222,000	21,000
Changes in operating assets and liabilities:			
Decrease (increase) in joint venture cash	225,000	(601,000)	(108,000)
(Increase) decrease in rents and other receivables	(1,794,000)	(87,000)	39,000
(Increase) in other assets	(1,470,000)	(663,000)	(832,000)
Increase in accounts payable and accrued expenses	3,046,000	1,199,000	531,000
	-----	-----	-----
Net cash (used in) provided by operating activities	(4,881,000)	1,298,000	636,000
	-----	-----	-----
Cash Flow From Investing Activities			
Expenditures for real estate and improvements	(188,111,000)	(44,584,000)	(14,566,000)
(Increase) decrease in construction/improvement escrows	(3,427,000)	(252,000)	5,896,000
Acquisitions of minority interests	(8,360,000)	-	-
Net proceeds from sales of properties	-	4,353,000	6,562,000
	-----	-----	-----
Net cash (used in) investing activities	(199,898,000)	(40,483,000)	(2,108,000)
	-----	-----	-----
Cash Flow from Financing Activities			
Net proceeds from public offering	162,508,000	-	-
Proceeds from mortgage financings	49,321,000	32,708,000	4,484,000
Mortgage repayments	(7,700,000)	(617,000)	(111,000)
Line of credit and other interim financings	40,573,000	-	-
Repayments of interim financings	(30,037,000)	-	-
Contributions from minority interest partners	9,665,000	9,030,000	-
Distributions to minority interest partners	(867,000)	(1,026,000)	(56,000)
Redemption of Operating Partnership Units	(9,000,000)	-	-
Distributions on Preferred Operating Partnership Units	(254,000)	-	-
(Redemption) sale of Preferred Operating Partnership Units	(3,000,000)	3,000,000	-
Deferred financing costs and other, net	(4,103,000)	(2,328,000)	(923,000)
	-----	-----	-----
Net cash provided by financing activities	207,106,000	40,767,000	3,394,000
	-----	-----	-----
Net increase in cash and cash equivalents	2,327,000	1,582,000	1,922,000
Cash and cash equivalents at beginning of the period	3,827,000	2,245,000	323,000
	-----	-----	-----
Cash and cash equivalents at end of period	\$ 6,154,000	\$ 3,827,000	\$2,245,000
	=====	=====	=====
Supplemental Disclosure of Cash Activities:			
Interest paid	\$ 9,806,000	\$ 5,144,000	\$2,017,000
	=====	=====	=====
Supplemental Disclosure of Non-Cash Financing Activities:			
Conversion of debt to OP Units	\$ 1,000,000	\$ -	\$ -
	=====	=====	=====
Assumptions of mortgage loans payable	\$ 9,825,000	\$16,800,000	\$28,321,000
	=====	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 1. Organization

Cedar Shopping Centers, Inc., formerly Cedar Income Fund, Ltd. (the "Company"), was organized in 1984 and elected to be taxed as a real estate investment trust ("REIT") in 1986. The Company focuses on the ownership, operation and redevelopment of community and neighborhood shopping centers located primarily in Pennsylvania, with additional properties in Connecticut, Maryland and New Jersey. As of December 31, 2003, the Company owned 22 properties, aggregating approximately 3.5 million square feet of gross leasable area ("GLA").

Cedar Shopping Centers Partnership, L.P., formerly Cedar Income Fund Partnership, L.P. (the "Operating Partnership") is the entity through which the

Company conducts substantially all of its business and owns (either directly or through subsidiaries) substantially all of its assets. As of December 31, 2003, the Company owned approximately a 97.4% economic interest in, and is the sole general partner of, the Operating Partnership. The limited partners' interest in the Operating Partnership is adjusted at the end of the reporting period to an amount equal to the limited partners' ownership percentage of the Operating Partnership's net equity. Such ownership percentage was approximately 2.6% and 71.0% at December 31, 2003 and 2002, respectively.

As used herein, the "Company" refers to Cedar Shopping Centers, Inc. and its subsidiaries on a consolidated basis, including the Operating Partnership or, where the context so requires, Cedar Shopping Centers, Inc. only.

Stock Split and Reverse Stock Split

On July 14, 2003, in order to maintain the minimum "float" requirement for purposes of the Company's listing on the NASDAQ small cap market, the Company paid a stock dividend of one new share for each share of common stock outstanding to shareholders of record on July 7, 2003. On October 20, 2003, the Company effectuated a one-for-six "reverse" stock split, intended to facilitate efficient trading of the Company's stock in connection with the intended public offering and listing of its shares on the New York Stock Exchange (see below). The accompanying financial statements and all share and per share data have been retroactively adjusted to give effect to the stock dividend and the reverse stock split.

Note 2. Public Offering, New York Stock Exchange Listing, Related-Party Transactions, Allocation of Costs and Expenses, and Pro Forma Financial Information

Public Offering

In October 2003, the Company completed a public offering ("the Offering") of 13,500,000 shares of its common stock at a price of \$11.50 per share pursuant to a registration statement filed with the Securities and Exchange Commission, and received approximately \$141,200,000 after underwriting fees and Offering costs. The Company's shares were listed on the New York Stock Exchange and commenced trading on October 24, 2003; the listing of the Company's stock on the NASDAQ was simultaneously terminated. In November 2003, the underwriter exercised its over-allotment option to purchase an additional 2,025,000 shares at \$11.50 per share less underwriting fees, and the Company received approximately \$21,700,000.

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 2. Public Offering, New York Stock Exchange Listing, Related-Party Transactions, Allocation of Costs and Expenses, and Pro Forma Financial Information (continued)

Transactions with CBRA, SKR and Brentway, related parties

Prior to the Offering, the Company was externally advised and, in this connection, Cedar Bay Realty Advisors, Inc. ("CBRA"), SKR Management Corp. ("SKR") and Brentway Management, LLC ("Brentway") (collectively the "external advisor") provided advisory, management and legal services to the Company. The Company paid fees in connection with these services of approximately \$2.2 million, \$1.9 million, and \$1.4 million during 2003, 2002, and 2001, respectively. Contemporaneously with the Offering, CBRA and SKR merged into the Company and Brentway merged into the Operating Partnership. Each of the Company's executive officers was also a principal or officer of the external advisor and each became an employee of the Company together with the other employees of the external advisor. An independent committee of the Board retained a financial advisor who advised it as to the fairness from a financial perspective of the consideration paid in connection with the merger. The merger was also approved at the annual meeting of stockholders held on October 9, 2003; approximately 93% of the shares voted were voted in favor of the merger. The total consideration paid for the external advisor was \$11.96 million, comprised of 693,333 shares of the Company's common stock and 346,667 units of the Operating Partnership ("OP Units"), each valued at \$11.50 per share/unit and such consideration was charged to operations during 2003. The consideration was distributed to the owners, who are also executive officers of the Company, and to other officers and employees of the Company. In connection with the merger, an aggregate of 319,000 shares of the consideration with a value of \$3.7 million was transferred to a Rabbi Trust for the benefit of certain of the Company's executive officers; such shares have been classified as treasury stock in the Company's consolidated financial statements, and are accounted for pursuant to Emerging Issues Task Force ("EITF") No. 97-14, "Accounting for Deferred Compensation Arrangements Where Amounts Earned Are Held in a Rabbi Trust and

Invested". Also in connection with the merger, 90,000 shares, with an aggregate value \$1.04 million were distributed to non-executive employees. At the time the aggregate consideration for the external advisor was being negotiated with the independent committee of the Board, the Company's chairman and the principal owner of the external advisor agreed to reimburse these non-executive employees for their personal income taxes incurred as a result of receiving the shares. The chairman paid \$633,000 to the Company which in accordance with AIN-APB 25 "Accounting for Stock Issued to Employees", was credited to shareholders' equity and charged to operations during 2003.

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 2. Public Offering, New York Stock Exchange Listing, Related-Party Transactions, Allocation of Costs and Expenses, and Pro Forma Financial Information (continued)

Transactions with CBC, a related party

Prior to the Offering, Cedar Bay Company ("CBC") owned approximately 78% of the Company's common stock and OP Units (comprised of approximately 63,000 shares of common stock and approximately 568,000 OP Units). CBC received \$9.0 million of the proceeds from the Offering in connection with the repurchase all the OP Units owned by them (\$15.85 per unit). The same financial advisor who opined as to the fairness from a financial perspective of the consideration paid for the merged entities also advised the independent committee of the Board as to the fairness from a financial perspective of the consideration paid to CBC.

In May 2003, an affiliate of CBC loaned \$750,000 to the Company, which was used to partially fund the deposit requirement for the South Philadelphia Shopping Center. The principal, plus interest at an annual rate of 15%, was repaid in full with the proceeds from the Offering.

In November 2003, the Company used approximately \$2.4 million of the proceeds from the Offering to purchase the remaining 50% interest in The Point Shopping Center owned by an affiliate of CBC. The purchase price for this interest was arrived at through negotiation with the owner of CBC.

In December 2003, the Company used approximately \$1.6 million of the proceeds from the Offering to acquire the Golden Triangle Shopping Center from an affiliate of CBC. In connection with the acquisition, the Company assumed a \$9.8 million 7.39% existing first mortgage.

In connection with the June 2002 acquisition of the Red Lion partnership interest from an affiliate of CBC, the Company agreed to pay \$887,000 in three equal annual installments, plus interest at 7.5%. This loan was repaid in full with the proceeds from the Offering.

Transactions with Homburg Invest, a related party

In December 2002, Homburg Invest USA Inc., a wholly-owned subsidiary of Homburg Invest Inc. ("Homburg Invest"), which is owned approximately 62% by Mr. Richard Homburg, a director of the Company, purchased 3,300 Preferred OP Units for \$3.0 million (\$909.09 each), with a liquidation value of \$1,000 each and a preferred distribution rate of 9%. Mr. Homburg was subsequently elected a Director of the Company. In October 2003, the Company exercised its option and redeemed the Preferred OP Units at \$1,200 per unit, an aggregate of \$3.96 million from the proceeds of the Offering. The \$960,000 redemption premium was charged to operations during 2003.

Homburg Invest supplied substantially all the equity (through the purchase of joint venture interests) in connection with the Company's acquisitions of Pine Grove Shopping Center, Swede Square Shopping Center and Wal-Mart Shopping Center. Homburg Invest received 10% origination fees for providing the equity in each acquisition. The Company had the option to buy the Homburg Invest limited partnership interest in the Wal-Mart Shopping Center for 120% of Homburg Invest's original investment plus the 12% preferential return.

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 2. Public Offering, New York Stock Exchange Listing, Related-Party Transactions, Allocation of Costs and Expenses, and Pro Forma Financial

Transactions with Homburg Invest, a related party (continued)

In the case of Pine Grove and Swede Square, the Company had the option to purchase the Homburg Invest limited partnership interests provided that Homburg Invest receive a 15% annualized rate of return from the date each center was acquired. The Company exercised these options and used the proceeds from the Offering to purchase the Homburg Invest limited partnership interests.

Homburg Invest provided to the Company a one-year, \$1.1 million, 9% interest-only loan. The loan included a \$100,000 entrance fee and required payment of a \$220,000 exit fee. The loan was used to partially fund the deposit requirements for the South Philadelphia Shopping Center. This loan was repaid in full with the proceeds from the Offering and the entrance and exit fees were charged to operations during 2003. In addition, Homburg Invest arranged for and guaranteed the third-party financing for the acquisition of Valley Plaza and the Wal-Mart Shopping Center and received approximately \$325,000 in fees from the third-party lender.

The entrance and exit fees paid to Homburg Invest, either directly or indirectly, in connection with the aforementioned transactions aggregated approximately \$2.6 million.

Allocation of Costs and Expenses

Costs and expenses charged to operations during 2003 in connection with the above transactions are as follows:

<TABLE>
<CAPTION>

Other	Total	Contract Termination Costs	Early Extinguishment of Debt
Costs			

<S>	<C>	<C>	<C>
<C>			
Acquisition of external advisor	\$ 11,960,000	\$ 11,960,000	\$ -
Preferred OP Unit redemption	960,000	-	-
Mortgage defeasance	4,754,000	-	4,754,000
Contribution for employee income taxes	633,000	-	-
Early extinguishment of debt	2,181,000	-	2,181,000
Other	300,000	-	-

	\$ 20,788,000	\$ 11,960,000	\$ 6,935,000
\$ 1,893,000			

</TABLE>

Pro Forma Financial Information (Unaudited)

The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for the years ended December 31, 2003 and 2002 as though the transactions described above and the 2003 and 2002 property acquisitions were completed as of January 1, 2002.

Note 2. Public Offering, New York Stock Exchange Listing, Related-Party Transactions, Allocation of Costs and Expenses, and Pro Forma Financial Information (continued)

This unaudited pro forma information does not purport to represent what the actual results of operations of the Company would have been had the above occurred as of January 1, 2002, nor do they purport to predict the results of operations of future periods.

<TABLE>
<CAPTION>

	2003 ----	2002 ----
<S>	<C>	<C>
Pro forma revenues	\$41,857,000	\$39,200,000
Pro forma net income	\$ 6,004,000	\$ 5,452,000
Pro forma basic net income per common share	\$ 0.37	\$ 0.33
Pro forma fully diluted net income per common share	\$ 0.37	\$ 0.33
Common shares outstanding	16,456,000	16,456,000

Note 3. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation Policy

The accompanying financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities, the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The consolidated financial statements include the accounts and operations of the Company, the Operating Partnership, its subsidiaries, and joint venture partnerships in which it participates. With respect to its joint ventures, the Company has general partnership interests ranging from 20% to 50% and, since the Company is the sole general partner and exercises substantial operating control over these entities, such partnerships are included in the consolidated financial statements. In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities". FIN 46 clarifies the application of existing accounting pronouncements to certain entities in which the equity investors do not have the characteristics of a controlling financial interest, or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The provisions of FIN 46 were immediately effective for all variable interest entities created after January 31, 2003. The Company has evaluated the effects of FIN 46 on the accounting for its joint venture partnerships created after January 31, 2003, and has concluded that all such joint ventures should be included in the consolidated financial statements. In December 2003, the FASB issued FIN 46R, deferring the effective date for variable interest entities created before February 1, 2003 until the period ending March 31, 2004. Management has not yet determined whether the three consolidated joint ventures affected thereby represent variable interest entities pursuant to FIN 46, which could result in a change in the Company's consolidation policy with respect thereto.

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 3. Summary of Significant Accounting Policies (continued)

Real Estate Investments

Real estate investments are carried at cost less accumulated depreciation. The provision for depreciation and amortization has been calculated using the straight-line method based upon the following estimated useful lives of assets:

Buildings and Improvements	40 years
Tenant Improvements	Over the lives of the leases

Expenditures for maintenance, repairs, and betterments that do not materially prolong the normal useful life of an asset are charged to operations as incurred, and amounted to approximately \$1,903,000, \$827,000, and \$435,000 for 2003, 2002, and 2001, respectively.

Additions and betterments that substantially extend the useful lives of the properties are capitalized. Upon sale or other disposition of assets, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in earnings. Real estate investments include capitalized interest, costs of development and redevelopment activities, and construction in progress. Capitalized costs are included in the cost of the related asset and charged to operations through depreciation over the asset's estimated useful life. Interest capitalized amounted to \$184,000, none, and \$181,000, in 2003, 2002, and 2001, respectively.

In October 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". The Company applies SFAS No. 144 to recognize and measure impairment of long-lived assets. Management

reviews each real estate investment for impairment whenever events or circumstances indicate that the carrying value of a real estate investment may not be recoverable. The review of recoverability is based on an estimate of the future cash flows that are expected to result from the real estate investment's use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand, competition and other factors. If an impairment trigger exists due to the inability to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds estimated fair market value. The Company adopted SFAS No. 144 on January 1, 2002; it has had no material affect on the Company's results of operations.

Real estate investments held for sale are carried at the lower of carrying amount or estimated fair value, less cost to sell. Depreciation and amortization are suspended during the period held for sale.

Intangible Lease Asset/Liability

In July 2001 and January 2002, the Company adopted SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Intangibles", respectively. These standards govern business combinations and asset acquisitions, and the accounting for acquired intangibles. As part of the

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 3. Summary of Significant Accounting Policies (continued)

Intangible Lease Asset/Liability (continued)

acquisition of real estate assets, the Company determines whether an intangible asset or liability, related to above or below market leases, was acquired as part of the transaction. The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land, building and building improvements based on management's determination of the relative fair values of these assets. Management determines the as-if-vacant fair value of a property using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the expected lease-up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, management includes real estate taxes, insurance and other operating expenses and estimates of lost rental revenue during the expected lease-up periods based on current market demand. Management also estimates costs to execute similar leases, including leasing commissions, legal and other related costs.

The value of in-place leases is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates, over (ii) the estimated fair value of the property as if vacant. Above and below market in-place lease values are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be received and management's estimate of fair market lease rates, measured over the non-cancelable terms. This aggregate value is allocated between above and below market lease rates, tenant relationships, and other intangibles based on management's evaluation of the specific characteristics of each lease. The intangible assets or liabilities are recorded at their estimated fair market values at the dates of acquisition, are amortized over the remaining terms of the respective leases to rental income, and are included in deferred liabilities in the consolidated balance sheet. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be immediately recognized in earnings.

During 2003 and 2002, respectively, amounts totaling \$947,000 and \$5,117,000 were recorded as intangible lease liabilities relating to above and below market lease arrangements, with a weighted average amortization period of approximately 10 years. Revenues include \$706,000 and \$146,000 during 2003 and 2002, respectively, relating to amortization of intangible lease liabilities.

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 3. Summary of Significant Accounting Policies (continued)

Intangible Lease Asset/Liability (continued)

The balance of intangible lease liabilities at December 31, 2003 will be amortized as follows:

Year ending December 31, -----	
2004	\$ 168,000
2005	152,000
2006	121,000
2007	429,000
2008	594,000
Thereafter	3,748,000

	\$5,212,000
	=====

Cash Equivalents

Cash and cash equivalents consist of cash in banks and short-term investments with original maturities of less than ninety days.

Cash at Joint Ventures and Restricted Cash

Joint venture partnership agreements require, among other things, that the Company maintain separate cash accounts for the operation of the joint venture, and distributions to the general and limited partners are strictly controlled. Cash at joint ventures amounted to \$1,003,000 and \$1,228,000 at December 31, 2003 and 2002, respectively.

The terms of the Company's mortgage agreements require it to deposit certain replacement and other reserves with its lenders. This restricted cash is generally available for property-level capital requirements for which the reserve was established. This cash is not, however, available to fund other property-level or Company-level obligations. Restricted cash amounted to \$5,205,000 and \$1,655,000 at December 31, 2003 and 2002, respectively.

Rents and Other Receivables

Management has determined that all of the Company's leases with its various tenants are operating leases. Minimum rents are recognized on a straight-line basis over the terms of the related leases, net of valuation adjustments based on management's assessment of credit, collection and other business risks. The excess of rents recognized over amounts contractually due is included in rents and other receivables on the consolidated balance sheet and, where applicable, are evaluated under the provisions of SFAS No. 144. The leases also typically provide for tenant reimbursements of common area maintenance and other operating expenses, and real estate taxes. Ancillary and

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 3. Summary of Significant Accounting Policies (continued)

Rents and Other Receivables (continued)

other property-related income is recognized in the period earned. The Company makes estimates as to the collectibility of its accounts receivables, customer creditworthiness, current economic trends and changes in customer payment patterns when evaluating the adequacy of its allowance for doubtful accounts. Such estimates have a direct impact on the Company's net income.

Deferred Charges

Deferred charges consist of lease origination costs, the costs incurred in connection with securing the Company's line of credit and other long-term debt, and the cost of interest rate protection agreements. Such costs are amortized over the term of the related agreement and, where applicable, are evaluated under the provisions of SFAS No. 144.

Income Taxes

The Company has elected since 1986 to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"). A REIT will generally not be subject to federal income taxation on that portion of its income that qualifies as REIT taxable income, to the extent that it distributes at least 90% of its taxable income to its shareholders and complies with certain other requirements. Under applicable provisions of the Code governing REITs, a REIT, among other things, may not own more than ten percent in value or voting power

of a corporation other than a qualifying "taxable REIT subsidiary". During the course of the Company's preparation of its 2003 financial statements, it was determined that the Company indirectly owned more than 10% of one such subsidiary, with an equity value of approximately \$8,000, for which it had inadvertently failed to file a timely election to be treated as a taxable REIT subsidiary. The Company has filed with the Internal Revenue Service an election to treat such entity as a taxable REIT subsidiary retroactive to June 2002 when it was formed, and has filed a request for a ruling to permit late filing of such election. The Company, based on opinion of counsel, believes that it will receive a favorable ruling and that the likelihood of an unfavorable ruling is remote.

Derivative Financial Instruments

Effective January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", which requires the Company to measure derivative instruments at fair value and to record them in the consolidated balance sheet as an asset or liability, depending on the Company's rights or obligations under the applicable derivative contract. The Company's derivative investments are primarily cash flow hedges that limit the base rate of variable rate debt. For cash flow hedges, the ineffective portion of a derivative's change in fair value is immediately recognized in earnings, if applicable, and the effective portion of the fair value difference of the derivative is reflected separately in shareholders' equity as accumulated other comprehensive gain (loss).

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 3. Summary of Significant Accounting Policies (continued)

Derivative Financial Instruments (continued)

The Company utilizes derivative financial instruments to manage its exposure to fluctuations in interest rates. The Company has established policies and procedures for risk assessment, and the approval, reporting and monitoring of derivative financial instrument activities. The Company has not entered into, and does not plan to enter into, derivative financial instruments for trading or speculative purposes. Additionally, the Company has a policy of only entering into derivative contracts with major financial institutions. The principal derivative financial instruments used by the Company are interest rate swaps and interest rate caps.

Fair Value of Financial Instruments

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments", requires the Company to disclose fair value information of all financial instruments for which it is practicable to estimate fair value, whether or not recognized in the consolidated balance sheet. The Company's financial instruments, other than debt, are generally short-term in nature and contain minimal credit risk. These instruments consist of cash and cash equivalents, rents and other receivables, and accounts payable. The carrying amount of these assets and liabilities are assumed to be at fair value.

The fair value of mortgage loans 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:

<TABLE>
<CAPTION>

	2003		2002	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<S>	<C>	<C>	<C>	<C>
Assets				
- -----				
Cash and cash equivalents	\$ 6,154,000	\$ 6,154,000	\$ 3,827,000	\$ 3,827,000
Cash at joint ventures and restricted cash	\$ 6,208,000	\$ 6,208,000	\$ 2,883,000	\$ 2,883,000
Liabilities				
- -----				
Mortgages payable	\$144,983,000	\$152,037,000	\$93,537,000	\$100,647,000
Loans payable	\$ 17,000,000	\$ 17,000,000	7,464,000	7,464,000

</TABLE>

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 3. Summary of Significant Accounting Policies (continued)

Earnings Per Share

In accordance with SFAS No. 128, "Earnings Per Share", basic earnings per share ("EPS") are computed by dividing net income available to common shareowners by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Since the Company reported a net loss in 2003, 2002 and 2001, diluted EPS are not presented.

Stock-Based Compensation

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure", which amended SFAS No. 123, "Accounting for Stock-Based Compensation". It provided alternative methods of transition for an entity that voluntarily adopts the fair value recognition method of recording stock option expense. It also amended the disclosure provisions of SFAS 123 and APB Opinion No. 28, "Interim Financial Reporting", to require disclosure, in the summary of significant accounting policies, of the effects of an entity's accounting policy with respect to stock options on reported net income and EPS in annual and interim financial statements.

SFAS No. 123 established financial accounting and reporting standards for stock-based employee compensation plans, including all arrangements by which employees receive shares of stock or other equity instruments of the employer, or the employer incurs liabilities to employees in amounts based on the price of the employer's stock. SFAS No. 123 defines a fair value based method of accounting for an employee stock option or similar equity instrument, and encourages all entities to adopt that method of accounting for all of their employee stock compensation plans. However, it also allows an entity to continue to measure compensation cost using the intrinsic value based method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees". The Company has elected to continue using APB Opinion No. 25 and make pro forma disclosures of net income and EPS as if the fair value method of accounting defined in SFAS No. 123 had been applied.

In 1998, the Company's shareholders approved an incentive stock option plan authorizing the issuance of option grants for up to 166,666 shares. In 2003, the Company's shareholders approved an amendment to the plan authorizing the Company to issue option grants for a total of 2,000,000 shares. In 2001, the Company granted to each of its five directors options to purchase 3,333 shares at \$10.50 per share, the market value of the Company's common stock on the date of the grant. The following table sets forth, on a pro-forma basis, the net loss and net loss per share as if the fair value method of accounting defined in SFAS No. 123 had been applied.

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 3. Summary of Significant Accounting Policies (continued)

Stock-Based Compensation (continued)

<TABLE>
<CAPTION>

	2003	2002	2001
	-----	-----	-----
<S>	<C>	<C>	<C>
Net loss as reported	\$21,351,000	\$468,000	\$147,000
Adjustment to amortize the value of options granted	17,000	17,000	8,000
	-----	-----	-----
Pro forma net loss	\$21,368,000	\$485,000	\$155,000
	=====	=====	=====
Weighted average outstanding shares	3,010,000	231,000	231,000
Pro forma basic net loss per share	(\$7.10)	(\$2.10)	(\$0.67)
	=====	=====	=====

</TABLE>

The Company accounts for non-employee stock-based awards in which goods or services are the consideration received for the equity instruments issued in accordance with SFAS No. 123 and EITF No. 96-18, "Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services". The fair value of the

consideration received, or the fair value of the equity instruments issued, whichever is more reliably measurable, is charged to earnings over the period the goods or services are received.

In connection with the Red Lion acquisition, the Operating Partnership issued to ARC Properties, Inc., a limited partner in the property, warrants to purchase 83,333 OP Units with an exercise price of \$13.50 per unit, subject to anti-dilution adjustments. The warrants became fully vested in January 2004, and expire in May 2012. The first 27,778 warrants were capitalized at fair value as part of the Red Lion acquisition cost; approximately \$173,000 was charged to earnings during each of 2003 and 2002.

Recent Accounting Pronouncements

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities". SFAS 149 amends and clarifies the accounting treatment of (1) derivative instruments (including certain derivative instruments embedded in other contracts) and (2) hedging activities that fall within the scope of SFAS No. 133. SFAS No. 149 also amends certain other existing pronouncements, which will result in more consistent reporting of contracts that are derivatives in their entirety, or that contain embedded derivatives that warrant separate accounting. SFAS No. 149 is effective prospectively (1) for contracts entered into or modified after June 30, 2003, with certain exceptions, and (2) for hedging relationships designated after June 30, 2003. The Company adopted SFAS No. 149, which has had no material affect on its results of operations.

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 3. Summary of Significant Accounting Policies (continued)

Reclassifications

Prior years' consolidated financial statements have been reclassified to conform to the 2003 presentation.

Note 4. Real Estate and Accumulated Depreciation

The following table details the activity in real estate and accumulated depreciation for 2003 and 2002:

Cost	2003	2002
----	-----	-----
Beginning of year	\$ 123,634,000	\$ 57,622,000
Property acquisitions	194,308,000	64,640,000
Improvements and betterments	6,829,000	1,372,000
	-----	-----
End of year	\$ 324,771,000	\$123,634,000
	=====	=====
Accumulated depreciation		

Beginning of year	\$ 2,396,000	\$ 674,000
Depreciation	3,751,000	1,722,000
	-----	-----
End of year	\$ 6,147,000	\$ 2,396,000
	=====	=====

During 2003 and 2002, the Company acquired 14 and 4 properties, respectively. One of the 2003 acquisitions is a redevelopment property on which the Company expects to spend approximately \$5 million; one of the 2002 acquisitions is also a redevelopment project on which the Company expects to spend approximately \$24 million.

At December 31, 2003, all of the Company's real estate was pledged as collateral for mortgage loans and the line of credit.

Note 5. Rentals Under Operating Leases

Annual minimum future rentals due to be received under non-cancelable operating leases in effect at December 31, 2003 are as follows:

Year ending December 31,	

2004	\$ 30,430,000
2005	28,006,000
2006	26,216,000
2007	23,778,000
2008	21,415,000

Thereafter	149,551,000

	\$279,396,000
	=====

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 5. Rentals Under Operating Leases (continued)

Total minimum future rentals do not include contingent rentals based upon tenants' sales volume, or contributions for real estate taxes and operating costs. Such contingent rentals amounted to approximately \$5,724,000, \$2,990,000, and \$811,000 in 2003, 2002, and 2001, respectively.

Giant Food Stores, Inc. ("Giant Foods") accounted for 12% of the Company's total revenues in 2003, and 10% of total revenues in 2002 and 2001. The leases are generally guaranteed by Ahold N.V., a Netherlands corporation, and Giant Food's parent company. During 2003, there were published reports indicating that there had been accounting irregularities at certain of Ahold's U.S. and foreign operations, which did not necessarily include the supermarket stores or the Giant Foods supermarket affiliates. Ahold's debt rating was downgraded, which may adversely affect the resulting value of the Company's properties having such tenancies.

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 6. Mortgage Loans, Line of Credit, and Other Loans Payable

Mortgage loans outstanding consist of the following:

<TABLE>
<CAPTION>

outstanding at	Balance			
-----	Original	Interest		December 31,
December 31, Collateral Property 2002	Amount	Rate	Maturity	2003
-----	-----			
<S>	<C>	<C>	<C>	<C>
<C>				
The Point Shopping Center \$19,864,000	\$ 20,000,000	7.63%	Sep 2012	\$ 19,575,000
Red Lion Shopping Center 16,715,000	16,800,000	8.86%	Feb 2010	16,590,000
Camp Hill Mall 14,000,000	7,000,000	4.74%	Nov 2004	7,000,000
Camp Hill Mall Combined above	7,000,000	LIBOR+1.95%	Nov 2004	7,000,000
Loyal Plaza 13,814,000	13,877,000	7.18%	Jun 2011	13,677,000
Port Richmond Village 11,439,000	11,610,000	7.17%	Mar 2008	11,292,000
Academy Plaza 10,558,000	10,715,000	7.28%	Mar 2013	10,422,000
Washington Center Shoppes 5,900,000	6,236,000	7.53%	Nov 2007	5,826,000
LA Fitness Center 1,247,000	5,000,000	LIBOR+2.75%	Dec 2007	4,559,000
Fairview Plaza N/A	6,080,000	5.71%	Feb 2013	6,018,000
Halifax Plaza N/A	4,265,000	6.83%	Feb 2010	4,190,000
Newport Plaza N/A	5,424,000	6.83%	Feb 2010	5,346,000
Pine Grove Shopping Center N/A	6,000,000	6.24%	Apr 2010	5,888,000
Pine Grove Out Parcel	388,000	8.50%	Mar 2006	413,000

N/A					
Swede Square Shopping Center	5,560,000	7.25%	May 2005		5,560,000
N/A					
Valley Plaza Shopping Center	6,430,000	LIBOR+2.50%	Jun 2005		6,361,000
N/A					
Wal-Mart Shopping Center	5,444,000	LIBOR+2.50%	Aug 2005		5,441,000
N/A					
Golden Triangle Shopping Center	9,825,000	7.39%	Apr 2008		9,825,000
N/A					

Totals \$147,654,000 \$144,983,000
\$93,537,000
=====

</TABLE>

Scheduled principal payments on mortgages outstanding at December 31, 2003 are as follows: 2004 - \$21,170,000, 2005 - \$13,527,000, 2006 - \$2,245,000, 2007 - \$11,975,000, 2008 - \$20,871,000, and thereafter - \$75,195,000.

Line of Credit

In December 2003, Fleet National Bank ("Fleet") provided a six-month \$40 million secured bridge line of credit. In January 2004, the Company concluded a three-year \$100 million syndicated secured revolving credit facility with Fleet and several other banks, and Fleet as agent, pursuant to which the Company pledged certain of its shopping center properties. Borrowings under the facility bear interest at a rate of LIBOR plus 225 to 275 basis points ("bps") depending on the Company's overall leverage ratio as defined. The facility is subject to customary financial covenants including limits on leverage and collateral requirements. As of March 26, 2004, based on collateral in place, the Company is permitted to draw up to approximately \$70 million. Repayment of amounts drawn under the facility may be extended for an additional year. The Company expects to use the facility, among other things, to finance acquisitions of shopping centers, capital improvements, redevelopment and new development projects, working capital and other corporate purposes. The Company paid facility and arrangement fees to the banks, plus legal and other closing costs, aggregating approximately \$1.6 million. Borrowings under the bridge loan, which were repaid when the syndicated facility was completed, aggregated \$17 million

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 6. Mortgage Loans, Line of Credit, and Other Loans Payable (continued)

Line of Credit (continued)

at December 31, 2003, and bore interest at an average rate of 3.39% per annum. The facility requires an unused portion fee of 1/4 of 1% per annum, and limits dividends to 95% of funds from operations, as defined.

Other Loans Payable

The December 31, 2002 balance of other loans payable of \$7.5 million, together with \$22.5 million of additional interim financing during 2003, were repaid in full with \$30.0 million in funds from the Offering and the line of credit. The remaining \$1.0 million of interim financing was converted, at the election of the lender, into approximately 93,000 OP Units.

Note 7. Interest Rate Hedges

In 2002, the Company completed an interest rate swap to hedge the Company's exposure to changes in interest rates with respect to \$14 million of LIBOR-based variable rate debt that it incurred in connection with the acquisition of the Camp Hill Mall. The swap agreement provided for a fixed all-in rate of 4.74% through November 2003 on \$7 million of notional principal, and through November 2004 on the remaining \$7 million.

In 2003, the Company entered into interest rate swaps in connection with the Newport Plaza, Halifax Plaza and Pine Grove acquisitions converting LIBOR-based variable rate debt to fixed annual rates.

In November and December 2003, respectively, the Company entered into \$20 million and \$10 million non-specific five-year interest rate hedges capping LIBOR at 4.5%. Since these caps do not relate to specific debt, they are ineffective for accounting purposes and, accordingly, changes in their fair values are charged to operations.

In December 2003, the Company entered into a fair value hedge with

respect to its mortgage at Washington Center. The derivative swaps a fixed rate amortization schedule on \$5,788,000 at 7.53% to a variable rate of LIBOR plus 250 bps through November, 2007. The change in fair value of this hedge is charged to operations.

The following table summarizes the notional values and fair values of the Company's derivative financial instruments as of December 31, 2003:

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 7. Interest Rate Hedges (continued)

<TABLE>
<CAPTION>

Hedge	Type	Value	Rate	Date	2003	
2002						
-----	----	-----	----	----	----	--
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest Rate Swap	Cash Flow Hedge	\$ 7,000,000	4.74%	Nov 2003	\$ -	\$
75,000						
Interest Rate Swap	Cash Flow Hedge	7,000,000	4.74%	Nov 2004	93,000	
149,000						
Interest Rate Swap	Cash Flow Hedge	4,190,000	6.83%	Feb 2010	125,000	
-						
Interest Rate Swap	Cash Flow Hedge	5,346,000	6.83%	Feb 2010	122,000	
-						
Interest Rate Swap	Cash Flow Hedge	5,888,000	6.24%	Apr 2010	38,000	
-						
Interest Rate Cap	Cash Flow Hedge	20,000,000	4.50%	Nov 2008	609,000	
-						
Interest Rate Cap	Cash Flow Hedge	10,000,000	4.50%	Oct 2008	335,000	
-						
Interest Rate Swap	Fair Value Hedge	5,788,000	LIBOR +2.50%	Nov 2007	395,000	
-						

</TABLE>

During 2003, the Company recognized unrealized losses of \$367,000, representing the change in fair value of the aforementioned derivatives. A \$112,000 gain was recorded in accumulated other comprehensive gain (loss), a \$266,000 loss was charged to limited partners' interest, and the \$213,000 ineffective portion of net loss was charged to earnings. During 2002, an unrealized loss resulting from a change in the fair value of the derivatives totaled \$224,000, of which \$65,000 was reflected in accumulated other comprehensive gain (loss) and \$159,000 was charged to limited partners' interest.

Note 8. Commitments and Contingencies

The Company is a party to certain legal actions arising in the normal course of business. Management does not expect there to be adverse consequences from these actions that would be material to the Company's consolidated financial statements.

Under various federal, state, and local laws, ordinances, and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances, or petroleum product releases, at its properties. The owner may be liable to governmental entities or to third parties for property damage and for investigation and cleanup costs incurred by such parties in connection with any contamination. Management is unaware of any environmental matters that would have a material impact on the Company's consolidated financial statements.

The Company's principal office is located in 6,200 square feet at 44 South Bayles Avenue, Port Washington, New York, which it leases from a partnership owned 24% by the Company's CEO. Future minimum rents payable under the terms of the lease amount to \$172,000, \$177,000, \$178,000, and \$152,000 during 2004, 2005, 2006, and through October 31, 2007, respectively. The Company's Wal-Mart Shopping Center is subject to a ground lease running through May 2071. Future minimum rents payable under the terms of the lease amount to \$129,000 per annum.

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2003

Note 9. Selected Quarterly Financial Data (Unaudited)

Year Ended		Quarter Ended			
December 31	Year	March 31	June 30	September 30	December 31
		<C>	<C>	<C>	<C>
2003					
Revenue		\$5,284,000	\$6,138,000	\$6,672,000	\$8,412,000
\$26,506,000					
Net loss		(199,000)	(40,000)	(228,000)	(20,884,000)
(21,351,000)					
Basic and diluted net loss per share		(\$0.73)	(\$0.14)	(\$0.91)	(\$5.31)
(\$7.09)					
2002					
Revenue		\$2,510,000	\$2,657,000	\$3,614,000	\$4,208,000
\$12,989,000					
Net loss		(53,000)	(222,000)	(45,000)	(148,000)
(468,000)					
Basic and diluted net loss per share		(\$0.23)	(\$0.96)	(\$0.20)	(\$0.64)
(\$2.03)					
2001					
Revenue		\$983,000	\$966,000	\$ 861,000	\$2,289,000
\$5,099,000					
Net (loss) income		(9,000)	336,000	(27,000)	(447,000)
(147,000)					
Basic and diluted net (loss) income per share		(\$0.04)	\$1.45	(\$0.12)	(\$1.93)
(\$0.64)					

Note 10. Subsequent Events

On January 27, 2004, the Company's Board of Directors approved a dividend of \$.16 per share, which was paid on February 16, 2004 to shareholders of record as of February 9, 2004.

In March 2004, the Company acquired two properties aggregating approximately 406,000 square feet of GLA. The properties cost approximately \$34.5 million, including closing costs. Funding was provided by the Company's line of credit and by the assumption of a \$10.0 million first mortgage.

In March 2004, the Company utilized its line of credit to repay the first mortgage on the Swede Square Shopping Center amounting to approximately \$5.8 million.

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

None

Item 9 (a) Controls and Procedures

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

its disclosure controls and procedures as of December 31, 2003 and have determined that such disclosure controls and procedures are effective.

During the year ended December 31, 2003, there have been no significant changes in the internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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Part III.

Item 10. Directors and Executive Officers of the Registrant

This item is incorporated by reference to the definitive proxy statement for the 2004 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 11. Compensation of Directors and Executives

This item is incorporated by reference to the definitive proxy statement for the 2004 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 12. Security Ownership of Certain Beneficial Owners and Management

This item is incorporated by reference to the definitive proxy statement for the 2004 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 13. Certain Relationships and Related Party Transactions

This item is incorporated by reference to the definitive proxy statement for the 2004 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Item 14. Principal Accountant Fees and Services

This item is incorporated by reference to the definitive proxy statement for the 2004 Annual Meeting of Shareholders, to be filed pursuant to Regulation 14A.

Part IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. Financial Statements

The response to this portion of Item 15 is included in Item 8 of this report.

2. Financial Statement Schedules

III. Real Estate and Accumulated Depreciation

All other schedules have been omitted because the required information is not present, is not present in amounts sufficient to require submission of the schedule, or is included in the consolidated financial statements or notes thereto.

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3. Exhibits

Item	Title or Description
3.1	Articles of Incorporation of the Company, incorporated by reference to Exhibit 3.1 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.2	Articles of Amendment of Articles of Incorporation of the Company, incorporated by reference to Exhibit 3.2 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.3	By-laws of the Company, as amended, incorporated by reference to Exhibit 3.3 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.4	Agreement of Limited Partnership of Cedar Shopping Centers Partnership,

- L.P., incorporated by reference to Exhibit 3.4 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 3.5 Amendment No. 1 to Agreement of Limited Partnership of Cedar Shopping Center Partnership L.P. incorporated by reference to Exhibit 3.5 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.1 Agreement of Purchase and Sale by and between SAGD-11 Associates, L.P. and Cedar Shopping Centers Partnership, L.P., dated as of October 27, 2003.
- 10.2 Amendment to Agreement of Purchase and Sale by and between SAGD-11 Associates, L.P. and Cedar Shopping Centers Partnership, L.P., dated December 1, 2003.
- 10.3 Promissory Note between Cedar Sunset Crossings, LLC as Maker and Cedar Lender, LLC as Payee, dated December 22, 2003.
- 10.4 Loan Agreement by and among Cedar Shopping Centers Partnership, L.P., Fleet National Bank, Commerzbank AG New York Branch, PB Capital Corporation, Manufacturers and Traders Trust Company, Sovereign Bank, Raymond James Bank, FSB, Citizens Bank and the other lending institutions which are or may become parties to the Loan Agreement (the "Lenders") and Fleet National Bank (as Administrative Agent), dated January 30, 2004, incorporated by reference to Exhibit 10.1 of Form 8-K filed on March 22, 2004.
- 10.5 Real Estate Purchase and Sale Agreement regarding the sale of Southpoint Parkway, Jacksonville, Florida, by and between Cedar Shopping Centers Partnership, L.P. and Southpoint Parkway Center, L.C., dated February 1, 2002, incorporated by reference to Exhibit 10.1 to Form 8-K filed June 10, 2002; and Addendum Number One to Real Estate Purchase and Sale Agreement by and between Cedar Shopping Centers Partnership, L.P. and Southpoint Parkway Center, L.C., incorporated by reference to Exhibit 10.2 of Form 8-K filed on June 20, 2002.
- 10.6 Property Management Agreement by and between API Red Lion Shopping Center Associates and SKR Management Corp., dated as of January 1, 1995, incorporated by reference to Exhibit 10.1 of Form 8-K filed on June 13, 2002.
- 10.7 Assignment of Property Management Agreement by and between SKR Management Corp. and Brentway Management LLC, dated as of January 1, 1996, incorporated by reference to Exhibit 10.2 of Form 8-K filed on June 13, 2002.
- 10.8 Standstill Agreement by and between Robert J. Ambrosi of ARC Properties, Inc. and Cedar Shopping Centers, Inc., dated May 31, 2002, incorporated by reference to Exhibit 10.3 of Form 8-K filed on June 13, 2002.
- 10.9 Purchase and Sale Agreement by and between Silver Circle Management Corp. and Leo S. Ullman and Philadelphia Cedar-RL, LLC, dated as of February 6, 2002, incorporated by reference to Exhibit 10.4 of Form 8-K filed on June 13, 2002.
- 10.10 Indemnity Agreement by Cedar-RL, LLC to and for the benefit of Leo S. Ullman, dated as of May 31, 2002, incorporated by reference to Exhibit 10.5 of Form 8-K filed on June 13, 2002.

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- 10.11 Promissory Note from Cedar-RL, LLC to Silver Circle Management Corp., dated as of May 31, 2002, incorporated by reference to Exhibit 10.6 of Form 8-K filed on June 13, 2002.
- 10.12 Subordinate Pledge and Security Agreement by Cedar-RL, LLC and Silver Circle Management Corp., dated as of May 31, 2002, incorporated by reference to Exhibit 10.7 of Form 8-K filed on June 13, 2002.
- 10.13 Compensation Agreement between Cedar Shopping Centers, Inc., Cedar Shopping Centers Partnership, L.P. SKR Management Corp., Cedar Bay Realty Advisors, Inc., Brentway Management LLC, Leo S. Ullman and ARC Properties, Inc., dated May 31, 2002, incorporated by reference to Exhibit 10.8 of Form 8-K filed on June 13, 2002.
- 10.14 Amended and Restated Limited Partnership Agreement of API Red Lion Shopping Center Associates, L.P., a New York Limited Partnership, among Cedar-RL, LLC and Silver Circle Management Corp. and Philadelphia ARC-Cedar, LLC, dated as of May 31, 2002, incorporated by reference to Exhibit 11.11 of Form 8-K filed on June 13, 2002.
- 10.15 Warrant by Cedar Shopping Centers Partnership, L.P. to ARC Properties, Inc., dated as of May 31, 2002, incorporated by reference to Exhibit 10.12 of Form 8-K filed on June 13, 2002.
- 10.16 Property Management Agreement by and between The Point Associates, L.P. and SKR Management Corp., dated as of December 1, 1994, incorporated by reference to Exhibit 10.17 of Form 8-K filed on June 13, 2002.
- 10.17 Assignment of Property Management Agreement by and between SKR Management Corp. and Brentway Management LLC, dated as of January 1, 1996, incorporated by reference to Exhibit 10.18 of Form 8-K filed on June 13, 2002.
- 10.18 Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P. dated January 7, 2002; First Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated February 22, 2002; Second Amendment to

Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated February 24, 2002; Third Amendment to Agreement to Purchase Real Estate between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated March 1, 2002; Fourth Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated March 8, 2002; Fifth Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated March 13, 2002; Sixth Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated March 15, 2002; and Seventh Amendment to Agreement to Purchase Real Estate by and between Loyal Plaza Venture, L.P. and Cedar Shopping Centers Partnership, L.P., dated March 22, 2002 (collectively, the "Purchase Contract"), incorporated by reference to Exhibit 10.1 of Form 8-K filed on July 17, 2002.

- 10.19 Agreement to Assign Agreement between Cedar Shopping Centers Partnership, L.P. as Assignor to Loyal Plaza Associates, L.P. as Assignee, made by and between Assignor and Loyal Plaza Venture, L.P., dated June 2002, incorporated by reference to Exhibit 10.2 of Form 8-K filed on July 17, 2002.
- 10.20 Limited Partnership Agreement of Loyal Plaza Associates, L.P. between CIF-Loyal Plaza Associates, L.P. and Kimco Preferred Investor IV Trust, dated June 28, 2002, incorporated by reference to Exhibit 10.3 of Form 8-K filed on July 17, 2002.
- 10.21 Limited Partnership Agreement of CIF-Loyal Plaza Associates, L.P. by and among CIF-Loyal Plaza Associates, L.P. and Cedar Shopping Centers Partnership, L.P., dated as of June 28, 2002, incorporated by reference to Exhibit 10.4 of Form 8-K filed on July 17, 2002.

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- 10.22 Open-End Mortgage and Security Agreement in the amount of \$14 million (Original Mortgage) by Loyal Plaza Venture, L.P. (Borrower) and Glimcher Loyal Plaza Tenant, L.P. (Tenant) (collectively referred to as Mortgagor) to Lehman Brothers Bank, FSB (Lender), dated May 31, 2001, incorporated by reference to Exhibit 10.5 of Form 8-K file don July 17, 2002.
- 10.23 Loan Assumption and Modification Agreement by and among Loyal Plaza Associates, L.P. (Assuming Borrower), Cedar Shopping Centers, Inc. (Assuming Principal), Loyal Plaza Venture, L.P. (Original Borrower), Glimcher Properties Limited Partnership (Glimcher) and Glimcher Loyal Plaza Tenant, L.P. (Tenant), in favor of LaSalle Bank National Association (Trustee) and LB-UBS Commercial Mortgage Trust 2001-C3 (Lender), dated as of July 2, 2002, incorporated by reference to Exhibit 10.6 of Form 8-K filed on July 17, 2002.
- 10.24 Property Management Agreement [Loyal Plaza] by and between Loyal Plaza Associates, L.P. and Brentway Management LLC, dated as of June 2002, incorporated by reference to Exhibit 10.11 of Form 8-K filed on July 17, 2002.
- 10.25 Post Closing Agreement regarding the Assumption by Loyal Plaza Associates, L.P. (Assuming Borrower) of that certain Loan evidenced by that certain Note dated May 31, 2001, payable by Loyal Plaza Venture, L.P. (Original Borrower) to Lehman Brothers Bank, FSB (Original Lender) as secured by that certain Open-End Mortgage and Security Agreement of even date to Glimcher Loyal Plaza Tenant, L.P. (Mortgage) currently held and owned by LaSalle Bank National Association (Trustee) of LB-UBS Commercial Trust (Lender), dated July 2, 2002, incorporated by reference to Exhibit 10.13 of Form 8-K filed on July 17, 2002.
- 10.26 Agreement of Purchase and Sale between Connecticut General Life Insurance Company and Cedar Shopping Centers Partnership, L.P., dated September 12, 2002, incorporated by reference to Exhibit 10.1 of Form 8-K filed on December 9, 2002.
- 10.27 First Amendment to Agreement of Purchase and Sale between Connecticut General Life Insurance Company and Cedar Shopping Centers Partnership, L.P., dated September 12, 2002, incorporated by reference to Exhibit 10.2 of Form 8-K filed on December 9, 2002.
- 10.28 Second Amendment to Agreement of Purchase and Sale between Connecticut General Life Insurance Company and Cedar Shopping Centers Partnership, L.P., dated September 12, 2002, incorporated by reference to Exhibit 10.3 of Form 8-K filed on December 9, 2002.
- 10.29 Third Amendment to Agreement of Purchase and Sale between Connecticut General Life Insurance Company and Cedar Shopping Centers Partnership, L.P., dated as of November 15, 2002, incorporated by reference to Exhibit 10.4 of Form 8-K filed on December 9, 2002.
- 10.30 Assignment and Assumption of Contract of Sale between Cedar Shopping Centers Partnership, L.P. and Cedar-Camp Hill, LLC, dated November 2002, incorporated by reference to Exhibit 10.5 of Form 8-K filed on December 9, 2002.
- 10.31 Limited Liability Company Agreement of Cedar-Camp Hill, LLC by Cedar Shopping Centers Partnership, L.P., effective as of November 1, 2002, incorporated by reference to Exhibit 10.6 of Form 8-K filed on December 9, 2002.

10.32 Property Management Agreement by and between Cedar-Camp Hill, LLC and Brentway Management LLC dated as of _____, 2002, incorporated by reference to Exhibit 10.7 of Form 8-K filed on December 9, 2002.

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- 10.33 Loan Agreement by and between SWH Funding Corp and Cedar Shopping Centers Partnership, L.P., dated as of November 2002, incorporated by reference to Exhibit 10.9 of Form 8-K filed on December 9, 2002.
- 10.34 Loan Agreement by and between Cedar-Camp Hill, LLC and Citizens Bank of Pennsylvania, executed on November 14, 2002, incorporated by reference to Exhibit 10.10 of Form 8-K filed on December 9, 2002.
- 10.35 Open-End Mortgage and Security Agreement between Cedar-Camp Hill, LLC, Cedar Bay Realty Advisors, Inc. and Citizens Bank of Pennsylvania, executed on November 14, 2002, incorporated by reference to Exhibit 10.11 of Form 8-K filed on December 9, 2002.
- 10.36 Pledge and Security Agreement by Cedar Shopping Centers Partnership, L.P. and SWH Funding Corp. regarding that certain Loan Agreement; dated as of November 22, 2002; incorporated by reference to Exhibit 10.22 of Form 8-K filed on December 9, 2002.
- 10.37 Employment Agreement between Cedar Shopping Centers, Inc. and Leo S. Ullman, dated as of October 1, 2003, incorporated by reference to Exhibit 10.39 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.38 Employment Agreement between Cedar Shopping Centers, Inc. and Brenda J. Walker, dated as of October 1, 2003, incorporated by reference to Exhibit 10.40 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.39 Employment Agreement between Cedar Shopping Centers, Inc. and Thomas J. O'Keefe, dated as of October 1, 2003, incorporated by reference to Exhibit 10.41 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.40 Employment Agreement between Cedar Shopping Centers, Inc. and Thomas B. Richey, dated as of October 1, 2003, incorporated by reference to Exhibit 10.42 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.41 Employment Agreement between Cedar Shopping Centers, Inc. and Stuart H. Widowski, dated as of October 1, 2003, incorporated by reference to Exhibit 10.43 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.42 Recapitalization Agreement dated October 2, 2003 by and among Delaware 1851 Associates, L.P., Indenture of Trust of Bart Blatstein dated as of June 9, 1998, Irrevocable Indenture of Trust of Barton Blatstein dated July 13, 1999, Welsh-Square, Inc. and CSC-Columbus, LLC, incorporated by reference to Exhibit 10.45 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.43 Agreement to enter into Net Lease dated April 23, 2003, between SPSP Corporation, Passyunk Supermarket, Inc., Twenty Fourth Street Passyunk Partners, L.P. and Cedar-South Philadelphia I, LLC, incorporated by reference to Exhibit 10.46 of the Registration Statement on Form S-11 filed on August 10, 2003, as amended.
- 21.1 List of Subsidiaries of the Registrant
- 31.1 Section 302 Chief Executive Officer Certification
- 31.2 Section 302 Chief Financial Officer Certification
- 32.1 Section 906 Chief Executive Officer Certification
- 32.2 Section 906 Chief Financial Officer Certification

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- (b) Reports on Form 8-K.
During the last quarter of the period covered by this report, the Company filed the following reports on Form 8-K:

None
- (c) Exhibits
The response to this portion of Item 15 is included in Item 15(a) (3) above.
- (d) The following documents are filed as part of the report:

None.

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

CEDAR SHOPPING CENTERS, INC.

/s/

Leo S. Ullman
President and Chairman
(principal executive officer)

/s/

Thomas J. O'Keeffe
Chief Financial Officer
(principal financial officer)

/s/

Ann Maneri
Controller
(principal accounting officer)

March 29, 2004

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

/s/

Leo S. Ullman
Director

/s/

James J. Burns
Director

/s/

J.A.M.H. der Kinderen
Director

/s/

Brenda J. Walker
Director

/s/

Everett B. Miller, III
Director

/s/

Roger M Widmann
Director

/s/

Richard Homburg
Director

March 29, 2004

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CEDAR SHOPPING CENTERS, INC.
SCHEDULE III
Real Estate And Accumulated Depreciation
Year Ended December 31, 2003

<TABLE>
<CAPTION>

Property Description	Percent Owned	Gross Leasable Area	Year Built/ Renovated	Year Acquired	Initial Cost To Company		Subsequent Cost Capitalized
					Land	Buildings & Improvements	
<S> The Point Shopping Center \$10,664,000 Harrisburg, PA	<C> 100%	<C> 255,000	<C> 1972/ 2000-2001	<C> 2000	<C> \$2,700,000	<C> \$10,800,000	<C>
Port Richmond Village 284,000 Philadelphia, PA	100%	157,000	1988	2001	2,942,000	11,769,000	
Academy Plaza 416,000 Philadelphia, PA	100%	155,000	1965/ 1998	2001	2,406,000	9,623,000	
Washington Center Shoppes 330,000 Washington Township, NJ	100%	158,000	1979/ 1995	2001	2,061,000	7,314,000	

Red Lion Shopping Center (274,000) Philadelphia, PA	20%	224,000	1991/ 1990; 1998-2000	2002	4,213,000	16,531,000
Loyal Plaza 72,000 Williamsport, PA	25%	293,000	1969/ 1999-2000	2002	3,852,000	15,620,000
Camp Hill Mall 892,000 Camp Hill, PA	100%	522,000	1958/ 1986; 1991 2003-2004	2002	4,460,000	17,857,000
LA Fitness Facility 3,585,000 Fort Washington, PA	50%	41,000	2003	2002	2,107,000	-
Fairview Plaza - New Cumberland, PA	30%	70,000	1992	2003	1,810,000	7,272,000
Halifax Plaza 29,000 Halifax, PA	30%	54,000	1994	2003	1,102,000	4,609,000
Newport Plaza - Newport, PA	30%	67,000	1996	2003	1,316,000	5,320,000

[RESTUBBED TABLE]

<TABLE>
<CAPTION>

Gross Amount At Which Carried At
December 31, 2003

Property Description	Land	Buildings & Improvements	Total	Accumulated Depreciation	Amount Of Encumbrance	Depreciation Life (Years)
--						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
The Point Shopping Center Harrisburg, PA	\$2,996,000	\$21,168,000	\$24,164,000	\$1,539,000	\$19,575,000	10-40
Port Richmond Village Philadelphia, PA	2,942,000	12,053,000	14,995,000	673,000	11,292,000	10-40
Academy Plaza Philadelphia, PA	2,406,000	10,039,000	12,445,000	552,000	10,422,000	10-40
Washington Center Shoppes Washington Township, NJ	2,061,000	7,644,000	9,705,000	432,000	5,826,000	10-40
Red Lion Shopping Center Philadelphia, PA	4,221,000	16,249,000	20,470,000	671,000	16,590,000	10-40
Loyal Plaza Williamsport, PA	3,852,000	15,692,000	19,544,000	587,000	13,677,000	10-40
Camp Hill Mall Camp Hill, PA	4,460,000	18,749,000	23,209,000	515,000	14,000,000	10-40
LA Fitness Facility Fort Washington, PA	2,107,000	3,585,000	5,692,000	-	4,559,000	10-40
Fairview Plaza New Cumberland, PA	1,810,000	7,272,000	9,082,000	178,000	6,018,000	10-40
Halifax Plaza Halifax, PA	1,102,000	4,638,000	5,740,000	106,000	4,190,000	10-40
Newport Plaza Newport, PA	1,316,000	5,320,000	6,636,000	122,000	5,346,000	10-40

Real Estate And Accumulated Depreciation (Continued)
Year Ended December 31, 2003

<TABLE>
<CAPTION>

Property Description	Percent Owned	Gross Leasable Area	Year Built/ Renovated	Year Acquired	Initial Cost To Company		Subsequent Cost Capitalized
					Land	Buildings & Improvements	
<S> Pine Grove Plaza Shopping Center - Pemberton Township, NJ	<C> 100%	<C> 79,000	<C> 2001/ 2002	<C> 2003	<C> 2,010,000	<C> 6,489,000	
Swede Square Shopping Center 210,000 East Norriton, PA	100%	103,000	1980/ 2003-2004	2003	1,555,000	6,232,000	
Valley Plaza Shopping Center - Hagerstown, MD	100%	191,000	1975/ 1994	2003	1,950,000	7,766,000	
Wal-Mart Shopping Center - Southington, CT	100%	155,000	1972/ 2000	2003	-	11,834,000	
South Philadelphia Shopping Plaza - Philadelphia, PA	100%	283,000	1950/ 1998-2003	2003	8,173,000	33,083,000	
River View Plaza I, II and III - Philadelphia, PA	100%	247,000	1991/ 1993-1998	2003	9,710,000	38,840,000	
Columbus Crossing Shopping Center - Philadelphia, PA	100%	142,000	2001	2003	4,579,000	18,318,000	
Sunset Crossings Shopping Center - Dickson City, PA	100%	74,000	2002	2003	2,149,000	8,601,000	
Golden Triangle Shopping Center - Lancaster, PA	100%	229,000	1960/ 1985; 1990; 1997; 2003-2004	2003	2,318,000	9,272,000	
Totals \$16,208,000		3,499,000			\$61,413,000	\$247,150,000	

</TABLE>

[RESTUBBED TABLE]

<TABLE>
<CAPTION>

Gross Amount At Which Carried At
December 31, 2003

Property Description	Land	Buildings & Improvements	Total	Accumulated Depreciation	Amount Of Encumbrance	Depreciation Life (Years)
<S> Pine Grove Plaza Shopping Center Pemberton Township, NJ	<C> 2,010,000	<C> 6,489,000	<C> 8,499,000	<C> 120,000	<C> 6,301,000	<C> 10-40
Swede Square						

Shopping Center East Norriton, PA	1,555,000	6,442,000	7,997,000	122,000	5,560,000	10-40
Valley Plaza Shopping Center Hagerstown, MD	1,950,000	7,766,000	9,716,000	97,000	6,361,000	10-40
Wal-Mart Shopping Center Southington, CT	-	11,834,000	11,834,000	99,000	5,441,000	10-40
South Philadelphia Shopping Plaza Philadelphia, PA	8,173,000	33,083,000	41,256,000	139,000	-	10-40
River View Plaza I, II and III Philadelphia, PA	9,710,000	38,840,000	48,550,000	161,000	-	10-40
Columbus Crossing Shopping Center Philadelphia, PA	4,579,000	18,318,000	22,897,000	28,000	-	10-40
Sunset Crossings Shopping Center Dickson City, PA	2,149,000	8,601,000	10,750,000	6,000	-	10-40
Golden Triangle Shopping Center Lancaster, PA	2,318,000	9,272,000	11,590,000	-	9,825,000	10-40
Totals	\$61,717,000	\$263,054,000	\$324,771,000	\$6,147,000	\$144,983,000	

</TABLE>

EXHIBIT INDEX

Item	Title or Description
3.1	Articles of Incorporation of the Company, incorporated by reference to Exhibit 3.1 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.2	Articles of Amendment of Articles of Incorporation of the Company, incorporated by reference to Exhibit 3.2 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.3	By-laws of the Company, as amended, incorporated by reference to Exhibit 3.3 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.4	Agreement of Limited Partnership of Cedar Shopping Centers Partnership, L.P., incorporated by reference to Exhibit 3.4 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
3.5	Amendment No. 1 to Agreement of Limited Partnership of Cedar Shopping Center Partnership L.P. incorporated by reference to Exhibit 3.5 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
10.1	Agreement of Purchase and Sale by and between SAGD-11 Associates, L.P. and Cedar Shopping Centers Partnership, L.P., dated as of October 27, 2003.
10.2	Amendment to Agreement of Purchase and Sale by and between SAGD-11 Associates, L.P. and Cedar Shopping Centers Partnership, L.P., dated December 1, 2003.
10.3	Promissory Note between Cedar Sunset Crossings, LLC as Maker and Cedar Lender, LLC as Payee, dated December 22, 2003.
10.4	Loan Agreement by and among Cedar Shopping Centers Partnership, L.P., Fleet National Bank, Commerzbank AG New York Branch, PB Capital Corporation, Manufacturers and Traders Trust Company, Sovereign Bank, Raymond James Bank, FSB, Citizens Bank and the other lending institutions which are or may become parties to the Loan Agreement (the "Lenders") and Fleet National Bank (as Administrative Agent), dated January 30, 2004, incorporated by reference to Exhibit 10.1 of Form 8-K filed on March 22, 2004.
10.5	Real Estate Purchase and Sale Agreement regarding the sale of Southpoint Parkway, Jacksonville, Florida, by and between Cedar Shopping Centers Partnership, L.P. and Southpoint Parkway Center, L.C., dated February 1, 2002, incorporated by reference to Exhibit 10.1 to Form 8-K filed June 10, 2002; and Addendum Number One to Real Estate

- Purchase and Sale Agreement by and between Cedar Shopping Centers Partnership, L.P. and Southpoint Parkway Center, L.C., incorporated by reference to Exhibit 10.2 of Form 8-K filed on June 20, 2002.
- 10.6 Property Management Agreement by and between API Red Lion Shopping Center Associates and SKR Management Corp., dated as of January 1, 1995, incorporated by reference to Exhibit 10.1 of Form 8-K filed on June 13, 2002.
- 10.7 Assignment of Property Management Agreement by and between SKR Management Corp. and Brentway Management LLC, dated as of January 1, 1996, incorporated by reference to Exhibit 10.2 of Form 8-K filed on June 13, 2002.
- 10.8 Standstill Agreement by and between Robert J. Ambrosi of ARC Properties, Inc. and Cedar Shopping Centers, Inc., dated May 31, 2002, incorporated by reference to Exhibit 10.3 of Form 8-K filed on June 13, 2002.
- 10.9 Purchase and Sale Agreement by and between Silver Circle Management Corp. and Leo S. Ullman and Philadelphia Cedar-RL, LLC, dated as of February 6, 2002, incorporated by reference to Exhibit 10.4 of Form 8-K filed on June 13, 2002.
- 10.10 Indemnity Agreement by Cedar-RL, LLC to and for the benefit of Leo S. Ullman, dated as of May 31, 2002, incorporated by reference to Exhibit 10.5 of Form 8-K filed on June 13, 2002.

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- 10.11 Promissory Note from Cedar-RL, LLC to Silver Circle Management Corp., dated as of May 31, 2002, incorporated by reference to Exhibit 10.6 of Form 8-K filed on June 13, 2002.
- 10.12 Subordinate Pledge and Security Agreement by Cedar-RL, LLC and Silver Circle Management Corp., dated as of May 31, 2002, incorporated by reference to Exhibit 10.7 of Form 8-K filed on June 13, 2002.
- 10.13 Compensation Agreement between Cedar Shopping Centers, Inc., Cedar Shopping Centers Partnership, L.P. SKR Management Corp., Cedar Bay Realty Advisors, Inc., Brentway Management LLC, Leo S. Ullman and ARC Properties, Inc., dated May 31, 2002, incorporated by reference to Exhibit 10.8 of Form 8-K filed on June 13, 2002.
- 10.14 Amended and Restated Limited Partnership Agreement of API Red Lion Shopping Center Associates, L.P., a New York Limited Partnership, among Cedar-RL, LLC and Silver Circle Management Corp. and Philadelphia ARC-Cedar, LLC, dated as of May 31, 2002, incorporated by reference to Exhibit 11.11 of Form 8-K filed on June 13, 2002.
- 10.15 Warrant by Cedar Shopping Centers Partnership, L.P. to ARC Properties, Inc., dated as of May 31, 2002, incorporated by reference to Exhibit 10.12 of Form 8-K filed on June 13, 2002.
- 10.16 Property Management Agreement by and between The Point Associates, L.P. and SKR Management Corp., dated as of December 1, 1994, incorporated by reference to Exhibit 10.17 of Form 8-K filed on June 13, 2002.
- 10.17 Assignment of Property Management Agreement by and between SKR Management Corp. and Brentway Management LLC, dated as of January 1, 1996, incorporated by reference to Exhibit 10.18 of Form 8-K filed on June 13, 2002.
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- 10.19 Agreement to Assign Agreement between Cedar Shopping Centers Partnership, L.P. as Assignor to Loyal Plaza Associates, L.P. as Assignee, made by and between Assignor and Loyal Plaza Venture, L.P., dated June 2002, incorporated by reference to Exhibit 10.2 of Form 8-K filed on July 17, 2002.
- 10.20 Limited Partnership Agreement of Loyal Plaza Associates, L.P. between CIF-Loyal Plaza Associates, L.P. and Kimco Preferred Investor IV Trust, dated June 28, 2002, incorporated by reference to Exhibit 10.3 of Form 8-K filed on July 17, 2002.
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- 10.25 Post Closing Agreement regarding the Assumption by Loyal Plaza Associates, L.P. (Assuming Borrower) of that certain Loan evidenced by that certain Note dated May 31, 2001, payable by Loyal Plaza Venture, L.P. (Original Borrower) to Lehman Brothers Bank, FSB (Original Lender) as secured by that certain Open-End Mortgage and Security Agreement of even date to Glimcher Loyal Plaza Tenant, L.P. (Mortgage) currently held and owned by LaSalle Bank National Association (Trustee) of LB-UBS Commercial Trust (Lender), dated July 2, 2002, incorporated by reference to Exhibit 10.13 of Form 8-K filed on July 17, 2002.
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- 10.33 Loan Agreement by and between SWH Funding Corp and Cedar Shopping Centers Partnership, L.P., dated as of November 2002, incorporated by reference to Exhibit 10.9 of Form 8-K filed on December 9, 2002.
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- 10.35 Open-End Mortgage and Security Agreement between Cedar-Camp Hill, LLC, Cedar Bay Realty Advisors, Inc. and Citizens Bank of Pennsylvania, executed on November 14, 2002, incorporated by reference to Exhibit 10.11 of Form 8-K filed on December 9, 2002.
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- 10.38 Employment Agreement between Cedar Shopping Centers, Inc. and Brenda J. Walker, dated as of October 1, 2003, incorporated by reference to

- Exhibit 10.40 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.39 Employment Agreement between Cedar Shopping Centers, Inc. and Thomas J. O'Keefe, dated as of October 1, 2003, incorporated by reference to Exhibit 10.41 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.40 Employment Agreement between Cedar Shopping Centers, Inc. and Thomas B. Richey, dated as of October 1, 2003, incorporated by reference to Exhibit 10.42 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.41 Employment Agreement between Cedar Shopping Centers, Inc. and Stuart H. Widowski, dated as of October 1, 2003, incorporated by reference to Exhibit 10.43 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.42 Recapitalization Agreement dated October 2, 2003 by and among Delaware 1851 Associates, L.P., Indenture of Trust of Bart Blatstein dated as of June 9, 1998, Irrevocable Indenture of Trust of Barton Blatstein dated July 13, 1999, Welsh-Square, Inc. and CSC-Columbus, LLC, incorporated by reference to Exhibit 10.45 of the Registration Statement on Form S-11 filed on August 20, 2003, as amended.
- 10.43 Agreement to enter into Net Lease dated April 23, 2003, between SPSP Corporation, Passyunk Supermarket, Inc., Twenty Fourth Street Passyunk Partners, L.P. and Cedar-South Philadelphia I, LLC, incorporated by reference to Exhibit 10.46 of the Registration Statement on Form S-11 filed on August 10, 2003, as amended.
- 21.1 List of Subsidiaries of the Registrant
- 31.1 Section 302 Chief Executive Officer Certification
- 31.2 Section 302 Chief Financial Officer Certification
- 32.1 Section 906 Chief Executive Officer Certification
- 32.2 Section 906 Chief Financial Officer Certification

AGREEMENT OF PURCHASE AND SALE (this "Agreement") dated as of October 27, 2003, by and between SADG-11 ASSOCIATES, L.P., a Pennsylvania limited partnership having an address at 102 Colliery Road, Dickson City, Pennsylvania 18519 ("Seller"), and CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., a Delaware limited partnership, having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Buyer").

W I T N E S S E T H :
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A. Seller owns the real property and improvements thereon located at Main Street (Route 341) Dickson City, Pennsylvania, known as Sunset Crossings Shopping Center (more precisely described herein as the "Property").

B. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Property, upon the terms and conditions and for the purchase price hereinafter set forth.

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

SECTION 1. Certain Definitions.

"Actions" mean any claims, actions, suits, proceedings or investigations, including, without limitation, condemnation and tax certiorari proceedings, whether at law or in equity or before any court, arbitrator, arbitration panel or Governmental Authority.

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

"Broker" means Metro Commercial Real Estate, Inc., having an office at 303 Fellowship Road, Suite 202, Mount Laurel, NJ 08054.

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

"Due Diligence Period" means the period commencing on the later to occur of (a) the date a complete copy of this Agreement executed by Buyer and Seller with all exhibits attached has been delivered to Buyer or its counsel, and (b) the date Seller has delivered to Buyer the documents described in Section 5(a), or written confirmation that Seller does not have such documents (such date, the "Effective Date") and expiring on the last day of the thirtieth (30th) calendar day following the Effective Date, provided, however, that if a Phase I environmental report of the Property obtained by Buyer within the Due Diligence Period (the "Phase I") indicates that a Phase II is recommended, and Buyer has initiated a Phase II investigation within the initial Due Diligence Period, but the results of such investigation have not been received by Buyer, then the Due Diligence Period shall be extended until five (5) days after the date Buyer has received the results of such Phase II investigation, provided that such extension of the Due Diligence Period shall not exceed thirty (30) days in any event.

"Escrow Agent" means Lawyers Title Insurance Corporation, or any substitute escrow agent appointed hereunder

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

"Hazardous Substances" means, without limitation, (i) all substances which are designated pursuant to Section 311(b)(2)(A) of the Federal Water Pollution Control Act ("FWPCA"), 33 U.S.C. ss.1251 et seq.; (ii) any element, compound, mixture, solution, or substance which is designated pursuant to Section 102 of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. ss.9601 et seq.; (iii) any hazardous waste having the characteristics which are identified under or listed pursuant to Section 3001 of the Resource Conservation and Recovery Act ("RCRA"), ss.6901 et seq.; (iv) any toxic pollutant listed under Section 307(a) of the FWPCA; (v) any hazardous air pollutant which is listed under Section 112 of the Clean Air Act, 42 U.S.C. ss.7401 et seq.; (vi) any imminently hazardous chemical substance or mixture with respect to which action has been taken pursuant to Section 7 of the Toxic Substance Control Act, 15 U.S.C. ss.2601 et seq.; and (vii) petroleum, petroleum products, petroleum by-products, petroleum decomposition by-products, and waste oil; (viii) "hazardous materials" within the meaning of the Hazardous Materials Transportation Act, 49 U.S.C. ss. 1802 et seq., (ix) any hazardous substance or material identified or regulated by or under any applicable

provisions of the laws of the Commonwealth of Pennsylvania; (x) asbestos or any asbestos containing materials; or (xi) any other hazardous or toxic substance or pollutant identified in or regulated under any other applicable federal, state or local Laws.

"Law" or "Laws" mean laws, statutes, rules, regulations, codes, orders, ordinances, judgments, injunctions, decrees and policies.

"Leases" mean all leases affecting the Property on the date hereof, which Seller represents and warrants are all listed on Exhibit F attached hereto and made a part hereof, together with amendments or modifications made after the date hereof and which have been approved by Buyer in writing.

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

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

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

"Property" means: (a) that certain parcel of real property commonly known as Sunset Crossing Shopping Center, Dickson City, Pennsylvania, as more particularly described on Exhibit A annexed hereto and hereby made a part hereof (the "Land"), (b) the buildings and other improvements located upon the Land (collectively, the "Improvements"), (c) all easements, rights of way, privileges, appurtenances, development rights, air rights, strips, gores and other rights pertaining to the Land and the Improvements, if any, including, without limitation, development rights, and all income therefrom, including rights to any Taking awards or proceeds, (d) any land in the bed of any street, road, avenue, open or proposed, public or private, in front of or adjoining the Land or any portion thereof, to the center line thereof, and any award to be made in lieu thereof and in and to any unpaid award for damage to the Land and the Building by reasons of change of grade of any street occurring after the date of execution and delivery of this Agreement, (e) all Tenant Leases, (f) all Operating Agreements, and (g) any Licenses required or used in or relating to the ownership, use, maintenance, occupancy or operation of any part of the Property.

"Service Contracts" means any all service agreements, maintenance agreements, supply agreements, and any other similar contracts and agreements affecting Property.

"Taking" means any proceedings or negotiations instituted which do or may result in a taking by condemnation or eminent domain of the Property or any portion thereof.

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

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

SECTION 3. Purchase Price and Manner of Payment.

(a) The purchase price for the Property is ELEVEN MILLION TWO HUNDRED THOUSAND and 00/100 DOLLARS (\$11,200,000.00) (the "Purchase Price"), and shall be payable as follows:

(i) upon the execution of this Agreement, the sum of \$50,000.00 (the "Initial Deposit") shall be paid by Buyer by wire transfer to Escrow Agent;

(ii) upon the expiration of the Due Diligence Period, the sum of \$100,000.00 (the "Additional Deposit"; the Initial Deposit and the Additional Deposit, together with interest accruing thereon, shall be referred to herein as the "Deposit") shall be paid by Buyer by wire transfer to Escrow Agent; and

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(iii) upon closing of title, the balance of the Purchase Price, subject to adjustment in accordance with this Agreement, shall be paid by wire transfer of immediately available funds to Seller or its designee.

(b) The Deposit shall be held by Escrow Agent in escrow in an interest bearing account. Any interest accrued on the Deposit shall be paid to whichever party is entitled to the Deposit in accordance with the provisions of this Agreement. If the Closing shall occur, interest shall be credited against the Purchase Price. The Deposit shall be held and disbursed by Escrow Agent in accordance with the escrow provisions annexed hereto as Exhibit B.

(c) Seller represents that its federal tax identification number is 23-3073396. Seller acknowledges and agrees that Seller's tax identification number shall be used on the account into which the Deposit is placed.

SECTION 4. Title Matters.

(a) Seller shall convey to Buyer at the Closing good, marketable, insurable fee simple title to the Property, free of all deeds of trust, mortgages, liens, easements, covenants, restrictions, leases, licenses and other encumbrances ("Encumbrances"), subject only to the Permitted Encumbrances (as hereinafter defined), which title shall be insurable by a reputable title insurance company, selected by Buyer, licensed in the Commonwealth of Pennsylvania (the "Title Company"), by issuance of an ALTA owner's title insurance policy (the "Owner's Policy"), insuring the title of the Property at its ordinary rates and without special premiums, and in the standard form issued by the Title Company in the Commonwealth of Pennsylvania, without exception or reservations of any kind, including, without limitation, the standard pre-printed exceptions to the title policy, other than the Permitted Encumbrances (any such other exceptions or reservations, the "Non-Permitted Encumbrances").

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

1. any state of facts which a current accurate land title survey of the Property would show, provided that such facts would not render title other than good and marketable and would not impair the continued use of the Property for a shopping center;

2. those matters specifically set forth on Exhibit C annexed hereto and hereby made a part hereof, subject, however, to the provisions of subsection (e) of this section; [we would expect to attach a copy of our current title policy Schedule B, Section 2 as Exhibit C to this agreement, omitting reference to our existing mortgage.]

3. all Laws, provided such Laws are not violated by the existing improvements and do not prohibit the use of the Property as a shopping-center;

4. all presently existing and future liens of real estate taxes or assessments and water rates, water meter charges, water frontage charges and sewer taxes, rents and charges, if any, provided that such items are not yet due and payable and are apportioned as provided in this Agreement; and

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5. the Leases.

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

(d) At the Closing, Seller shall deliver to each of Buyer and the Title Company an affidavit and/or indemnity with respect to mechanic's liens certifying that there are no unpaid bills for services rendered or materials furnished to the Property.

(e) Buyer shall furnish to Seller or its counsel within thirty (30) days after the date hereof, a copy of the Title Commitment, together with a statement specifying any objections to title, and may furnish Seller with a current survey of the Premises, together with objection to any conditions disclosed by such survey ("Buyer's Statement"), provided Buyer shall have no right to object to any Permitted Exceptions other than the matters set forth on Exhibit C hereto. Seller or its counsel shall, within ten (10) days of receipt by Seller's counsel of Buyer's Statement, give notice to Buyer ("Seller's Notice") as to which, if any, of the defects set forth in Buyer's Statement that Seller will not commit to cure at or before the Closing. If Seller does not, within ten (10) days after receipt of Buyer's Statement, advise Buyer in writing that it will remove all of the defects listed in Buyer's Statement, then Buyer's sole right shall be to either (a) waive such defects and close title without abatement or reduction of the Purchase Price, or (b) terminate this Agreement,

in either case upon notice to Seller and Escrow Agent given within five (5) days after the expiration of such ten (10) day period. If Buyer elects to terminate this Agreement, the Deposit shall be returned to Buyer, and upon such return, except as expressly provided herein, this Agreement and all rights and obligations of the respective parties hereunder shall be null and void. If Buyer does not notify Seller of its election to terminate this Agreement within such five (5) day period, Buyer shall conclusively be deemed to have waived its right of termination on account of such defects, provided, however, that notwithstanding anything to the contrary set forth in this Agreement, Seller shall be obligated to cure at or before the Closing all any Encumbrance which can be removed at time of closing by payment of a liquidated amount or by posting a bond, as well as any Encumbrance arising after the date of Buyer's delivery of Buyer's Statement and prior to the Closing Date, except for any of the foregoing arising from the acts or omissions of Buyer, its agents, contractors or employees. Seller shall not be obligated to cure non-liquidated Encumbrances (e.g., easements, covenants and restrictions) of record as of the date of Buyer's title commitment and which Seller advises Buyer in Seller's Notice that Seller does not wish to cure.

(f) Seller shall have the right to pay off any monetary Encumbrances against the Property on the Closing Date out of the cash then payable provided, provided in the case of Encumbrances held by institutional lenders, Seller shall deliver a pay off letter at the closing from the lender

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holding such encumbrance of record, and in the case of Encumbrances held by non-institutional lenders, recordable instruments of release or discharge of such Encumbrances in form and substance satisfactory to the Title Company are then delivered to Buyer.

SECTION 5. Due Diligence.

(a) Promptly after the full execution of this Agreement, Seller shall deliver copies of the following documents to Buyer, to the extent in Seller's possession or control: (i) all Leases currently in effect, (ii) all existing environmental reports for the Property, (iii) the latest, full size survey of the Property, (iv) construction drawings for the Property, if any, (v) title reports, together with copies of all title exception documents, (vi) metes and bounds description of the Land, (vii) annual operating expense reports and tax bills for the past three years, (viii) utility bills for the past twelve (12) months, (ix) information, on a tenant by tenant basis, setting forth the reimbursements paid by each tenant for common area maintenance charges, taxes and insurance, together with a supporting schedule of expenses for the Property, (x) a list and description of all rent delinquencies as of the date hereof, (xi) all existing service contracts currently affecting the Property and (xii) any plans or proposals submitted or reviewed by the local authorities regarding potential expansion or development of the Property.

(b) Buyer shall have the right, at any time after the Effective Date, to inspect the Property, and to investigate existing zoning, the physical, structural and environmental condition of the Property, the compliance of the Property with Laws, the rental income and recoveries listed in the rent roll, the operating expenses, taxes and other costs of operating the Property, and any other factors Buyer deems relevant in determining whether to purchase the Property. For purposes of conducting such inspections and studies, Buyer shall have access to the Property at all reasonable times, subject to Section 5(d) below.

(c) Buyer may terminate this Agreement, for any reason or for no reason at all, in Buyer's sole discretion, on notice to Seller and Escrow Agent given at any time during the Due Diligence Period, which notice may be given by email to Charles@Charlesbrodskylaw.com and to thedrehergroup.dreher@verizon.net, with a copy concurrently sent by facsimile to Messrs. Brodsky and Dreher at their facsimile numbers set forth herein. In the event of such termination, Escrow Agent shall return the Deposit to Buyer, whereupon, except as expressly provided herein, this Agreement and all rights and obligations of the respective parties hereunder shall be null and void. If Buyer does not elect to terminate this Agreement pursuant to this Section 5(c) within the Due Diligence Period, Buyer shall conclusively be deemed to have waived its right of termination under this Section 5(c), the Deposit shall be non-refundable, except as otherwise expressly provided hereunder, and Buyer shall post the Second Deposit with Escrow Agent no later than two (2) business days after the expiration of the Due Diligence Period.

(d) Seller shall permit Buyer and its agents and consultants access to the Property from time to time for the purpose of undertaking surveys and engineering, environmental, soils, wetlands and other similar tests, borings, drillings and studies, provided that neither Buyer nor its agents or consultants unreasonably interfere with Seller's tenants' peaceful use and enjoyment of the Property, and provided Buyer promptly repairs any damage to the

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Property caused by such entry and restores the Lands to the condition that

existed prior to such entry. Seller shall cooperate with Buyer and enforce provisions of Leases if necessary in order to facilitate entry by Buyer into tenant spaces as reasonably required by Buyer. Buyer shall hold and save Seller harmless from and against any and all loss, cost, damage, injury or expense arising out of or in any way related to the acts or omissions of Buyer, its agents, employees and consultants, relating to any such entry, and such obligation shall survive the termination of this Agreement, except that Buyer shall not be liable for costs or damages resulting from Buyer's discovery or exacerbation of pre-existing conditions, absent Buyer's negligence. Prior to any such entry, Buyer shall furnish to Seller evidence that Buyer (or its respective contractors entering onto the Property to perform borings, drillings or other intrusive testings) has procured comprehensive liability insurance from an insurer authorized to do business in the Commonwealth of Pennsylvania which is reasonably acceptable to Seller protecting Seller from claims for bodily injury or death in single limit amount of not less than \$1,000,000, naming Seller as an additional insured. Such insurance shall provide that at least thirty (30) days' notice of termination, cancellation, modification or lapse of coverage shall be given to Seller. The indemnification provision contained in this Section 5(d) shall survive the termination of this Agreement and/or the closing of title.

SECTION 6. Closing Date. The closing of this transaction (the "Closing") shall be conducted on the date occurring ten (10) days after the expiration of the Due Diligence Period (the "Closing Date"). The Closing shall be conducted by mail in escrow with the Title Company pursuant to an escrow procedure reasonably acceptable to Seller and Buyer, or at such place as the parties may otherwise agree. Upon the Closing, exclusive possession of the Property, subject to the rights of tenants under the Leases as tenants only, shall be delivered to Buyer, and Buyer shall thence have the right to enjoy the rents, issues and profits therefrom.

SECTION 7. Closing Deliveries and Closing Costs.

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

- (a) A special or limited warranty deed conveying fee simple title to the Property to Buyer in accordance with this Agreement.
 - (b) A general instrument of transfer, conveying, transferring and selling to Buyer, all right title and interest of Seller in and to all of the personal property, if any, owned by Seller, all rights of Seller in any in and to any Service Contract which Buyer has advised Seller it wishes to assume, to the extent the same are assignable, and any intangible property forming part of the Property.
 - (c) An assignment by Seller and assumption by Buyer of all of Seller's right, title and interest in and to the Leases, including security deposits, in the form attached hereto as Exhibit D.
 - (d) A non-foreign affidavit for Seller complying with the requirements of Internal revenue Code Section 1445 (f) (3) and regulations promulgated thereunder.
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- (e) Form 1099.
 - (f) A certificate stating that all representations and warranties of Seller set forth in Section 10 hereof remain true and correct as of the Closing Date (or certifying as to any changes thereto, subject, however, to the provisions of Section 10.4 herein).
 - (g) an updated rent roll for the Property, certified by Seller to be true and correct (Seller shall deliver this updated rent roll to Buyer at least two (2) business days prior to the closing);
 - (h) Any document required by law to be executed by Seller in order to allow Buyer to record any transfer document, including any transfer or documentary stamp return.

(i) original estoppels certificate from the following tenants: Giant, Dollar General, Blockbuster, Mama Luna Pizza, Premier Tanning and Holiday Hair, all in a form substantially similar to the form attached hereto as Exhibit E (or in such other form as may be prescribed under the respective lease with such tenant), dated no earlier than thirty (30) days prior to the closing, and confirming, in the case of tenants, (a) the factual matters with respect to such tenants as set forth in the Rent Roll (as hereinafter defined) and in Sections 10.1 (g), (h) and (i) hereof and (b) that Seller as landlord is not in default under such tenant's lease, nor are there any work allowances, concessions or improvements to be performed or provided by Seller as landlord that have not been performed or provided by Seller in full. Seller shall promptly request such estoppel certificate from all tenants of the Property and pursue same in good faith. If Seller is unable to obtain the estoppel certificates required under this subsection by the Closing Date, then the Closing Date shall be adjourned

for a period not to exceed fifteen (15) days, to enable Seller to continue to pursue same. If such estoppel certificates have not been obtained after the expiration of such adjournment of the Closing Date, then Buyer shall have the right to terminate this Agreement, by delivering written notice of termination to Seller, in which event the Deposit, and all interest accrued thereon, shall be returned to Buyer and except as expressly provided herein, this Agreement and all rights and obligations of the respective parties hereunder shall be null and void.

(j) The original fully executed Leases, or, if not available, a copy of each missing Lease certified by Seller as being a true and completed photocopy.

(k) Copies of all Tenant Lease files in Seller's possession or control;

(l) notices to each tenant under the Leases advising that Seller's interest in the Property has been conveyed to Buyer and instructing that all rent and additional rent payable under the Leases is to be remitted to Buyer, that any security deposit is thereafter being held by Buyer, and that all insurance required to be maintained by such tenant is to be amended to name Buyer as a named insured to the extent such tenant is required to so name the landlord under its Lease, such notices to be in form as reasonably required by Buyer;

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(m) A statement showing all closing prorations.

(n) All keys to the Property in the possession of Seller.

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

(p) Such other documents and instruments as may be reasonably required by this Agreement or by the Title Company in order to consummate the transaction contemplated by this Agreement and to issue the Owner's Policy to Buyer, including but limited to, as to any work on the Property requested by Seller, a mechanic's lien affidavit, a gap affidavit, and a contractor's affidavit stating the amount paid and the amount outstanding under the contract to complete such work.

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

(a) Payment of the balance of Purchase Price, as adjusted, to be made in accordance with Section 3 above.

(b) A counterpart of the document referred to in Section 7.1(c) above.

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

7.3 Closing Costs. At the Closing, Seller and Buyer shall each pay one-half of the transfer taxes, including transfer taxes of the Commonwealth of Pennsylvania and of the county in which the Property is located, payable in connection with the transaction contemplated hereby. Buyer shall pay (a) the title insurance premium for the Owner's Policy, if any, (b) the costs of any survey (or an update thereto), and (c) all fees, costs or expenses in connection with Buyer's due diligence reviews hereunder. Seller shall pay the costs of recording discharges of Encumbrances required to be removed by Seller under this Agreement. Except as expressly provided in the indemnities set forth in this Agreement, Seller and Buyer shall pay their respective legal, consulting, and other professional fees and expenses incurred in connection with this Agreement and the transaction contemplated hereby and their respective shares of prorations as hereinafter provided.

SECTION 8. Closing Adjustments. (a) The following shall be prorated, between Seller and Buyer as of 12:00 AM on the Closing Date (so that Buyer will be debited all taxes and other expenses, and be credited with all rents, accruing as of the Closing Date) on the basis of the actual number of days elapsed over the applicable period) and shall take into account the percentage of such revenues or expenses attributable to the Property:

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(i) All real estate taxes, water charges, sewer rents, vault charges and assessments on the Property on the basis of the fiscal year for which assessed. If any assessments on the Property are payable in

installments, then the installment for the current period shall be prorated, with Seller paying its share of any installments due before the Closing Date and Buyer assuming the obligation to pay its share of any installments due after the Closing Date.

(ii) Subject to Section 8(b) of this Agreement, all fixed and base and minimum rent and regularly scheduled items of additional rent under the Leases (including any reimbursements for taxes and common areas operating costs), and other tenant charges if, as and when received.

(iii) Expenses and payments under Service Contracts which Buyer shall elect to assume.

(iv) Fuel, if any, at Seller's cost therefor.

(v) Utilities not payable directly by tenants, including, without limitation, telephone, steam, electricity and gas, on the basis of the most recently issued bills therefor, subject to adjustment after the Closing when the next bills are available, or if current meter readings are available, on the basis of such readings.

(b) Rents under the Leases which are delinquent as of the Closing Date shall not be prorated on the Closing Date. Buyer shall include such delinquencies in its normal billing and shall diligently pursue the collection thereof in good faith after the Closing Date (but Buyer shall not be required to litigate or declare a default in any Tenant Lease). Subject to the terms of the immediately succeeding sentence, to the extent rents are collected by or on behalf of Buyer on or after the Closing Date, such payments shall be applied first toward the rents that shall then be due and payable with respect to rents for months after the Closing, second to the rents for the month in which the Closing occurs, and third to any delinquent rents owed with respect to months prior to the Closing, with Seller's share thereof being promptly delivered to Seller by Buyer. If percentage rents are collected by or on behalf of Buyer on or after the Closing Date, such percentage rents shall be allocated to the period to which they relate irrespective of the provisions of the immediately preceding sentence and appropriate portions thereof shall be applied to Buyer and Seller in proportion to the duration of such party's ownership of the Property during such period, with Seller's share thereof being promptly delivered to Seller by Buyer. Seller hereby reserves the right to pursue any remedy against any tenant owing delinquent rents and any other amounts to Seller, which right shall include the right to continue or commence legal actions or proceedings against any tenant; provided, however, that Seller shall not, following the Closing, commence legal actions or proceedings for collection of rents against any tenant while such tenant remains a tenant at the Property. Buyer shall reasonably cooperate with Seller in any collection efforts hereunder (but shall not be required to litigate or declare a default under any Tenant Lease). With respect to delinquent rents and any other amounts or other rights of any kind respecting tenants who are no longer tenants of the Property at any time following the Closing Date, Seller shall retain all rights relating to its share thereof.

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(c) The amount of any security deposits held by Seller under the Leases shall be credited to Buyer, and thereafter, Buyer shall be responsible for same.

(d) If any of the items described in this Section 8 hereof cannot be apportioned at the Closing because of the unavailability of information as to the amounts which are to be apportioned or otherwise, or are incorrectly apportioned at Closing or subsequent thereto, such items shall be apportioned or reapportioned, as the case may be, as soon as practicable after the Closing Date or the date such error is discovered, as applicable.

(e) If the Closing shall occur before a real estate or personal property tax rate or assessment is fixed for the tax year in which the Closing occurs, the apportionment of taxes at the Closing shall be upon the basis of the tax rate or assessment for the preceding fiscal year applied to the latest assessed valuation. Promptly after the new tax rate or assessment is fixed, the apportionment of taxes or assessments shall be recomputed and any discrepancy resulting from such recomputation and any errors or omissions in computing apportionments at Closing shall be promptly corrected and the proper party reimbursed.

(f) If after the closing, the parties discover any errors in adjustments and apportionments, same shall be corrected as soon after their discovery as possible. The provisions of this Article 8 shall survive the closing, provided that no adjustments shall be made later than one (1) year after the Closing Date unless prior to such date the party seeking the adjustment shall have delivered a written notice to the other specifying the nature and basis for such claim.

SECTION 9. Defaults. (a) In the event the Buyer fails or refuses to consummate the purchase of the Premises in accordance with the provisions of this Agreement for any reason constituting a default on the part of Buyer, then

Escrow Agent shall pay to Seller the Deposit then paid and Seller shall retain the Deposit then paid as full liquidated damages in full and complete satisfaction of all claims against the Buyer and without recourse to any other remedies, legal or equitable. The parties have agreed that actual damages in such event are impossible to determine, and therefore have agreed upon the foregoing liquidated damages, after negotiation, as the parties' best estimate of actual damages which would be incurred in such circumstances.

(b) If the conditions set forth in Article 12.1 have not been satisfied as of the Closing Date, then Buyer may elect to (i) accept title to the Premises subject to the defaulted obligation of Seller (and in the case of a liquidated Encumbrance, use the Purchase Price to eliminate such title defect), or (ii) seek specific performance of this Agreement (and receive reimbursement from Seller for reasonable attorneys' fees and costs, if Buyer is the prevailing party in such action) or (iii) terminate this Agreement and elect to receive the return of the Deposit and any interest earned thereon, and in the event such Seller's default is a Willful Default (as hereinafter defined), be compensated by Seller for all actual damages sustained by Buyer as a result of Seller's breach of this Agreement, including, without limitation, reasonable attorneys' fees and disbursements. The term "Willful Default" as used in this Agreement shall mean (a) Seller's willful refusal to convey title to the Property at the Closing, (b) Seller's refusal to cause any Encumbrance to be released (or insured over) but only if and to the extent that Seller is obligated to do so under this Agreement, (c) Seller voluntarily taking any action which has the effect of frustrating the intention of the parties under this Agreement (e.g. entering into a new lease without Buyer's consent); or (d) an intentional material breach of a representation or warranty of Seller under this Agreement

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SECTION 10. Representations, Warranties and Covenants.

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

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

(b) Other than as to the mortgage from Seller to First National Community Bank dated September 11, 2001 and modified on December 26, 2001, Seller has not sold, conveyed, transferred, given, pledged, mortgaged or otherwise disposed of, encumbered or granted in any manner all or any portion of the Property; there are no outstanding, options, rights, agreements, or other commitments to which Seller is a party relating to or providing for the sale, conveyance, transfer, gift, pledge, mortgage or other disposition, encumbrance or granting of, or permitting any Person to acquire all or any portion of the Property; Seller owns the Property free and clear of any liens other than Permitted Encumbrances, and has the absolute right, power and capacity to sell, assign, convey, transfer and deliver the Property as contemplated by this Agreement;

(c) This Agreement has been duly executed and delivered and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as enforceability may be limited by applicable law affecting creditors' rights generally and principles of equity, whether considered in a proceeding at law or in equity. No consent, approval, authorization or order of, or declaration, filing or registration with, any Governmental Authority or Person is required in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

(d) Seller is not a "foreign person" under the Foreign Investment in Real Property Tax Act of 1980 ("FIRPTA") and upon consummation of the transaction contemplated hereby, Buyer will not be required to withhold from the Purchase Price any withholding tax;

(e) There are no pending or, to Seller's actual knowledge, threatened Actions affecting the Property or any part thereof; nor are there any special assessments levied or payable in connection with the Property other than the pending application of Giant Food Stores, LLC for special exception to develop a portion of the Shopping Center as a gasoline filling station;

(f) To the best of Seller's knowledge, the Land and Improvements are free of any liens and encumbrances other than the Permitted Encumbrances;

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(g) All of the Leases to which either the Seller is a party (by assignment or otherwise) or is bound in existence on the date hereof have been delivered or made available to Buyer. The copies of the Leases that have been delivered or made available by Seller to Buyer are true, correct and

complete. Exhibit F annexed hereto and hereby made a part hereof sets forth a complete list of all Leases (including, without limitation, all leases, amendments, modifications and "side letters") to which either the Seller is a party or is bound, and is true, complete and correct in all material respects. All Leases are in full force and effect. To the best actual knowledge of Seller, all Tenant listed on Exhibit F are in possession of their respective premises and generally open for business, and there are no other parties in possession of the Property, except as otherwise noted on Exhibit F. Except as set forth on Exhibit F, neither Seller as landlord nor any tenant under any of the Tenant Leases is in default under any Tenant Leases and the Seller has not received from any Tenant any written notice claiming any default by the landlord under its Tenant Lease which default remains uncured. The Seller has not received written notice of any defense to, offsets, claims or disputes against rental payable or obligations under any Tenant Lease (including, without limitation, any objection to billings of common area maintenance expenses or taxes). To the best actual knowledge of Seller, no guarantor of any Tenant Lease has been released or discharged, voluntarily (involuntarily, or by operation of law) from any obligation related to such Tenant Lease except in accordance with the terms of such Tenant Lease. Attached as Exhibit F-1 is a true copy of the first draft of a lease for certain vacant space in the Shopping Center, which draft was sent to the Seller's real estate broker for presentation to the potential tenant on October 10, 2003. Attached as Exhibit F-2 is a true copy of a proposed amendment to the lease with ZTN Pizza, Inc., which amendment is presently circulating for signature by the parties thereto;

(h) Annexed hereto as Exhibit G is a rent roll and security deposit schedule (the "Rent Roll") for all Leases in effect as of the date hereof, which is true and correct in all respects and which shows for each rentable space in the Property the tenant name, space number, monthly base or minimum rental, and common area maintenance expense and real estate tax reimbursement amounts, security deposit held, and the expiration date of each Lease. There are no tenant security deposits to be held by the Landlord under the Leases except as listed in the Rent Roll. At the Closing, Seller shall deliver to Buyer an updated Rent Roll. If any changes shall occur in such Rent Roll Certificate, Buyer shall have the rights relating thereto as set forth in Section 10.4 hereof;

(i) Except as set forth on Exhibit H annexed hereto and made a part hereof, all alterations and improvements required to be performed by the landlord under any of the Leases have been completed, all construction and other allowances and monetary concessions required to be paid by the landlord under the Leases have been paid, and no tenant under any of the Leases is entitled to any free rent or rent concession period. All brokerage fees and commissions payable or which will be payable in the future with respect to the Leases have been paid in full with the exception of a commission to Bennett Williams Real Estate arising out of the leasing of a portion of the Shopping Center to ZTN Pizza, Inc. d/b/a Mama Luna Pizza, which commission will be paid by Seller to such broker prior to Closing;

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(j) All of the Service Contracts to which Seller is a party (by assignment or otherwise) or is bound, are in existence on the date hereof and have been delivered or made available to Buyer. The copies of the Service Contracts that have been delivered or made available by the Seller to Buyer are true, correct and complete. Exhibit I annexed hereto and hereby made a part hereof sets forth a list of all Service Contracts to which Seller is a party or is bound, and is true, complete and correct in all material respects. Except as set forth on Exhibit I, the Operating Agreements are in full force and effect. No default exists under any Operating Agreement and to the best of Seller's knowledge, no event or act has occurred which with the giving of notice thereof or the passage of time or both would constitute a default under any Operating Agreement. Except as set forth on Exhibit I, all Operating Agreements are terminable without premium or penalty on no more than 30 days' notice to the contractor, vendor or other service provider thereunder;

(k) Seller's Phase I Report which has been delivered to Buyer constitutes a true and complete copy of the report which was received by Seller, and Seller has no actual knowledge of any Hazardous Substances at the Property except as may be set forth in Seller's Phase I Report, and except for any Hazardous Substances that may be sold by a tenant in the ordinary course of business and ordinary cleaning and maintenance materials used by any tenant;

(l) Seller has received no written notice that there are uncorrected violations of any applicable Laws affecting the Property or the use and occupancy thereof; to Seller's actual knowledge, Seller has obtained all approvals, permits and authorizations from all governmental authorities necessary for the lawful construction, use and operation of the Property, including, without limitation, a certificate of occupancy for each tenant space, permitting such space to be used for retail (or restaurant) purposes, as applicable, and zoning regulations and ordinances applicable in Dickson City, Pennsylvania have not been violated by existing Improvements or the use thereof;

(m) No petition has been filed or has, to Seller's knowledge, been threatened to be filed, by or against Seller under any chapter of the

United States Bankruptcy Code or any state bankruptcy, insolvency or similar statute;

(n) No work has been performed or is in progress at, and no materials have been furnished to, the Property which, though not presently the subject of, might give rise to construction, mechanic's, materialmen's, municipal or other liens against, the Property or any portion thereof; and

(o) There are no employees employed by Seller or any property manager or otherwise at or in connection with the Property for or to which Buyer shall have any responsibilities or liabilities following the Closing. There are no employment, union, collective bargaining, contracts or similar agreements in effect in connection with the Property or the operation and/or maintenance thereof.

10.2. Survival of Seller's Representations and Warranties. The representations and warranties contained in Section 10.1 are true, accurate and complete and not misleading in any material respect as of the date hereof and shall be deemed to be repeated at and as of the Closing Date, and shall be true, accurate and complete and not misleading in any material respect as of such date. The representations and warranties in Section 10.1 shall survive the Closing for a period of six (6) months.

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10.3 General Disclaimer. the sale of the PROPERTY hereunder is and will be made on an "as is" , "where is," and "with all faults" basis, and Except as specifically set forth in this agreement, without representations and warranties of any kind or nature, express, implied or otherwise, including any representation or warranty concerning title to the PROPERTY OR THE Property, the physical condition of the Property, the environmental condition of the Property (including the presence or absence of hazardous substances on or affecting the Property), the compliance of the Property with applicable laws and regulations (including zoning and building codes or the status of development or use rights respecting the Property), the financial condition of the Property, or any other representation or warranty respecting any income, expenses, charges, liens or encumbrances, rights or claims on, affecting or pertaining to the PROPERTY or any part thereof. Except as to matters specifically set forth in THIS AGREEMENT, Buyer will acquire the PROPERTY solely on the basis of its own physical and financial examinations, reviews and inspections and the title insurance protection afforded by the Owner's Policy (in the event buyer elects to purchase same).

10.4. Changed Circumstances. If any event shall occur after the Effective Date, and before the Closing Date, which is not caused by Seller ("Changed Circumstance"), that renders untrue any representation or warranty made by Seller in this Agreement, it shall not constitute a breach by Seller of such representation or warranty, and Seller's reaffirmation of such representation or warranty at Closing may be qualified by such Changed Circumstance. If Seller shall obtain knowledge of any Changed Circumstance, Seller shall provide notice thereof to Buyer within a reasonable period of time. In the event Buyer receives actual notice of any Material Changed Circumstance, whether from Seller or any other source, including its own investigations, then Buyer shall have the right to terminate this Agreement, in which event both parties shall be relieved from any further obligation under this Agreement, and the Deposit shall be returned to Buyer. For purposes of this Agreement, a "Material" Changed Circumstance shall be one that (when taken together with all other Changed Circumstances) would be reasonably expected to decrease the annual net operating income of the Property by more than one (1%) percent or would otherwise reasonably be considered material by a Buyer of similar properties.

10.5 Representations, Warranties and Covenants of Buyer.

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

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

SECTION 11. Operation of the Property Between Contract and Closing.

From and after the date hereof and until the Closing, Seller shall comply with all laws, ordinances, rules or regulations affecting the Property and shall maintain the Property in its existing condition, reasonable wear and tear excepted. Seller shall pay when due any and all taxes, assessments and levies with respect to the Property and timely make all payments with respect to and perform all obligation secured by any encumbrances affecting the Property. Seller shall do or cause to be done all things reasonably within Seller's control to preserve intact and unimpaired any and all Licenses in favor of, constituting or benefiting any portion of the Property. Seller shall promptly notify Buyer of (i) the occurrence of any fire or other casualty causing damage to the Property, or (ii) receipt of notice of eminent domain proceedings or condemnation of or affecting the Property or notice from any governmental authority relating to the condition, use or occupancy of the Property, (including, without limitation, all notices of violation of codes with respect to the Property), or (iii) knowledge of any default by any tenant of the Property under any of the Leases, or (iv) any notice of Seller's default as landlord under any Lease received by Seller from any tenant of the Property or the receipt or delivery from any tenant of any default or termination notice or claim of offset or defense to the payment of rent; or (v) receipt of notice from any tenant that such tenant intends to vacate its leased premises, or (vi) receipt of any notice of any actual or threatened litigation against Seller or affecting or relating to the Property. Seller shall not, without the prior written consent of Buyer in each instance, do the following:

(i) enter into or amend or modify any lease or other occupancy agreement for the Property;

(ii) enter into any other agreement concerning the Property not cancelable at the Closing;

(iii) convey or agree to convey the Property or any portion thereof or any interest or option therein or in Seller to any third party, or cause or permit the Property to become subject to any Non-Permitted Encumbrances;

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(iv) make any structural alteration to any improvements on the Property, or any alteration to any HVAC, electrical, plumbing, sprinkler or other utility system serving the Property; or

(v) apply any of the security deposits, whether to a default of a Tenant or otherwise, without the consent of the Buyer; or

(vi) consent to the assignment or subletting by any tenant of all or any portion of its premises (to the extent that Seller as the landlord under the respective Lease has the right to withhold such consent.

SECTION 12. Conditions To Closing and Post-Closing Matters.

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

(i) Title to the Property shall be as specified in Section 3.1

(ii) The representations and warranties of Seller contained herein are true and correct in all material respects (subject, however, to the provisions of Section 10.4 hereof);

(iii) Seller shall have tendered to Buyer all of the closing documents which Seller is required to deliver hereunder and otherwise performed all obligations required to be performed under this Agreement; and

(iv) The property is in substantially the same physical condition as existed upon the expiration of the Due Diligence Period, reasonable wear and tear excepted; and

(b) In the event that the conditions contained in this Section 12.1 are not satisfied, except if such failure shall constitute a default by Seller under this Agreement (in which event the provisions of Section 9 shall be applicable), Buyer shall have as its sole remedy hereunder the right to (i) waive such unsatisfied condition whereupon the transactions contemplated by this Agreement shall be consummated as provided in this Agreement, or (ii) terminate this Agreement, by notice to Seller. Upon the giving of such termination notice, this Agreement shall terminate and, except as otherwise set forth herein, neither party to this Agreement shall have any further rights or obligations hereunder.

SECTION 13. CASUALTY AND CONDEMNATION.

13.1 Casualty. In the event of any fire or other casualty affecting the Property prior to the Closing Date, Seller shall promptly notify Buyer thereof, describing the nature and extent thereof. If such casualty would cost at least Two Hundred and Fifty Thousand (\$250,000.00) Dollars to repair, or

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would not be fully covered by Seller's insurance (with no deductible, or with only such deductible as Seller would agree to reimburse Buyer for), or would give any tenant of the Property the right to terminate its Lease, then Buyer may, at its election, at any time within fifteen (15) calendar days after receipt of notice of such casualty, terminate this Agreement by notice to Seller and Escrow Agent, whereupon the Deposit shall be refunded to Buyer and, except as provided herein, neither party shall have any further rights against the other hereunder. In the event Buyer does not terminate this Agreement by reason of any such casualty within such fifteen (15) day period, or in the event that Buyer does not have the right to so terminate this Agreement, then and in that event, the sale of the Property shall be consummated as herein provided and Seller shall assign to Buyer on the Closing Date all of Seller's right, title and interest in and to all insurance proceeds payable by reason of such casualty and shall pay over to Buyer all amounts theretofore received by Seller in connection with such casualty and the amount of any deductible, in each case, net of Seller's costs incurred in obtaining such proceeds or restoring the Property.

13.2 Condemnation. In the event of any Taking prior to the Closing Date, Seller shall promptly notify Buyer thereof, describing the nature and extent thereof. Buyer may thereupon, at its election, at any time within fifteen (15) calendar days after receipt of written notice of such condemnation, terminate this Agreement by notice to Seller and Escrow Agent, whereupon the Deposit shall be refunded to Buyer and, except as provided herein, neither party shall have any further rights against the other hereunder. In the event Buyer does not terminate this Agreement by reason of any such Taking within such fifteen (15) day period, then and in that event, the sale of the Property shall be consummated as herein provided and Seller shall assign to Buyer on the Closing Date all of Seller's right, title and interest in and to all awards payable by reason of such Taking and shall pay over to Buyer all amounts theretofore received by Seller in connection with such Taking, in each case, net of Seller's costs incurred in obtaining such award or restoring the Property.

SECTION 14. NOTICES. Except as otherwise expressly provided in Section 5(c), all notices, requests or other communications which may be or are required to be given, served or sent by either party hereto to the other shall be deemed to have been properly given, if in writing and, unless otherwise specified herein, and (a) upon delivery, if delivered in person or by facsimile transmission with receipt thereof confirmed by printed facsimile acknowledgment, (b) one (1) business day after having been deposited for overnight delivery with any reputable overnight courier service, or (c) three (3) business days after having been deposited in any post office or mail depository regularly maintained by the United States Postal Office and sent by registered or certified mail, postage paid, return receipt requested, and in each case, addressed as follows:

To Seller:

102 Colliery Road
Dickson City, Pennsylvania 18519
Facsimile: (570) 383-0126
Telephone: (570) 383-0250
Attn: Richard Dreher

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With a Copy To:

Charles Brodsky, Esq.
11 Chambers Street, 2nd floor
Princeton, NJ 08542
Facsimile: 609-430-3058
Telephone: 609-430-3044

To Buyer:

44 South Bayles Avenue
Port Washington, New York 11050
Attention: Ms. Brenda Walker
Facsimile: 516-767-6497
Telephone: 516-883-5577

With a Copy To:

Warren S. Sacks, P.C.
707 Westchester Avenue
White Plains, New York 10604
Facsimile: (914) 682-1707
Telephone: (914) 428-8300

SECTION 15. MISCELLANEOUS. (a) Buyer and Seller each warrant and represent to the other that except for Metro Commercial Real Estate, Inc. (the "Broker"), no broker, agent or finder was involved in the negotiation and consummation of this transaction. Buyer and Seller each agree to indemnify and hold the other harmless, and defend the other from and against any claim, loss, damage, liability, cost and expense (including, without limitation, reasonable attorneys' fees) resulting from a breach of the foregoing representation. If the Closing shall occur, Seller shall pay any fee or commission due the Broker pursuant to a separate agreement with the Broker. The provisions of this Section shall survive the Closing or earlier termination of this Agreement.

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

(c) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

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

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

(e) Rule of Construction. Seller and Buyer are business entities having substantial experience with the subject matter of this Agreement and have each fully participated in the negotiation and drafting of this Agreement. Accordingly, this Agreement shall be construed without regard to the rule that ambiguities in a document are to be construed against the drafter.

(f) Business Days. If the expiration of any period or the occurrence of any date referred to in this Agreement would occur on a day which is other than a business day, then such period shall be deemed to expired and/or such date shall be postponed to the first business day occurring thereafter. The term "business day" shall mean a day of the week other than Saturday, Sunday or legal holidays on which banking institutions or state government offices in the Scranton, PA area are authorized or required to close.

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

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

(i) Seller acknowledges that as a REIT, Buyer will be required, after the Closing, to comply with certain requirements of the Securities and Exchange Commission; accordingly, Seller agrees to be bound by and to comply with the provisions set forth in Exhibit J attached hereto and made a part hereof, in order to facilitate such compliance by Buyer. The foregoing covenant of Seller shall survive the Closing.

(j) Seller and Buyer agree that either party may elect to structure the purchase of the Premises within the meaning of Section 1031 of the Internal Revenue Code by assigning its rights, but not its obligations, hereunder to a qualified intermediary as provided in Income Tax Regulations Section 1.1031(k)-1(g) (4) on or before the Closing Date, and the other party hereby agrees to cooperate therewith, provided that (a) the other party will not be required to incur any costs as a result of such like-kind exchange, (b) the Closing Date shall not be adjourned by reason thereof, (c) the other party will incur no expense, liability or obligation, in connection with said structuring, other than acknowledging and consenting to exchanging party's assignment in

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connection with such exchange, (d) the other party shall have no obligation to take title to any real property in connection with such exchange, and (e) the other party shall make no representation or warranty in connection with, and shall have no responsibility for, compliance by such exchange with the Internal Revenue Code or any regulations thereunder.

[signature page follows]

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

SELLER:

SADG-11 Associates, L.P.,
a Pennsylvania limited partnership

By: SADG-2, Inc.
a Pennsylvania corporation, general partner

By: /s/ Richard C. Dreher

Richard C. Dreher, President

BUYER:

Cedar Shopping Centers Partnership, L.P.
a Delaware limited partnership

By: Cedar Shopping Centers, Inc.
a Maryland corporation, general partner

By: /s/ Leo S. Ullman

Name: Leo S. Ullman
Title: President

Escrow Agent hereby executes this Agreement to acknowledge receipt of the Initial Deposit and to confirm its agreement to hold and disburse the Deposit in accordance with the terms and conditions of the foregoing Agreement

Lawyers Title Insurance Corporation

By: -----
Craig Federer

EXHIBIT A

(Legal Description of the Land)

EXHIBIT B

ESCROW PROVISIONS

(a) The Deposit shall be held by Escrow Agent, and disbursed by Escrow Agent in the following manner:

(i) to Seller upon consummation of the Closing; or

(ii) to Seller upon receipt of written demand therefor, stating that either (x) this Agreement has been terminated pursuant to a provision herein which states that Seller is entitled to the Deposit upon termination, and certifying the basis for such termination or (y) Buyer has defaulted in the performance of Buyer's obligations under this Agreement and the facts and circumstances underlying such

default; provided, however, that Escrow Agent shall not honor such demand until at least five (5) days business days after it has sent a copy of such demand to Buyer, in accordance with the notice procedure set forth in the Agreement nor thereafter if Escrow Agent shall have received written notice of objection from Buyer in accordance with the provisions of paragraph (b) of this Exhibit B; or

(iii) to Buyer upon receipt of written demand therefor, stating that either (x) this Agreement has been terminated pursuant to a provision hereof which states that Buyer is entitled to the Deposit upon termination, and certifying the basis for such termination, or (y) Seller has defaulted in performance of Seller's obligations under this Agreement and the facts and circumstances underlying such default; provided, however, that Escrow Agent shall not honor such demand until at least the greater of five (5) business days after it has sent a copy of such demand to Seller in accordance with the notice procedure set forth in the Agreement, nor thereafter if Escrow Agent shall have received written notice of objection from Seller in accordance with the provisions of paragraph (b) of this Exhibit B.

(b) Upon receipt of written demand for the Deposit by Buyer or Seller pursuant to clause (ii) or (iii) of paragraph (a) above, Escrow Agent shall promptly send a copy thereof to the other party. The other party shall have the right to object to the delivery of the Deposit by sending written notice of such objection to Escrow Agent within five (5) business days after Escrow Agent delivers a copy of the written demand to the objecting party but not thereafter. Such notice shall set forth the basis for objecting to the delivery of the Deposit. Upon receipt of such notice, Escrow Agent shall promptly send a copy thereof to the party who made the written demand.

(c) In the event of any dispute between the parties regarding the Deposit, Escrow Agent, at its option, may disregard all instructions received and either (i) hold the Deposit until the dispute is mutually resolved and Escrow Agent is advised of this fact in writing by both Seller and Buyer, or Escrow Agent is otherwise instructed by a final unappealable judgment of a court of competent jurisdiction, or (ii) deposit the Deposit with a court of competent jurisdiction (whereupon Escrow Agent shall be released and relieved of any and all liability and obligations hereunder from and after the date of such deposit).

(d) Escrow Agent may rely upon, and shall be protected in acting or refraining from acting upon, any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties, provided that any modification of this Agreement shall be signed by Escrow Agent, Buyer and Seller.

(e) Seller and Buyer shall jointly and severally hold Escrow Agent harmless against any loss, damage, liability or expense incurred by Escrow Agent not caused by its willful misconduct or gross negligence, arising out of or in connection with its entering into this Agreement and the carrying out of its duties hereunder, including the reasonable costs and expenses of defending itself against any claim of liability or participating in any legal proceeding. Escrow Agent may consult with counsel of its choice, and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(f) Escrow Agent may resign at will and be discharged from its duties or obligations hereunder by giving notice in writing of such resignation specifying a date when such resignation shall take effect; provided, however, that (i) prior to such resignation a substitute escrow agent is approved in writing by Seller and Buyer, which approval shall not be unreasonably withheld or delayed, or (ii) Escrow Agent shall deposit the Deposit with a court of competent jurisdiction. After such resignation, Escrow Agent shall have no further duties or liability hereunder.

(g) Buyer and Seller, together, shall have the right to terminate the appointment of Escrow Agent hereunder by giving to it notice of such termination, specifying the date upon which such termination shall take effect and designating a replacement Escrow Agent, who shall sign a counterpart of this Agreement. Upon demand of such successor Escrow Agent, the Deposit shall be turned over and delivered to such successor Escrow Agent, who shall thereupon be bound by all of the provisions hereof.

(h) Seller and Buyer shall share equally the responsibility for reimbursement to Escrow Agent of all out-of-pocket expenses, disbursements and advances (including reasonable attorneys' fees) incurred or made by Escrow Agent in connection with the carrying out of its duties hereunder. Escrow Agent agrees that it shall not charge any such fees, expenses, disbursements or advances if the Deposit is released from escrow hereunder without a dispute between Seller and Buyer with respect thereto.

(i) Escrow Agent's agreements and obligations hereunder shall terminate and Escrow Agent shall be discharged from further duties and obligations hereunder upon final payment of the Deposit in accordance with the terms of this Agreement.

EXHIBIT C

(Additional Permitted Exceptions to Title)

EXHIBIT D

(Assignment and Assumption of Leases and Security Deposits)

EXHIBIT E

(Estoppel Certificate)

TO: Cedar Shopping Centers Partnership, L.P. (or its designated nominee acquire title to the Shopping Center), its mortgage lender, and their successors and/or assigns

The undersigned ("Tenant"), under that certain lease, dated _____ ("Landlord"), for certain premises located at the Sunset Crossings Shopping Center in Dickson City, Pennsylvania (the "Shopping Center"), containing approximately _____ square feet (hereinafter referred to as the "Premises") hereby ratifies the Lease and certifies that:

1. The Lease has not been modified, changed or amended, except by the documents listed in Schedule A attached hereto. The Lease is in full force and effect.
2. Tenant has accepted possession of and is now occupying the Premises.
3. The current term of the Lease commenced on _____ and expires on _____. Tenant has _____ (___), remaining renewal options of _____ years each.
4. The present base or minimum monthly rental under the Lease is \$_____. Monthly rent commenced on _____, _____. Monthly rental has been paid through _____, 20___. There has been no prepayment of rent other than as provided by the Lease.
6. Tenant is currently making contributions toward common area maintenance expenses, real estate taxes and insurance in the sum of \$_____ per month. Payments have been made through _____, 20__.
7. The amount of the security deposit paid under the terms of the Lease and not returned to Tenant is \$_____.
8. There are no defaults under the Lease by Landlord, nor to the best of the undersigned's knowledge has any event occurred which, with passage of time or the giving of notice or both, would constitute a default by Landlord under the Lease, except as set forth in Schedule A.
9. All work to be performed by Landlord under the Lease has been completed in accordance with the terms of the Lease and has been accepted by the undersigned; Tenant has received all construction allowances, rent concessions and other "free rent" which Tenant is entitled to receive under the Lease, except as set forth in Schedule A.

10. To Tenant's knowledge there are no current default-related credits, offsets or deductions to which it is entitled under the Lease.

11. Tenant has not previously assigned the Lease or sublet all or any portion of the Premises.

12. Tenant has no right or option to purchase any portion of the Shopping Center.

13. Tenant confirms and agrees that the Lease is and shall at all times be subject and subordinate to any mortgages or deeds of trust now or hereafter affecting the Shopping Center, and any amendments, modifications, consolidations, substitutions, replacements, additions, renewals, extensions or re advances thereof.

This certification is binding upon the undersigned and may be relied upon by you and any successor in interest to you or any mortgage lender of the Shopping Center.

The undersigned individual hereby certified that he is duly authorized to sign, acknowledge and deliver this letter on behalf of Tenant.

IN WITNESS WHEREOF, Tenant has executed and delivered this Estoppel Certificate effective _____, 2003.

By: _____
Name:
Title:

EXHIBIT F

(Tenant Leases)

EXHIBIT F-1
(Proposed Chinese Buffet Tenant Lease)

EXHIBIT F-2
(Proposed Amendment to ZTN Pizza, Inc. Lease)

EXHIBIT G

(Rent Roll)

EXHIBIT H

(Service Contracts)

EXHIBIT I

(Unpaid Brokerage Commissions)

EXHIBIT J

8-K and Audit Requirements

For the period of time commencing on the execution of the attached Agreement of Purchase and Sale and continuing through the first anniversary of the Closing Date, Seller shall, from time to time, upon reasonable advance notice from Buyer, provide Buyer and its representatives, agents and employees with access to all financial and other information pertaining to the period of Seller's ownership and operation of the Property, which information is relevant and reasonable necessary, in the opinion of Cedar Shopping Centers, Inc. ("Cedar") outside, third party accountants (the "Accountants"), to enable Cedar and its Accountants to prepare financial statements in compliance with any and or all of (a) Rule 3-14 of Regulation S-X of the Securities and Exchange Commission (the "Commission"); (b) any other rule issued by the Commission and applicable to Cedar; and (c) any registration statement, report or disclosure statement filed with the Commission by, or on behalf of, Cedar; provided however, that in any such event(s), Buyer shall reimburse Seller for those third party, out-of-pocket costs and expenses that Seller incurs in order to comply with the foregoing requirement. Seller acknowledges and agrees that the following is a representative description of the information and documentation that Cedar and the Accountants may require in order to comply with (a), (b), and (c) above. Seller shall provide the following information, and documentation on a per-building basis, if available (capitalized terms not defined herein shall have the meanings as ascribed to such terms in the attached Agreement of Sale):

1. Rent rolls for the calendar month in which the closing occurs and the eleven (11) calendar months immediately preceding the calendar month in which the closing occurs;
2. Seller's written analysis of both (a) scheduled increases in base rent required under the Leases in effect on the Closing Date; and (b) rent concessions imposed by those Leases;
3. Seller's internally-prepared operating statements;
4. Access to Lease files;
5. Most currently available real estate tax bills;
6. Access to Seller's cash receipt journal(s) and bank statements for the Property;
7. Seller's general ledger with respect to the Property, excluding Seller's proprietary accounts;
8. Seller's schedule of expense reimbursements required under the Leases in effect on the Closing Date;
9. Schedule of those items of repairs and maintenance performed by, or at the direction of the Seller, during Seller's final fiscal year in which Seller owns and operates the Property (the "Final Fiscal Year");
10. Schedule of those capital improvements and fixed assets additions made by, or at the direction of, Seller during the Final Fiscal Year;
11. Access to Seller's invoices with respect to expenditures made during the Final Fiscal Year; and
12. Access (during normal and customary business hours) to responsible personnel to answer accounting questions.

Nothing herein shall require Seller to conduct its own audits or generate any requested materials that are not in its possession.

The provisions of the foregoing information shall be for informational purposes only, shall not be deemed to be representations or warranties under this Agreement, and shall not expose Seller to any liability on account thereof.

Upon Buyer's request, for a period of (2) years after Closing, Seller shall make Seller's books, records, existing supporting invoices and other existing substantiating documentation available to Buyer for inspection, copying, and audit by Buyer's designated accountants, at the expense of Buyer. This obligation shall survive the Closing for a period of two (2) years and shall not be merged with any instrument of conveyance delivered at Closing.

AMENDMENT TO AGREEMENT OF PURCHASE AND SALE

THIS AMENDMENT TO AGREEMENT OF PURCHASE AND SALE (the "Amendment") is made this 1st day of December, 2003, by and between SADG-11 I ASSOCIATES, L.P., a Pennsylvania limited partnership having an address at 102 Colliery Road, Dickson City, Pennsylvania 18519 ("Seller"), and CEDAR SHOPPING CENTERS PARTNERSHIP, L.P., a Delaware limited partnership having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Buyer").

WITNESSETH

A, Seller and Buyer are parties to that certain Agreement of Purchase and Sale dated the 27th day of October, 2003 (as amended hereby, the "Agreement") relating to certain real property located at Main Street (Route 341) Dickson City, Pennsylvania, as more fully described in the Agreement. All capitalized terms not defined herein shall have the definitions set forth in the Agreement.

B. Seller and Buyer desire to amend the Agreement in accordance with the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual covenants and conditions set forth herein, and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged by Seller and Buyer, and intending to be legally bound hereby, Seller and Buyer hereby amend the Agreement as follows:

1. DUE DILIGENCE PERIOD. The Due Diligence Period is hereby extended so as to expire at close of business on December 8, 2003.

2. VACANT SPACE COSTS CREDIT AND HOLDBACK.

If the Closing shall occur before all of the following have occurred:

(a) a lease (the "Vacant Space Lease") covering all of the 3,000 square feet of space currently vacant at the Property (the "Vacant Space") for a term of at least five (5) years and providing for the payment by the tenant thereunder (the "Tenant") of annual fixed rent of at least \$10.00 psf, triple net, without provision of any tenant allowance or landlord work (other than work already completed in the Vacant Space as of the date hereof) and otherwise in form and substance reasonably acceptable to Buyer, has been fully executed and delivered to Buyer, together with an estoppel letter executed by the tenant thereunder (the "Tenant") in the form attached to the Agreement as Exhibit E; and

(b) the Tenant has commenced the regular payment of fixed rent under the Vacant Space Lease;

(c) all leasing commissions under or associated with the Vacant Space Lease have been fully paid by Seller;

then (i) Buyer shall receive a credit against the Purchase Price at the Closing in the sum of \$7,500 [estimated brokerage commission for Vacant Space] and (ii) there shall be held back from the Purchase Price and paid to Purchaser's title insurance company, as escrow agent ("Escrow Agent") (or a substitute Escrow Agent reasonably acceptable to Seller and Purchaser), to be held and disbursed by Escrow Agent in accordance with the provisions of an escrow agreement to be

negotiated in good faith between Seller and Buyer prior to the Closing, the sum of \$21,750 [6 months of fixed rent @ \$12.00 psf plus \$2.50 psf for 6 months estimated CAM, Taxes and Insurance] (collectively, the "Rent Holdback"). One-sixth (1/6th) of the Rent Holdback shall be disbursed by Escrow Agent to Buyer every 30 days following the Closing, provided, however, that if Buyer executes and delivers a lease with a tenant for the Vacant Space under which the tenant thereunder actually commences the payment of fixed rent earlier than six (6) months after the Closing, Buyer shall give notice thereof to Seller and Escrow Agent, and Escrow Agent shall thereupon disburse to Seller the portion of the Rent Holdback allocable to the portion of the six (6) month period after the Closing occurring after the rent commencement date under such new lease and shall disburse any remaining balance to Buyer. Notwithstanding anything to the contrary set forth above, if the lease to which reference is made in Section 10.1(g) of the Agreement is signed before Closing, then Seller shall pay all real estate commissions payable on account of such lease and Buyer shall not be entitled to a credit on account thereof.

3. GENERAL PROVISIONS

A. Except as expressly set forth herein, the Agreement is unmodified and in full force and effect and is hereby ratified by the parties hereto. This Amendment shall be binding upon and shall inure to the benefit of the parties and their successors and assigns.

B. This Amendment may be executed in any number of counterparts, each of which shall be an original, and all of which taken together shall constitute a single instrument. For purposes of this Amendment, a telecopy of an executed counterpart shall constitute an original. Any party delivering an executed counterpart of this Amendment by telecopier shall also deliver an original executed counterpart of this Amendment, but the failure to deliver an original executed counterpart shall not affect the validity of this Amendment.

IN WITNESS WHEREOF, Buyer and Seller have caused this Amendment to be duly executed the day and year first above written.

SELLER:

SADG-11 Associates, L.P.,
a Pennsylvania limited partnership

By: SADG-2, Inc.
a Pennsylvania corporation,
general partner

By: Richard C. Dreher

Richard C. Dreher, President

BUYER:

Cedar Shopping Centers Partnership, L.P.
a Delaware limited partnership

By: Cedar Shopping Centers, Inc.
a Maryland corporation, general partner

By: Leo S. Ullman

Name: Leo S. Ullman
Title: President

PROMISSORY NOTE

\$8,960,000.00

December 22, 2003

FOR VALUE RECEIVED, the undersigned Cedar Sunset Crossing, LLC, having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Maker") promises to pay to the order of Cedar Lender LLC, a Delaware limited company, having an address at 44 South Bayles Avenue, Port Washington, New York 11050 ("Payee"), in lawful money of the United States, the principal sum of \$8,960,000.00 within five (5) days after receipt of written demand therefor from Payee (the "Maturity Date"), together with interest on the principal sum hereof at the rate of 8% per annum accruing from and after the date hereof through and including the Maturity Date, which interest shall be payable in monthly installments commencing on January 1, 2004.

This Note may be prepaid in whole without premium or penalty at any time during the term hereof.

If the full principal sum hereof is not paid on the Maturity Date, Maker shall thereafter pay to Payee interest on the unpaid principal balance from the Maturity Date until payment in full of the principal balance at the lesser of 13% per annum or the highest rate permitted by applicable New York State or Federal law. Such interest shall be in addition to and separate from any other rights or remedies of Payee in the event of a late payment of the principal sum hereof by Maker.

Maker and Payee agree that in any action or proceeding brought by Payee against Maker on this Note, Maker and Payee shall and do hereby waive trial by jury.

If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding; (b) an attorney is retained to represent Payee in any bankruptcy, reorganization, receivership, or other proceeding affecting creditors rights and involving a claim under this Note; or (c) an attorney is retained to represent Payee in any other proceeding whatsoever in connection with this Note, then Maker shall pay to Payee all reasonable attorneys' fees, costs and expenses actually incurred by Payee in connection therewith, in addition to all other amounts due hereunder. Each of the foregoing fees, costs and expenses shall be payable by Maker upon demand by Payee and shall bear interest after becoming due and until paid at the lesser of the rate of 13% per annum or the highest rate permitted by applicable law.

This Note cannot be modified or discharged orally. No requirement hereof may be waived at any time except by a writing signed by Payee, nor shall any waiver be operative upon other than a single occasion. All rights and remedies herein specified are intended to be cumulative and not in substitution for any right or remedy otherwise available. All references herein to Maker and Payee shall be deemed to include their respective heirs, legal representatives, successors and assigns.

If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable, it shall be ineffective only to the extent of such prohibition or unenforceability and such prohibition or unenforceability shall not invalidate the balance of such provision, nor invalidate any other provision hereof.

IN WITNESS WHEREOF, Maker has duly executed this Note the date and year first above written.

CEDAR SUNSET CROSSING, LLC
a Delaware limited liability company

By: Cedar Shopping Centers Partnership, L.P.,
a Delaware limited partnership,
its sole member

By: Cedar Shopping Centers, Inc.,
a Maryland corporation,
its general partner

By: /s/ Brenda J. Walker

Name: Brenda J. Walker
Title: Vice President

CEDAR SHOPPING CENTERS, INC.
LIST OF SUBSIDIARIES

Entity - - - - -	Jurisdiction -----
Academy Plaza L.L.C. 1	Delaware
Academy Plaza L.L.C. 2	Delaware
API Red Lion Shopping Center Associates	New York
Cedar-Camp Hill, LLC	Delaware
Cedar Center Holdings L.L.C. 3	Delaware
Cedar-Columbus LLC	Delaware
Cedar Dubois, LLC	Delaware
Cedar-Fort Washington LLC	Delaware
Cedar Golden Triangle LLC	Delaware
Cedar Lender LLC	Delaware
Cedar-Point Limited Partner LLC	Delaware
Cedar-Riverview LLC	Delaware
Cedar-Riverview LP	Pennsylvania
Cedar-RL LLC	Delaware
Cedar Shopping Centers, Inc.	Maryland
Cedar Shopping Centers Partnership, L.P.	Delaware
Cedar Southington Plaza LLC	Delaware
Cedar Sunset Crossing LLC	Delaware
Cedar Townfair, LLC	Delaware
Cedar Townfair Phase III, LLC	Delaware
Cedar-Valley Plaza LLC	Delaware
CIF-Fairport Associates, LLC	Delaware
CIF-Fairview Plaza Associates, LLC	Delaware
CIF Halifax Plaza Associates, LLC	Delaware
CIF Newport Plaza Associates, LLC	Delaware
CIF Loyal Plaza Associates Corp.	Delaware
CH Swede Square, L.P.	Delaware
CIF-Pine Grove Plaza Associates LLC	Delaware
CSC-Columbus LLC	Delaware
CSC-Riverview LLC	Delaware
Cedar-South Philadelphia II, LLC	Delaware
Cedar-South Philadelphia I, LLC	Delaware
Fairport Plaza Associates, L.P.	Delaware
Fairview Plaza Associates, L.P.	Delaware
Fort Washington Fitness, L.P.	Delaware
Greentree Road L.L.C. 1	Delaware
Greentree Road L.L.C. 2	Delaware
Halifax Plaza Associates, L.P.	Delaware
Loyal Plaza Associates, L.P.	Delaware
Newport Plaza Associates, L.P.	Delaware
Pine Grove Pad Associates, LLC	Delaware
Pine Grove Plaza Associates, LLC	Delaware
Port Richmond L.L.C. 1	Delaware
Port Richmond L.L.C. 2	Delaware
Swede Square, LLC	Pennsylvania
Swede Square Associates, L.P.	Pennsylvania
The Point Associates, L.P.	Pennsylvania
The Point Shopping Center LLC	Delaware
Washington Center L.L.C. 1	Delaware
Washington Center L.L.C. 2	Delaware

CERTIFICATION

I, Leo S. Ullman, Chief Executive Officer of Cedar Shopping Centers, Inc. (the "Company"), certify that:

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

Date: March 29, 2004

/s/ Leo S. Ullman

Leo S. Ullman, Chief Executive Officer

CERTIFICATION

I, Thomas J. O'Keefe, Chief Financial Officer of Cedar Shopping Centers, Inc. (the "Company"), certify that:

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

Date: March 29, 2004

/s/ Thomas J. O'Keefe

Thomas J. O'Keefe, Chief Financial Officer

CERTIFICATION

I, Leo S. Ullman, Chief Executive Officer of Cedar Shopping Centers, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The annual report on Form 10-K of the Company for the period ended December 31, 2003, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 29th day of March, 2004.

/s/ Leo S. Ullman

Leo S. Ullman, Chief Executive Officer

CERTIFICATION

I, Thomas J. O'Keefe, Chief Financial Officer of Cedar Shopping Centers, Inc. (the "Company"), pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, do hereby certify as follows:

1. The annual report on Form 10-K of the Company for the period ended December 31, 2003, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, I have executed this Certification this 29th day of March, 2004.

/s/ Thomas J. O'Keefe

Thomas J. O'Keefe, Chief Financial Officer