FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended..........................September 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from.............to...............

Commission file number..0-14510

CEDAR INCOME FUND, LTD.

(Exact name of registrant as specified in charter)

Maryland	42-1241468
(State or other Jurisdiction of Incorporation)	(IRS Employer Identification No.)
44 South Bayles Avenue, Port Washington, New York	11050
(Address of principal executive offices)	(Zip Code)

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

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

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

The number of shares outstanding of the registrant's Common Stock $0.01 par value was 694,411 on November 12, 2002.

Cedar Income Fund, Ltd.

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Part II. Other Information

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Part I. Financial Information
Item 1. Financial Statements

Cedar Income Fund, Ltd.
Consolidated Balance Sheet
(unaudited)

<TABLE>
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<S>	September 30, 2002 (unaudited) <C>	December 31, 2001 <C>
Assets		
Real estate		
Land	$ 17,974,039	$ 10,108,717
Buildings and improvements	80,357,963	47,513,267
	98,332,002	57,621,984
Less accumulated depreciation	(1,822,911)	(674,256)
Real estate	96,509,091	56,947,728
Real estate held for sale	-	4,401,800
Property deposits	684,000	-
Cash and cash equivalents	1,633,915	2,872,289
Restricted cash	1,305,081	1,402,654
Rents and other receivables	561,241	217,104
Deferred financing costs, net	1,452,963	1,195,047
Deferred legal, net	38,087	98,749
Prepaid expenses, net	865,024	130,557
Deferred lease commissions	684,909	392,823
Deferred rental income	296,177	47,924
Taxes held in escrow	581,822	641,715
Total Assets	$ 104,612,310	$ 68,348,390
Liabilities and Shareholders' Equity		
Liabilities		
Mortgage loans payable	$ 79,459,112	$ 46,129,760
Loans payable	1,387,142	5,980,000
Accounts payable and accrued expenses	1,688,854	876,456
Security deposits	285,649	243,089
Advance rents	444,930	252,294
Total Liabilities	83,265,687	53,481,599
Minority interests	9,550,201	2,235,239
Limited partner's interest in consolidated Operating Partnership	8,359,311	8,964,366
Shareholders' Equity		
Common stock ($.01 par value 50,000,000 shares authorized, 694,411 and 692,111 shares issued and outstanding, respectively)	6,944	6,921
Additional paid-in capital	3,430,167	3,660,265
Total Shareholders' Equity	3,437,111	3,667,186
Total Liabilities and Shareholders' Equity	$ 104,612,310	$ 68,348,390
Total Shareholders' Equity in the Company and limited partner's (equity) interest in Operating Partnership and minority interests	$ 21,346,623	$ 14,866,791

</TABLE>

See the accompanying notes to consolidated financial statements.

Cedar Income Fund, Ltd.
Consolidated Statements of Shareholders' Equity
(unaudited)

<TABLE>
<CAPTION>

	Common Stock	Additional Paid-In Capital	Undistributed Net Earnings	Total Shareholders' Equity
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 2001	$ 6,921	$ 3,660,265	$ -	$ 3,667,186
Issuance of warrants	-	78,566	-	78,566
Conversion of Operating Partnership units to Common Stock	23	11,287	-	11,310
Net (loss)	-	(319,951)	-	(319,951)
Balance at September 30, 2002	$ 6,944	$ 3,430,167	$ -	$ 3,437,111

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

Cedar Income Fund, Ltd.
Consolidated Statements of Operations
(unaudited)

<TABLE>
<CAPTION>

	Three Months Ended September 30, 2002	Three Months Ended September 30, 2001	Nine Months Ended September 30, 2002	Nine Months Ended September 30, 2001
REVENUE				
<S>	<C>	<C>	<C>	<C>
Rents	$2,820,545	$ 723,424	$6,674,517	$ 2,141,433
Expense recoveries	785,782	98,908	2,086,685	419,862
Other	7,673	-	7,673	21,498
Interest	325	38,380	11,507	226,930
Total Revenue	3,614,325	860,712	8,780,382	2,809,723
EXPENSES				
Property expenses:				
Payroll	45,118	17,831	99,756	45,258
Real estate taxes	446,104	69,362	1,038,909	244,674
Repairs and maintenance	147,476	54,991	535,817	228,098
Utilities	85,257	49,775	262,204	168,738
Management fee	144,542	26,362	359,442	92,534
Insurance	85,538	7,152	156,164	28,853
Leasing commissions	11,605	-	48,352	-
Other	270,377	48,551	560,433	157,710
Property expenses, excluding depreciation and amortization	1,236,017	274,024	3,061,077	965,865
Depreciation	505,998	148,398	1,147,849	400,907
Amortization	101,296	10,226	571,938	63,809
Total property expenses	1,843,311	432,648	4,780,864	

				1,430,581
Interest	1,592,835	293,425	3,561,580	960,081
Directors' fees, directors' and officers' insurance and expenses	55,839	24,468	118,845	73,404
Administrative and advisory fees	90,000	41,397	270,000	89,567
Other administrative	46,175	92,840	331,437	201,069
Loan repayment fee	-	-	268,500	-
Total Expenses	3,628,160	884,778	9,331,226	2,754,702
Net income (loss) before minority interests and limited partner's interest in Operating Partnership and gain (loss) on sale	(13,835)	(24,066)	(550,844)	55,021
Minority interests	(142,044)	(26,183)	(21,397)	(20,254)
Limited partner's interest in loss and (gain) loss on sale	96,310	23,449	441,417	(996,532)
Gain on sale	-	-	-	1,638,416
Loss on sale	-	-	(48,511)	(295,610)
(Loss) before cumulative effect adjustment	(59,569)	(26,800)	(179,335)	381,041
Cumulative effect of change in accounting principles (net of limited partner's share of ($14,732))	-	-	-	(6,014)
Net (loss) income before extraordinary items	$ (59,569)	$ (26,800)	$ (179,335)	$ 375,027
Extraordinary items				
Early extinguishment of debt (net of limited partner's share of $346,110)	$ -	$ -	$ (140,616)	$ -
Early extinguishment of debt (net of limited partner's share of $187,834)	-	-	-	(76,312)
Net (loss) income	$ (59,569)	$ (26,800)	$ (319,951)	$ 298,715
Net (loss) income per share before cumulative effect adjustment	(0.09)	(0.04)	(0.26)	0.55
Cumulative change in accounting principle per share	-	-	-	(0.01)
Net (earnings) loss per share before extraordinary item	(0.09)	(0.04)	(0.26)	0.54
Extraordinary (loss) per share	-	-	(0.20)	(0.11)
Net (loss) earnings per share	$ (0.09)	$ (0.04)	$ (0.46)	$ 0.43
Average number of shares outstanding	694,411	692,111	693,175	692,111

</TABLE>

See the accompanying notes to consolidated financial statements.

Cedar Income Fund, Ltd.
Consolidated Statements of Cash Flows
(unaudited)

<TABLE>
<CAPTION>

Nine Months Ended
September 30, 2002 September 30, 2001

<S> <C> <C>

Net (loss) income	$ (319,951)	$ 298,715
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Cumulative effect of change in accounting principle	-	20,737
Minority interest	21,397	20,254
Limited partner's interest in Operating Partnership	(441,417)	996,532
Gain on sale of Broadbent Business Center	-	(1,638,416)
Loss on sale of Corporate Center East	-	295,610
Loss on sale of Southpoint Parkway	48,511	-
Early extinguishment of debt	486,726	264,146
Depreciation and amortization	1,719,787	464,716
(Increase) decrease in deferred rental receivable	(248,253)	18,288
Changes in operating assets and liabilites:		
(Increase) decrease in rent and other receivables	(344,137)	96,137
Decrease in deferred legal	60,662	39,231
(Increase) decrease in prepaid expenses	(635,406)	(45,241)
(Increase) decrease in deferred lease commissions	(292,086)	33,936
(Increase) decrease in taxes held in escrow	59,893	46,362
Increase (decrease) in accounts payable	812,398	(98,886)
Security deposits collected, net	42,560	(47,367)
(Decrease) increase in advance rents	192,636	(80,116)
Net cash provided by operating activities	1,163,320	684,638
Cash Flow from Investing Activities		
Capital expenditures	(1,079,941)	(5,656,784)
Decrease (increase) in restricted cash	97,573	2,861,130
Property deposits	(684,000)	(350,000)
Decrease in construction payable	-	(343,090)
Payment of long-term leasing commissions	-	(391,844)
Sale of Broadbent Business Center	-	4,839,941
Sale of Southpoint Parkway	4,353,289	-
Sale of Corporate Center East	-	1,722,458
Acquisition of Red Lion Associates net of cash at acquisition	(3,174,623)	-
Acquisition of Loyal Plaza	(5,408,453)	-
Net cash (used in) provided by investing activities	(5,896,155)	2,681,811
Cash Flow from Financing Activities		
Repayment of The Point financing	(17,900,000)	-
Principal portion of scheduled mortgage payments	(251,990)	-
Proceeds from The Point mortgage financing	20,000,000	-
Proceeds from line of credit	500,000	(1,515,644)
Contribution from minority interest - Red Lion	4,030,290	-
Contribution from minority interest - Loyal Plaza	4,000,000	-
Distribution to minority interest	(736,725)	-
Repayment of loans payable	(5,092,858)	-
Deferred financing costs	(1,054,256)	(160,928)
Net cash provided by (used in) financing activities	3,494,461	(1,676,572)
Net (decrease) increase in cash and cash equivalents	(1,238,374)	1,689,877
Cash and cash equivalents at beginning of the period	2,872,289	841,111
Cash and cash equivalents at end of the period	$ 1,633,915	$ 2,530,988
Supplemental Disclosure of Cash Activities		
Interest paid	$ 3,528,871	$ 2,530,988
Non-Cash Activities		
Warrants	$ 198,095	$ -
Red Lion acquisition note payable	$ 887,142	$ -
Red Lion mortgage assumed	$ 16,778,156	$ -
Loyal Plaza mortgage assumed	$ 13,877,087	$ -

</TABLE>

See the accompanying notes to consolidated financial statements.

Cedar Income Fund, Ltd.
Notes to Consolidated Financial Statements
September 30, 2002
(unaudited)

Note 1. Background, Organization and Reorganization of the Company

Cedar Income Fund, Ltd. (the "Company") was originally incorporated in

Iowa on December 10, 1984, and qualified to operate as a real estate investment trust ("REIT"). Shortly thereafter, the Company's Common Stock was listed on the NASDAQ securities market. In June 1998, the Company was reorganized and included in an umbrella partnership REIT structure through the contribution of substantially all of its assets to a limited partnership (the "Operating Partnership") in exchange for the sole general partnership interest and all 2,245,411 limited partnership interests ("Units") of the Operating Partnership. Immediately thereafter, Cedar Bay Company, ("CBC") a New York general partnership, which, as a result of a tender offer completed in April 1998, became the largest stockholder of the Company, exchanged 1,703,300 shares of Common Stock for 1,703,300 Units owned by the Company. Following these transactions, substantially all of the Company's assets consisted of the controlling interest as the sole general partner of the Operating Partnership and approximately 24% of the Units; substantially all of CBC's assets consisted of 189,737 shares of Common Stock (approximately 35% of the then-issued and outstanding shares of Common Stock) and approximately 76% of the Units.

The Company's shares are traded on the NASDAQ (Small Cap) Market under the symbol "CEDR".

Currently, a Unit in the Operating Partnership and a share of Common Stock of the Company have essentially the same economic characteristics, as they effectively share equally in net income or loss and distributions of the Operating Partnership.

The Company continues to operate as a REIT. To qualify as a REIT under applicable provisions of the Internal Revenue Code of 1986, as amended, and Regulations thereto (the "Code"), 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 (primarily shopping center) real estate investments which will provide the best available cash flow and present an opportunity for capital appreciation.

The Company, through its Operating Partnership, directly or indirectly through partnership interests or limited liability companies, as of September 30, 2002 owned and operated the following shopping center properties:

Note 1. Background, Organization and Reorganization of the Company (continued)

<TABLE>
<CAPTION>

Name	Location	Square Footage	Ownership Interest (as G.P.)
<S>	<C>	<C>	<C>
Academy Plaza	Philadelphia, PA	154,067 sq. ft.	100%
Port Richmond Village	Philadelphia, PA	156,651 sq. ft.	100%
Washington Center Shoppes	Sewell, NJ	157,146 sq. ft.	100%
Greentree Road (parcel)	Sewell, NJ	47,000 sq. ft.	100%
The Point Shopping Center	Harrisburg, PA	255,230 sq. ft.	50%
Red Lion Shopping Center	Philadelphia, PA	224,309 sq. ft.	20%
Loyal Plaza Shopping Center	Williamsport, PA	293,270 sq. ft.	25%

</TABLE>

Cedar Bay Realty Advisors, Inc., a New York corporation ("CBRA"), serves as investment advisor to the Company pursuant to an Administrative and Advisory Agreement (the "Advisory Agreement") with the Company. Brentway Management LLC, a New York limited liability company ("Brentway"), provides property management services for the Company's properties pursuant to a Management Agreement dated April 1998 (the "Management Agreement") and through individual management agreements for the respective properties with the Company on arm's-length terms. SKR Management Corp., a New York corporation ("SKR"), provides certain legal services to the Company through its in-house counsel and Secretary of the Company, Stuart H. Widowski. CBRA and SKR are wholly-owned by Leo S. Ullman. Brentway is owned by Leo Ullman and Brenda Walker. Leo S. Ullman is President and Chairman of the Board of the Company and of the corporate partners of CBC. Brenda Walker is Vice President and a Director of the Company and Vice President of the corporate partners of CBC. The terms of the Advisory Agreement and Management Agreement are further discussed in Note 8 to the Consolidated Financial Statements.

Note 2. Description of Significant Accounting Policies

General

The accompanying interim unaudited financial statements have been prepared by the Company's management pursuant to the rules and regulations of the SEC. Certain information and footnote disclosure normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States ("GAAP") may have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The unaudited financial statements as of September 30, 2002, and for the three month and nine month periods ended September 30, 2002 and 2001 include, in the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth herein. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for

Note 2. Description of Significant Accounting Policies (continued)

General (continued)

the year ending December 31, 2002. These financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto included in the Company's Form 10-K for the year ended December 31, 2001.

Consolidation Policy and Related Matters

The accompanying consolidated financial statements include the consolidated financial position of the Company and the Operating Partnership as of September 30, 2002 and December 31, 2001, the results of their operations for the three months and nine months ended September 30, 2002, and their cash flows for the nine months ended September 30, 2002 and 2001, respectively. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company owns an approximate 29% partnership interest as sole general partner in the Operating Partnership, which provides the Company with control over all significant activities of the Operating Partnership, and accordingly, the Operating Partnership in turn is consolidated with the Company in the accompanying financial statements as of September 30, 2002.

The Operating Partnership has a 50% general partnership interest in The Point Associates, L.P. ("The Point Associates") a 20% general partnership interest in API Red Lion Shopping Center Associates ("Red Lion Associates") and a 25% general partnership interest in Loyal Plaza Associates, L.P. ("Loyal Plaza Associates"); all such entities are consolidated in the accompanying financial statements as a result of similar control attributes as exist with respect to the Operating Partnership.

The limited partner's interest as of September 30, 2002 (currently owned entirely by CBC) represents approximately a 71% limited partnership interest in the equity of the Operating Partnership. The minority interests represent the limited partner's 50% interest in The Point Associates, the 69% and 11% limited partner's interests in Red Lion Associates and the 75% limited partner's interest in Loyal Plaza Associates. The limited partner in The Point Associates is an affiliate of CBC. The 11% limited partner in Red Lion Associates is also an affiliate of CBC, and the 69% limited partner is an affiliate of ARC Properties, Inc.; the 75% limited partner interest in Loyal Plaza Associates is an affiliate of Kimco Realty Corp. (see Note 2).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the

Note 2. Description of Significant Accounting Policies (continued)

Use of Estimates (continued)

amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Rental income is recognized on a straight-line basis over the term of the lease. The excess of rents recognized over amounts contractually due is included in deferred rents receivable on the accompanying balance sheets. Contractually due but unpaid rents are included in tenant receivables on the accompanying balance sheets. Certain lease agreements provide for reimbursement of real estate taxes, insurance, common area maintenance costs and certain other costs which are recorded on an accrual basis.

Sales of real estate are recorded when title is conveyed to the buyer, subject to the buyer's financial commitment being sufficient to provide economic substance to the sale.

Real Estate

Land, buildings and improvements, furniture, fixtures and equipment are recorded at cost. Tenant improvements, which are included in buildings and improvements, are also stated at cost. Expenditures for maintenance and repairs are charged to operations as incurred. Renovations and/or replacements, which improve or extend the life of the asset are capitalized and depreciated over their estimated useful lives. Construction period interest and real estate taxes are capitalized during the relevant construction period.

Depreciation is computed utilizing the straight-line method over the estimated useful life of ten to forty years for buildings and improvements, and five to ten years for furniture, fixtures and equipment. Tenant improvements are amortized on a straight-line basis over the term of the related leases.

The Company is required to make subjective assessments as to the useful lives of its properties for purpose of determining the amounts of depreciation to be reflected on an annual basis with respect to those properties. These assessments have a direct impact on the Company's net income. Should the Company lengthen the expected useful life of a particular asset, it would be depreciated over more years, and result in less depreciation expense and higher annual net income.

Note 2. Description of Significant Accounting Policies (continued)

Real Estate (continued)

Assessments by the Company of certain other lease-related costs as well as any recorded straight-line rent receivable must be made when the Company has a reason to believe that the tenant will not be able to perform under the terms of the lease as originally expected.

Cash Equivalents

The Company considers highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. The cash held by certain individual partnerships is restricted for use for operations of those partnerships and for distribution to all partners of the respective partnership, including the Operating Partnership. Such partnership cash included in cash and cash equivalents amounts to $1,309,115 at September 30, 2002.

Deferred Costs

Leasing fees and loan costs are capitalized and amortized over the life of the related lease or loan.

Stock Options

The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related interpretations in accounting for its employee stock options because, the alternative fair value accounting provided for by the Financial Accounting Standard Board ("FASB") under Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," requires use of option valuation models that were not developed for use in valuing employee stock options.

The Company established a stock option plan (the "Plan") for the purpose of attracting and retaining executive officers, directors and other key employees. Of the Company's authorized shares of Common Stock, 500,000 have been reserved for issuance under the Plan. The Plan is administered by a committee of the Board of Directors, which committee will, among other things, select the number of shares subject to each grant, the vesting period for each grant and the exercise price (subject to applicable regulations with respect to incentive stock options) for the options.

Effective July 10, 2001, the Board of Directors authorized the issuance of options to purchase 10,000 shares at $3.50 per share, the stock price as of that date, to each of the five Directors then in office and valid for ten years thereafter.

Note 2. Description of Significant Accounting Policies (continued)

Warrants

Warrants that are issued to non-employees are accounted for under EITF 96-18 "Accounting for Equity Instruments that are issued to other than Employees for Acquiring or in conjunction with selling Goods or Services or Services" are recorded at fair value. The value of the Warrants are expensed or capitalized based on the nature of the service provided.

Earnings Per Share

FASB Statement of Financial Accounting Standards No. 128 ("SFAS 128"), "Earnings per Share", was issued and adopted by the Company during 1997. SFAS 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Since the Company's financial statements reflect a net loss for the period, dilutive securities are not considered in the computation of basic and diluted net loss per share in accordance with SFAS 128. Accordingly, basic and diluted net income (loss) per share is computed using the weighted average number of shares outstanding during the periods (692,111 in 2001 and 693,175 in 2002).

Income Taxes

The Company generally will not be subject to federal income taxes as long as it qualifies as a REIT under Sections 856-869 of the Code. A REIT will generally not be subject to federal income taxation on that portion of income that qualifies as REIT taxable income and to the extent that it distributes such taxable income to its stockholders and complies with certain requirements of the Code relating to income and assets. As a REIT, the Company is allowed to reduce taxable income by all or a portion of distributions to stockholders and must distribute at least 90% of its taxable income to qualify as a REIT.

Impairment of Long-Lived Assets

The Company's real estate assets are reviewed for impairment whenever events or changes in circumstances indicate that the net carrying amount may not be recoverable. When such events occur, the Company measures impairment by comparing the carrying value of the long-lived asset to the estimated undiscounted future cash flows expected to result from use of the assets and their eventual disposition. If the sum of the expected undiscounted future cash flows is less than the carrying amount of the assets, the Company would recognize an impairment loss based upon an estimate of value of the respective property.

Note 2. Description of Significant Accounting Policies (continued)

Recent Pronouncements

In June 2001, the FASB approved Statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations", and Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets". SFAS 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. SFAS 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. The provisions of SFAS 142 are effective for fiscal years beginning after December 15, 2001. The Company has adopted SFAS 142 as of January 1, 2002. The Company believes that the adoption of this standard will have no impact on the Company's financial position or results of operations.

In August 2001, the FASB approved Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 supersedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the

Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions", for the disposal of a segment of business. SFAS 144 retains the requirements of SFAS 121 for recognition and measurement of an impairment loss on long-lived assets, and establishes a single accounting model for all long-lived assets to be disposed of by sale, whether previously held and used or newly-acquired. The provisions of SFAS 144 are effective for fiscal years beginning after December 15, 2001. The Company has adopted SFAS 144 as of January 1, 2002. The Company believes that the adoption of this Standard will have no impact on the Company's financial position or results of operations.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Derivative Financial Instruments

On January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," as amended by Statement of Financial Accounting Standards No. 138 ("SFAS 138"), "Accounting for Certain Derivative Instruments and Certain Hedging Activities." SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments. Specifically, SFAS 133 requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and to measure those instruments at fair value. In the normal course of business, the Company is exposed to the effect of interest rate changes. The Company limits these risks by following established risk

Note 2. Description of Significant Accounting Policies (continued)

Derivative Financial Instruments (continued)

management policies and procedures including those for the use of derivatives. The only hedging transaction entered into by the Company was the purchase of an interest rate cap during 2000. The Company does not use derivatives for trading or speculative purposes. Further, the Company has a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors. There are no hedging transactions in effect at September 30, 2002.

Note 3. Fiscal Year 2002 Property Acquisitions and Related Matters

Red Lion Shopping Center, Philadelphia, PA

On May 31, 2002, Cedar-RL, LLC ("Cedar-RL"), a newly-formed special purpose, wholly-owned subsidiary of the Operating Partnership, purchased from affiliates of Leo S. Ullman and CBC, a 20% interest in Red Lion Associates, owner of the Red Lion Shopping Center, a 218,000 sq. ft. shopping center in Philadelphia, Pennsylvania (with Best Buy, Staples, Sports Authority and Pep Boys as anchor tenants), for $1,182,857, payable $295,714 at closing (paid out of the Company's available cash), with the balance evidenced by a promissory note (the "Note") payable in three equal annual installments commencing one year after closing and bearing interest at 7.5% due annually with each installment payment. The Note is secured by a pledge by Cedar-RL of its interest in Red Lion Associates.

Also on May 31, 2002, Silver Circle Management Corp. ("Silver Circle") and Leo S. Ullman sold an aggregate 69% limited partnership interest in Red Lion Associates to Philadelphia ARC-Cedar LLC ("ARC Cedar") for $4,360,500. As a result of such transactions, Leo S. Ullman has no continuing ownership interest in Red Lion Associates.

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

In addition, Silver Circle will guarantee monthly minimum rental payments of the Sports Authority lease during the term of its existing lease ($43,825 per month) until the earlier to occur of (i) exercise by Sports Authority of a renewal option, (ii) new leases to tenants approved by Red Lion Associates or (iii) five years after the earlier to occur of the date of any Sports Authority default or

Note 3. Fiscal Year 2002 Property Acquisitions and Related Matters (continued)

Red Lion Shopping Center, Philadelphia, PA (continued)

August 14, 2005, subject in each case to a maximum of $200,000. To date, Silver Circle has paid $177,301 in master lease payments, which have been recorded as reductions in the cost basis of the property. This obligation and certain other obligations are secured by Silver Circle's partnership interest in Red Lion Associates.

As previously reported, the purchases by Cedar-RL and ARC-Cedar were determined on an arm's-length basis, and reflected certain appraisals and a "fairness" opinion from qualifying third parties.

On May 31, 2002, contemporaneous with the closing of the Red Lion Associates transaction, an Operating Unit Purchase Warrant was issued by the Operating Partnership to ARC Properties, Inc., to purchase Units of the Operating Partnership at an exercise price of $4.50 per Unit. Such Warrants were issued and vested one-third on the closing of the transaction (83,333 warrants), with the balance to vest one-third each on January 1, 2003 and 2004 (83,333, respectively), provided that ARC Properties, Inc. performs future services for the Company.

The first 83,333 Warrants issued were capitalized as part of the Red Lion transaction using the fair value method. The accounting treatment of the subsequent issuance of Warrants will be determined by future services performed by ARC Properties, Inc. ARC Properties continues to provide services to the Company, and, as such, the second tranche of Warrants is being accrued and capitalized as prepaid expense.

As a condition for the issuance of the Warrant, the holder has entered into a "standstill" agreement which prohibits the holder from, among other things, purchasing directly or indirectly any additional Shares or Units, conducting a proxy contest or a tender offer to the Company's shareholders/unitholders without the prior approval of the Company, or selling, transferring, or pledging the Warrant or any Units or Shares except under Securities and Exchange Commission ("SEC") Rule 144 volume restrictions or through a broker/dealer, subject to certain restrictions to prevent disqualification as a REIT.

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

Note 3. Fiscal Year 2002 Property Acquisitions and Related Matters (continued)

Red Lion Shopping Center, Philadelphia, PA (continued)

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

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

The Company's 20% indirect ownership interest as sole general partner of Red Lion Associates, provides the Company with control over all significant activities of Red Lion Associates. Accordingly, the Company has reported consolidated results of Red Lion Associates.

The fee to which CBRA would otherwise be entitled with respect to the purchase of the 20% interest in Red Lion Associates by the Operating Partnership (generally 1% of the purchase price) has been waived by CBRA.

Loyal Plaza Shopping Center, Williamsport, PA

On July 2, 2002, pursuant to an assignment under the Purchase Agreement entered into by and between the Operating Partnership, of which the Company is the managing general partner, and Loyal Plaza Venture, L.P. dated January 7, 2002, as subsequently amended, Loyal Plaza Associates, a Delaware limited partnership formed by CIF-Loyal Plaza Associates L.P., a Delaware limited partnership, the partners of which are a wholly-owned affiliate of the Company as general partner, and Kimco Preferred Investor IV Trust ("Kimco Trust"), a Pennsylvania business trust, as limited partner, purchased the Loyal Plaza Shopping Center, 1915 East Third Street, Loyalsock (Williamsport), Lycoming County, Pennsylvania ("Loyal Plaza"), from Loyal Plaza Venture, L.P., an affiliate of Glimcher Properties Limited Partnership of Columbus, Ohio. The purchase price, exclusive of closing costs, was $18,300,000. Closing costs were approximately $985,540. Loyal Plaza Associates purchased the property subject to a first mortgage, the balance of

Note 3. Fiscal Year 2002 Property Acquisitions and Related Matters (continued)

Loyal Plaza Shopping Center, Williamsport, PA (continued)

which as of the closing date was $13,877,087. The purchase price and other terms of the transaction were negotiated with third parties on an arm's-length basis. The Company commissioned and received an independent certified appraisal from Integra Realty Resources - Philadelphia of Philadelphia, Pennsylvania, for Loyal Plaza at a value in excess of the purchase price.

The existing first mortgage loan on Loyal Plaza with Lehman Brothers Bank, FSB ("Lehman Brothers"), carries an interest rate of 7.18%, an amortization schedule of thirty years and matures in June 2011. Annual debt service is approximately $1,138,091. Prepayment of that mortgage requires a "defeasance" ("make whole") deposit equal generally to the amount in government securities or other acceptable securities which will not result in a downgrading, withdrawal or qualification of the ratings of the rating agencies in effect for the loan, and which will generate amounts equal to or greater than the payments required by the loan agreement for the remaining period of the loan.

The total cash requirements, including the purchase price above the first mortgage balance plus closing costs, were approximately $5,410,000. Of the cash requirements at closing, Kimco Trust funded $4,000,000. The Company funded or will have funded approximately $1,410,000. The source of funds for this purchase was cash on deposit in the Company's operating accounts.

CBRA, the investment advisor to the Company and the Operating Partnership, wholly-owned by Leo S. Ullman, Chairman and President of the Company, will receive an acquisition fee of $183,000 (1% of the purchase price in accordance with the Advisory Agreement, as amended, currently in effect between the Company and CBRA), which will be paid by the Company out of available cash flow.

The Company intends to continue to operate Loyal Plaza as a shopping center.

Loyal Plaza has approximately 293,000 sq. ft. of gross leaseable area. Its principal tenants include K-Mart (approximately 103,000 sq. ft.) (see below), Giant Food Stores (approximately 67,000 sq. ft.), and a free-standing Eckerd drug store (approximately 11,000 sq. ft.). The estimated gross rental income for Loyal Plaza, annualized for the year 2002, is approximately $2,277,000 excluding any rent for Family Toy Warehouse (which vacated the premises in May and paid rent only through that month) (see below). The projected net operating income for 2002 (excluding Family Toy Warehouse for the period June 1 - December 31, 2002) is approximately $1,657,000.

Note 3. Fiscal Year 2002 Property Acquisitions and Related Matters (continued)

Loyal Plaza Shopping Center, Williamsport, PA (continued)

CIF-Loyal Plaza Associates, L.P. (the "CIF Entity") is the sole general partner responsible for managing the affairs of the partnership and making all decisions relevant thereto. Accordingly, the operation of the property is consolidated into the accompanying financial statements. Management of the shopping center will be vested with Brentway, an affiliate of the Company. Brentway will be entitled to standard arm's-length fees for property management, leasing and construction management. Brentway is owned by Leo S. Ullman and Brenda Walker, directors and officers of the Company.

The Company's indirect ownership interest, ranges from 25% initially to a 50% residual interest as sole general partner of Loyal Plaza Associates.

The Loyal Plaza Associates partnership agreement provides essentially that Kimco Trust will be entitled to receive an amount which accrues on its capital contributions as a "preferred return" of 12%, after which the CIF Entity will be entitled to receive an amount which accrues on its capital contributions as a "preferred return" of 10%; thereafter, any excess cash flow is divided 70% to Kimco Trust and 30% to the CIF Entity. In the event of a "capital transaction" (sale or refinancing, for example) the initial proceeds of such transaction after repayment of third party debt shall be distributed as follows: first to repayment of "default capital contributions", as described below, then to "additional capital contributions", next to Kimco Trust until its initial capital contribution is reduced to zero, then to Kimco Trust until it achieves a 14% internal rate of return ("IRR"), then to the CIF Entity until its capital contribution balance is reduced to zero, then until it receives a 14% IRR, and then in accordance with the residual sharing ratio (50% - 50%).

The effect of the preferred internal rate of return arrangements with Kimco Trust will expose the Company's contributed capital in the event of a capital transaction to cover any shortfall in Kimco Trust's rate of return. There will not be any exposure beyond the potential inability of the CIF Entity to realize repayment of such contributed amounts (and any undistributed income). Management believes, based on its income projections, that, absent unforeseen negative results for the shopping center, such as a prolonged vacancy of a substantial portion of the shopping center, for example, and/or a dramatic reduction in rents, the shopping center, if sold or refinanced, should generate sufficient funds to pay such preferred returns. Each partner shall be required to make additional contributions in proportion to its respective sharing ratio (initially 75% for Kimco Trust and 25% for the CIF Entity) if approved by the partners for the conduct of the partnership's business. The failure by a partner to make any additional capital contributions will not give rise to recourse by one partner against another except as otherwise provided generally in the agreement, as further described below.

Note 3. Fiscal Year 2002 Property Acquisitions and Related Matters (continued)

Loyal Plaza Shopping Center, Williamsport, PA (continued)

If one partner fails to make any portion of the required additional contributions, any funds advanced by the other partner to cover the portion which is in default will constitute a loan to the defaulting partner for a period of ten years at the lesser of the maximum lawful rate of interest or prime plus 4%. The obligation of a defaulting partner will be secured by a security interest in the defaulting partner's partnership interest in favor of the non-defaulting partner.

In the event a capital call is required for the partnership, and in the event Kimco Trust funds an amount greater than its proportionate ownership interest in Loyal Plaza, any such contributed funds will have a "super" priority, and will thus be due before any preferred returns to the partners. If the CIF Entity fails to make additional capital contributions in excess of $300,000, its residual sharing ratio will be automatically reduced to 35% (and Kimco Trust's increased to 65%). For every $2,000 in additional capital contributions beyond $300,000 which the CIF Entity fails to fund, the CIF Entity's residual sharing ratio will be decreased by 0.1% (and Kimco Trust's residual sharing ratio increased by a corresponding amount), but in no event shall the CIF Entity's residual sharing ratio be reduced ("crammed down") to a percentage of less than 25%. If the unpaid capital contributions of the CIF Entity equals or exceeds $600,000 (i.e. Kimco Trust contributes in excess of $2,400,000 and the CIF Entity fails to contribute at least $600,000), Kimco Trust shall have the right to purchase the CIF Entity's interest as described below.

In the event the CIF Entity, management or the management company commits certain egregiously harmful acts to the detriment of the partnership and Loyal Plaza, and without the consent of Kimco Trust, then Kimco Trust shall have the right to remove the CIF Entity. Those acts, if reasonably determined by Kimco Trust to have occurred, include certain criminal acts, misapplication of funds, certain fraud, misrepresentation, gross negligence or willful misconduct, bankruptcy of the CIF Entity, failure of the CIF Entity to make additional capital contributions so that its unpaid capital contributions exceed $600,000 and Major Decisions made without Kimco Trust's consent. The CIF Entity has at least thirty days to cure or commence to cure those actions asserted by Kimco Trust against the CIF Entity which are in fact capable of being cured.

In the case of such removal event, Kimco Trust shall have the right to purchase the CIF Entity's interest for an amount equal to the lesser of the fair market value less imputed closing costs, or the unreturned capital contributions of the CIF Entity less damages and costs incurred by the partnership. The existence of removal events and values, if unagreed, shall be determined by arbitration.

If the CIF Entity is removed as general partner, then the partnership may also terminate the management agreement with Brentway.

Note 3. Fiscal Year 2002 Property Acquisitions and Related Matters (continued)

Loyal Plaza Shopping Center, Williamsport, PA (continued)

Either party shall have the right after June 30, 2007 to initiate a procedure for offering Loyal Plaza for sale for amounts in excess of any debt secured by Loyal Plaza plus unreturned capital contributions, or to initiate a "buy-sell" option.

The largest tenant at Loyal Plaza is K-Mart, with a store of approximately 103,000 sq. ft. Its annual base rent is approximately $280,000, and its contribution to common area maintenance charges, real estate taxes and insurance costs is approximately $75,000, which, in turn, may be offset against its percentage rent payments. K-Mart has filed for protection under the bankruptcy laws and, while having disaffirmed a large number of leases and closed a substantial number of stores throughout the country, K-Mart has continued to operate the store at Loyal Plaza and has not disaffirmed this lease. The K-Mart store at Loyal Plaza has been in existence for approximately 26 years. In the event K-Mart should close this store, management believes that it will be able to improve substantially on the rental income for such premises. However, the cost of redeveloping the premises for other tenants, which may include demolition and substantial new building, plus lost rents pending such re-leasing and payment by one or more new tenants of sufficient rents, plus leasing commissions, may require substantial additional funds in excess of funds available to Loyal Plaza Associates or the Company.

Family Toy Warehouse, a junior anchor tenant at Loyal Plaza, had occupied a 20,000 sq. ft. store premises until May 2002, at which time it vacated the premises. Its rent for the premises has been approximately $6.75 per sq. ft. ($135,000 per annum, increasing to $140,000 as of 10/1/02); its contribution to common area maintenance, real estate taxes and insurance, expenses was approximately $37,000 per year. It has filed a petition in bankruptcy, and petitioned the court for disaffirmance of its lease at Loyal Plaza. That petition was granted and so ordered effective June 25, 2002. Management estimates that the cost of re-finishing the Family Toy Warehouse into a standard fit-out for a new tenant will be approximately $300,000. The Loyal Plaza Associates partnership agreement provides that Kimco Trust will fund an additional $300,000 for re-tenanting of the Family Toy Warehouse space. Any funds expended for that purpose will be treated as additional contributions by Kimco Trust entitled to the same rates of preferred returns and "look-back" internal rates of return as and when funded as the original $4,000,000 funded at the closing.

With the exception of the Family Toy Warehouse status as described above, the only existing vacancies in the shopping center consist of two 2,000 sq. ft. store premises. (Management believes it will be able to lease the 4,000 sq. ft. premises promptly and has already submitted proposals with respect thereto). Accordingly, Loyal Plaza, taking into account the Family Toy Warehouse vacant space, is approximately 92% leased.

Note 3. Fiscal Year 2002 Property Acquisitions and Related Matters (continued)

Loyal Plaza Shopping Center, Williamsport, PA (continued)

There are certain environmental contamination matters which affect the shopping center. Those matters have been extensively reviewed by EMG of

Baltimore, Maryland for Lehman Brothers, as lenders on Loyal Plaza and in a Phase I report dated January 31, 2002, prepared by Brinkerhoff Environmental Services, Inc., retained by the Company. Additional reports have been prepared for the sellers by Civil and Environmental Consultants, Inc. of Pittsburgh, Pennsylvania. The two principal matters here involved are (i) certain petroleum-impacted soil at the newly-built, free-standing Eckerd drug store building on an outparcel of the property; and (ii) a concentration of dry cleaning solvents, tetrachloroethene (PCE) and trichloroethene (TCE), at levels in excess of amounts permitted by the Pennsylvania Department of Environmental Protection (PADEP).

The Company has been advised by its environmental consultants that the Eckerd site remediation should be essentially completed with no further problems and that no remediation should be required with respect thereto. The sellers have proposed a program to institute certain engineering and property controls at the site, using the Eckerd building and parking lot as a "cap" and creating a deed restriction to prohibit consumption of groundwater on Loyal Plaza . There will also be additional investigations through air quality checks, monitoring wells, collection of additional hydro geologic data, etc. An "attainment" monitoring program will be instituted to demonstrate the effectiveness of the "cap". The time periods contemplated for the Eckerd site remediation, as proposed to PADEP could take until March 2003 in their normal course. The Company has been advised by its consultants that they would expect a "No Further Action" letter to be issued by PADEP in due course.

With respect to the chlorinated solvents, PCE and TCE concentrations above the PADEP Soil Cleanup Criteria were found in soil sampling results at or near the former coin laundry and dry cleaning establishment then-operated by Norge Village, Inc. at the premises presently leased to Advanced Auto Parts. In addition to the soil contamination, groundwater sampling has indicated that PCE, TCE and dichloroethene (DCE) are in fact present at levels above the PADEP's Groundwater Quality Standard. The dry cleaning solvent contamination in the groundwater appears to have migrated in a southerly direction with the groundwater flow to East Third Street and perhaps offsite beyond East Third Street. The Company has been advised that it does not appear that there is any groundwater use as a potable water source downgradient of the site. The land development downgradient of the site is predominantly commercial and the area is serviced by public-supplied water. Based on sampling data provided in the draft work plan submitted to PADEP by the seller's environmental consultants, it appears that the highest level of chlorinated compound detected at the downgradient edge of Loyal Plaza was 84 parts per billion (ppb). The Company's consultants have advised the Company that, based on such concentration, it is not likely the downgradient water body will be affected by the discharge.

Note 3. Fiscal Year 2002 Property Acquisitions and Related Matters (continued)

Loyal Plaza Shopping Center, Williamsport, PA (continued)

Pending further completion of vertical delineation at the site, which will be required before the PADEP will approve any remedial plan for the site (including a natural attenuation program), the Company's consultants have advised that given the relatively low concentration of PCE, extensive impact to the lower portion of the aquifer is not anticipated. The Company has been advised that based on the data received to date, it would expect a "No Further Action" letter for the soil relevant to the chlorinated solvent contamination at the former dry cleaning site, and that if the groundwater contaminant levels stay consistent with sampling events to date, the amount of $450,000 (see discussion below), should be sufficient to complete delineation and any necessary sampling and reporting for a natural attenuation program. They have further advised that it does not appear that PADEP will require active groundwater remediation.

Under the loan agreement documents between Glimcher Realty Limited Partnership and Lehman Brothers, the sellers had maintained an escrow deposit of $450,000 for clean-up and testing of environmental contamination at the site. Pursuant to the purchase agreements for the purchase of Loyal Plaza by Loyal Plaza Associates, seller will remain liable for all costs up to and including a satisfactory "Release of Liability" letter issued by PADEP with respect to all such contamination at Loyal Plaza. Pursuant to the purchase agreement, the sellers have also increased the environmental escrow deposit to $950,000. Further, in the event that the escrows are insufficient to cover all required testing and remediation, sellers have undertaken to expend any and all monies required to complete such testing and remediation including monitoring, etc. without limits as to time. The Company has obtained opinion of counsel to the effect that an anticipated "Release of Liability" letter from the PADEP will operate to relieve the new owner of any further liability for remediation of the site under Pennsylvania environmental statutes or for any contamination identified in reports submitted to and approved by PADEP and shall not be subject to citizens' suits or other contribution actions.

The above descriptive purchase and partnership arrangements and related matters with respect to the Loyal Plaza acquisition are subject to the actual terms set forth in the Agreements.

Note 4. Real Estate and Accumulated Depreciation

The Company's properties are leased to various tenants, whereby the Company incurs normal real estate operating expenses associated with ownership. The Company incurred capital expenditures of $1,079,941 and $5,656,784 for the nine months ended September 30, 2002 and 2001, respectively.

Note 5. Real Estate Held for Sale and Sales of Real Estate

The Company's Southpoint Parkway property in Jacksonville, Florida ("Southpoint"), was sold on May 24, 2002 for $4.7 million. That property was sold in connection with certain mandatory payments pursuant to a financing from SWH Funding Corp. ("SWH") (see note 7).

None of the properties of the Company are currently being marketed for sale, and no sales were effected during the quarter ended September 30, 2002 or thereafter to the date hereof.

Note 6. Commitments and Contingencies

L.A. Fitness Facility, Fort Washington, PA

The Operating Partnership has entered into agreements to purchase an approximate 7 acre parcel of land in Fort Washington, Pennsylvania, on which it has agreed to build a 41,000 sq. ft. health club facility, net-leased pursuant to an executed lease agreement to L.A. Fitness International, L.L.C. ("L.A. Fitness"), subject to certain governmental approvals. L.A. Fitness has advised the Company that it has obtained the required governmental approvals.

The Fort Washington development is expected to be financed with a third-party construction loan, which, upon completion, will become a permanent loan of $5 million (the aggregate term of the loan including the construction period will be five years), third-party participating equity of $1 million, and approximately $300,000 in equity contributions from the Company out of currently-available cash. The project has been appraised at $7,300,000 upon completion and stabilization. The closing is expected to occur by mid-December. L.A. Fitness will commence rent payment nine months after closing/acquisition of the land.

Fairview Plaza, New Cumberland, PA; Halifax Plaza, Halifax, PA; Newport Plaza, Newport, PA

The Company has entered into an agreement dated August 2002 with affiliates of Caldwell Development Corp to purchase Newport Plaza (Newport, PA), Fairview Plaza (New Cumberland, PA) and Halifax Plaza (Halifax, PA). Due diligence has been completed for two of the three properties and deposits of $200,000 thereon have become non-refundable. The three properties represent

Note 6. Commitments and Contingencies (continued)

Fairview Plaza, New Cumberland, PA; Halifax Plaza, Halifax, PA; Newport Plaza, Newport, PA (continued)

approximately 200,000 sq. ft. of gross leaseable area and each of the properties is anchored by a Giant supermarket. The aggregate purchase price for the three properties is approximately $18,040,000, plus closing costs of approximately $1,000,000. In addition, the Company is expected to exercise an option to purchase the building owned by Giant Food Stores at the Newport Plaza property (presently subject to a ground lease) for an additional amount estimated at $1.6 million. Estimated net operating income for the three properties for 2003 is approximately $1,672,000 before exercise of the option to purchase the Giant building at Newport Plaza and approximately $1,832,000 after the Giant/Newport building acquisition.

The Giant supermarkets represent approximately 70% of the gross leaseable area of the properties. Each of the Giant supermarket leases extends for at least 15 years. Other tenants include McDonald's, Rite Aid, the Pennsylvania Liquor Control Board and regional banks.

Closings of the purchase of the three properties are expected to be completed in early-December.

Camp Hill Mall, Camp Hill, PA

The Company has entered into an agreement dated August 12, 2002, with a non-refundable deposit of $400,000, for the purchase of the Camp Hill Mall in Camp Hill, Pennsylvania.

The Camp Hill Mall is a 523,000+/- sq. ft. enclosed shopping mall located on approximately 44 acres at the intersection of Route 15 and Trindle Road. Principal tenants include Boscov's, a Giant supermarket, Barnes & Noble and Zany Brainy. It also has a vacant 89,000 sq. ft. former Montgomery Ward store. Management contemplates redevelopment of the former Montgomery Ward store and of the mall property generally. The purchase price is approximately $17.2 million. Closing costs are

Note 6. Commitments and Contingencies (continued)

Camp Hill Mall, Camp Hill, PA

estimated at $1 million. The Company is considering several redevelopment possibilities for this property which may involve expenditures, subject to execution of leases, of as much as $14 million or more. The seller is an affiliate of the Connecticut General Life Insurance Company. Closing of the purchase is expected in mid-November.

The Company has identified various sources of funding these acquisitions. Those sources may involve substantial risk to the Company in terms of demands on cash and other assets of the Company, as well as security interests in the Company's properties, which may expose the Company to severe risks of default with respect to the financing arrangements for this particular acquisition and/or those previously concluded.

Note 7. Mortgage Loans, Other Loans Payable, and Line of Credit

Properties owned by the Company are subject to certain mortgages or other security interests as described below:

- Academy Plaza, Philadelphia, Pennsylvania, has a first mortgage with a principal balance of approximately $10,591,121 as of September 30, 2002, at 7.275% due March 10, 2013, with a 30-year amortization schedule.

- Port Richmond Village, Philadelphia, Pennsylvania, has a first mortgage with a principal balance of approximately $11,475,481 as of September 30, 2002, at 7.174% due April 10, 2007, with a 30-year amortization schedule.

- Washington Center Shoppes, Sewell, New Jersey, has a first mortgage with a principal balance of approximately $5,917,849 as of September 30, 2002, at 7.53% with an anticipated repayment date of November 11, 2007, with a 30-year amortization schedule with a contractual maturity date of November 11, 2027.

- The approximate principal balance of the SWH financing, as further described below, at September 30, 2002 was $949,768. Deferred financing costs of approximately $487,000 were written off as an extraordinary item during the second quarter of 2002 in connection with a $4.6 million principal payment of the debt from the Southpoint proceeds.

Note 7. Mortgage Loans, Other Loans Payable, and Line of Credit (continued)

A wholly-owned subsidiary of SWH and the Operating Partnership have together formed Cedar Center Holdings L.L.C. 3, which, in turn, is the sole member of each of the four limited liability companies which own, indirectly through other limited liability companies, the three shopping center properties and development parcel acquired by the Operating Partnership in October 2001. SWH has no interest in profits or assets of Cedar Center Holdings L.L.C. 3; however, SWH has the right to acquire operating control of the above-mentioned three shopping center properties in the event of a default by the Operating Partnership or its affiliates of certain terms of the SWH financing.

As additional security for the SWH financing, the Operating Partnership has pledged to SWH, its rights to distributions from the entity which controls the limited liability companies which own each of the three shopping center properties. Under the pledge, SWH has no rights to such distributions unless and until an event of default occurs.

The SWH financing arrangements involve a term of three years, maturing November 1, 2004, with a right to extend for two additional eighteen month periods upon payment of certain fees, and subject to certain additional minimum monthly and annual or "back-end" payments, and to certain additional participations in gain in value payable at the earliest of the repayment date, maturity or the date of sale of the three shopping center properties described above.

Payments to SWH pursuant to the financing arrangements shall be at a rate of 12.5% per annum on the outstanding balance. In addition, an "equity fee" in an amount equal to the greater of $350,000 or 10% of the gain in value of the properties as determined by appraisal is payable at maturity. Further, SWH shall be entitled to "exit fees" of $120,000 if the entire principal is paid prior to October 2002, thereafter additional amounts accrue at 1/3% per month during the period October 2002 - November 2004; 1/2% per month during the extension period from November 2004 - November 2005; and 2/3% per month during the extension periods from November 2005 - November 2007. A loan fee of $225,000 was paid to SWH at closing.

Commencing as of December 1, 2001, amortization payments of $10,000 are required during each of the first three months, $20,000 for each of the 4th through 6th months, $35,000 for each of the 7th through the 12th months, $45,833.33 for the 13th through the 24th months, and $41,666.67 for the 25th through the 36th months.

The obligations of the Operating Partnership under the SWH financing agreement are guaranteed by the Company.

Note 7. Mortgage Loans, Other Loans Payable, and Line of Credit (continued)

The Company expects to repay to SWH the outstanding principal balance, the "equity fee" and "exit fee" during the month of November 2002 in connection with a refinancing by SWH or other third-party sources, of the three properties acquired in October 2001.

- The Point Associates, in which the Company has a 50% general partnership interest, completed a refinancing of the property on May 29, 2002, with Protective Life Insurance Company of Birmingham, Alabama, at a ceiling loan amount of $21 million, of which a floor loan amount of $20 million was drawn down on May 29, 2002. The additional $1 million ceiling amount can be earned by the borrower with a lease-up, within two years of the date of closing, of approximately 22,500 sq. ft. (consisting primarily of the former Eckerd drug store premises) at $11.50 per sq. ft. for a 10-year period to an acceptable creditworthy tenant. In the event the lease-up conditions are not satisfied and the $1 million ceiling amount has not been funded within such two year period, borrower's rights to any of such ceiling amounts will be terminated.

  The interest rate on the initial $20 million funding is 7.625%. The maturity date of the loan is 25 years. The call date (at which time the lender can call for replacement of the loan and the borrower shall have the continuing option of repaying the loan without penalty) is 10 years. The amortization is on a 25-year schedule.

- Red Lion Associates, in which the Company has a 20% general partnership interest, has a first mortgage with a principal balance of approximately $16,745,000 as of September 30, 2002, at 8.6% due February 2010, with a 30-year amortization schedule.

- The Company purchased a 20% interest in Red Lion Associates for $1,182,857, of which $295,714 was paid at closing on May 31, 2002, from available cash, with the balance evidenced by a promissory note in the amount of $887,143, payable in three equal annual installments commencing one year after closing and bearing interest at 7.5% due annually with each installment payment.

- The Operating Partnership obtained a line of credit, effective March 4, 2002, in the amount of $1,000,000 from North Fork Bank, Melville, New York. The term of the line of credit is for one year with a maturity date of March 4, 2003. The line, at the sole discretion of the bank, may be used for (i) real estate investment, (ii) real estate management, (iii) working capital and (iv) other purposes as applicable and as approved by the bank. The interest rate on any drawdown will be the greater of 6% or the bank's prime rate plus 1%. Interest on the outstanding loan balance is to be paid to the bank monthly in arrears. The line of credit's availability is subject to certain conditions as defined. The outstanding loan balance at September 30, 2002 was $500,000. The proceeds of the drawdowns were used primarily to acquire the 20% general partnership interest in Red Lion

Note 7. Mortgage Loans, Other Loans Payable, and Line of Credit (continued)

Associates and for deposits on contracts to acquire additional properties and on third party fees (lenders, appraisers, counsel) in connection therewith.

- Loyal Plaza Associates, in which the Company has a 25% general partnership interest, ranging from an initial 25% interest to a 50% residual interest, has a first mortgage with a principal balance of approximately $13,850,000 at September 30, 2002, at 7.15% due June 2011, with a 30-year amortization schedule. Annual debt service is approximately $1,140,000.

The combined aggregate future principal payments of mortgage loans and other loans at September 30, 2002, are as follows:

Year	Mortgage loans payable	Other loans payable
2002	$ 361,958	$ -
2003	1,745,274	795,714
2004	997,652	295,714
2005	1,085,190	295,714
2006	1,170,809	-
Thereafter	74,098,229	-
	$ 79,459,112	$ 1,387,142

Note 8. Related Party Transactions

Ownership

In June 1998, CBC, following a tender offer completed in April 1998 for the purchase of the Company's shares, became the Company's largest shareholder.

CBC is a New York general Partnership. CBC is owned 55% by Duncomb Corp., 40% by Lindsay Management Corp. and 5% by Hicks Corp. Mr. Ullman, President and Chairman of the Board of Directors of the Company, is an executive officer and a Director of each of those corporations. Ms. Walker, Vice President and Director of the Company, is an executive officer of each of the corporations which own CBC. Neither Mr. Ullman nor Ms. Walker have any ownership interest in CBC or the corporations that own CBC.

CBC is an affiliate of the limited partner in The Point Associates, in which the Operating Partnership acquired a 50% general partnership interest in July 2000.

Note 8. Related Party Transactions (continued)

Ownership (continued)

CBC is also an affiliate of the 11% limited partner in Red Lion Associates, in which the Operating Partnership acquired a 20% general partnership interest on May 31, 2002 (see Note 2).

Advisory Services

The Company does not have any employees and has contracted with CBRA to provide administrative, advisory, acquisition and divestiture services to the Company pursuant to the Advisory Agreement entered into in April 1998, and amended as of August 21, 2000 and January 1, 2002. CBRA is wholly-owned by Leo S. Ullman. Mr. Ullman is President and a director of, and Brenda J. Walker is Vice President of, CBRA. The term of the amended Advisory Agreement commenced as of August 21, 2000, and extends for a period of five years. The Advisory

Agreement is automatically renewed annually thereafter for additional one-year periods, subject to the right of a majority of independent directors to cancel the Advisory Agreement upon sixty days' written notice. While Mr. Ullman and Ms. Walker are not employed by the Company, they do receive remuneration from CBRA, Brentway, and SKR each of which receives fees from the Company.

Under the Advisory Agreement, CBRA is obligated, among other things, to conduct the day-to-day operations of the Company in connection with its business and investment activities, and to provide property acquisition and disposition services, as well as investment and financial advice, to the Company.

The Advisory Agreement may be terminated (i) for cause upon not less than sixty days' prior written notice and (ii) by vote of at least 75% of the independent directors at the end of the third or fourth year of such five year term in the event gross assets fail to increase by 15% per annum

Pursuant to the Advisory Agreement, effective as of January 1, 2002, CBRA will earn a disposition or acquisition fee, as applicable, equal to 1% of the sale/purchase price; no other fees will be payable in connection with such transactions.

In connection with the purchase of Loyal Plaza, CBRA is entitled to receive an acquisition fee payable by the Operating Partnership equal to 1% of the purchase price or $183,000. This fee is included in accrued expenses at September 30, 2002.

The following is a schedule of acquisition and disposition fees payable by the Company to CBRA reflecting an amendment dated December 18, 2001 to the Advisory Agreement and the agreed reduced acquisition and disposition fees related to the shopping centers set forth in that Amendment:

Note 8. Related Party Transactions (continued)

<TABLE>
<CAPTION>

Property	Deferred	Accrued	Paid	Total
<S>	<C>	<C>	<C>	<C>
2002 Transactions (through 9/30/02)				
Southpoint Parkway	$ -	$ -	$ 46,750	$ 46,750
Loyal Plaza Shopping Center (3)	-	183,000	-	183,000
2001 Transactions				
Broadbent Business Center	106,000	-	53,000	159,000
Corporate Center	37,200	-	18,600	55,800
The three supermarket-anchored shopping centers (2)	-	-	347,500	347,500
2000 Transaction				
Germantown	52,500	-	22,500	75,000
Total fees	$ 195,700(1)	$ 183,000	$ 488,350	$ 867,050

</TABLE>

(1) Amount owed if the Administrative and Advisory Agreement with CBRA is not continued beyond December 31, 2004.
(2) The three supermarket-anchored shopping centers consist of Academy Plaza, Port Richmond Village and Washington Center (including development parcel adjacent to Washington Center).
(3) An acquisition fee of $183,000 has been accrued at September 30, 2002, relating to the purchase of Loyal Plaza.

Certain deferred disposition and acquisition fees incurred prior to the December 2001 agreement modification will be reduced by 50% if CBRA remains investment advisor to the Company for any period extending beyond December 31, 2004, but ending on or prior to December 31, 2005. In the event of termination or expiration of the Advisory Agreement after December 31, 2005, such fees payable to Advisor shall be reduced by ten percentage points for each subsequent calendar year the Advisory Agreement remains in effect, until reduced to zero in any event after December 31, 2009. Any deferred disposition and acquisition fees payable to CBRA will also be waived as of the effective date of termination of services by CBRA if the services of CBRA are terminated voluntarily by CBRA.

Note 8. Related Party Transactions (continued)

Advisory Services (continued)

Based on the above, it is probable that a liability has been incurred. However, the liability at this point can only be estimated to be in the range of zero and the full fee. There is no best estimate within the range. This reflects the fact that depending on how long CBRA's services are being used, the ultimate fee amount payable may well be zero. Accordingly, none of the deferred fees have been reflected in the accompanying financial statements.

In addition to acquisition and disposition fees payable to CBRA, CBRA also receives a monthly administrative and advisory fee equal to 1/12 of 3/4 of 1% of the estimated current value of real estate assets of the Company, plus 1/12 of 1/4 of 1% of the estimated current value of all other assets of the Company.

Property Management Services

Brentway provides property management, leasing, construction management and loan placement services to the Company's real properties pursuant to the Management Agreement between Brentway and the Company and through individual management agreements between Brentway and each of the Company's respective properties on arm's-length terms. Brentway is owned by Mr. Ullman and Ms. Walker, who are also Chairman and President of Brentway, respectively. Mr. Ullman is President and Chairman of the Company and Ms. Walker is Vice President and Director of the Company. The term of the Management Agreement is for one year and is automatically renewed annually for additional one-year periods subject to the right of either party to cancel the Management Agreement upon sixty days' written notice. Under the Management Agreement, Brentway is obligated to provide property management services, which include leasing and collection of rent, maintenance of books and records, establishment of bank accounts and payment of expenses, maintenance and operation of property, reporting and accounting for the Company regarding property operations, and maintenance of insurance.

As discussed above, Brentway has entered into individual management agreements with each entity holding title to the properties owned by the Company. Such individual management agreements are required by the properties' first mortgage lenders and in some instances by the individual partnership agreements. The following table outlines the fees provided in the Management Agreement and the fees provided in each property's Management Agreement (Greentree Road is vacant land and as such there is no individual management agreement):

Note 8. Related Party Transactions (continued)

Property Management Services (continued)

<TABLE>
<CAPTION>

Subject	Management Fee	Leasing Fee (3)	Construction Management Fee	Loan Placement Fee
Management Agreement of April 1998	5%	6%	N/A	N/A
Academy Plaza (4)	4%	4.5%	5%	1%
Port Richmond Village (4)	4%	4.5%	5%	1%
Washington Center (4)	4%	4.5%	5%	1%
The Point Shopping Center (4)	3%	4.5%	5%	1% (1)
Red Lion Shopping Center (2) (4)	4%	4.5%	5%	1% (1)
Loyal Plaza Shopping Center (5)	3%	4%	5%	N/A

</TABLE>

(1) Up to a maximum of $100,000.
(2) As of May 31, 2002, 20% of all fees paid to Brentway are in turn paid to ARC-Cedar Manager LLC pursuant to terms of the purchase agreement regarding the acquisition by ARC-Cedar of a 69% limited partnership interest in Red

Lion Associates.
(3) Only if no outside broker.
(4) In the event an outside broker is involved, then the fee to Brentway is generally 2.25%. In the event Brentway can achieve savings vis-a-vis the outside broker's full commission, then Brentway shall be entitled to one-half of the savings on the outside broker's otherwise full commission.
(5) 4% for leases of less than 5,000 sq. ft.; 3% for leases of more than 5,000 sq. ft.

Cedar Income Fund, Ltd.
Notes to Consolidated Financial Statements
September 30, 2002
(unaudited)

Note 8. Related Party Transactions (continued)

Property Management Services (continued)

Schedule of Administrative and Advisory, Property Management, Leasing and Other Fees Paid or Accrued to Related Parties:
<TABLE>
<CAPTION>

<S>	January 1 - September 30, 2002 <C>	January 1 - September 30, 2001 <C>
Administrative and Advisory Fees Cedar Bay Realty Advisors, Inc.	$ 270,000	$ 73,404
Property Management Fees Brentway	$ 421,261	$ 69,328
Construction Management Fees Brentway	$ 20,000	$ -
Leasing Fees (1) Brentway	$ 276,349	$ 100,000
Legal Fees Stuart H. Widowski / SKR Management Corp. (2)	$ 127,981	$ 72,308
Loan Placement Fees Brentway (3)	$ 100,000	$ -

</TABLE>

(1) The Company also paid leasing fees to third parties during the periods ended September 30, 2002 and 2001.

(2) Fees of $127,981 were paid to Stuart H. Widowski, Esq., SKR's in-house counsel and Secretary of the Company, through SKR Management Corp., an affiliate of CBRA, Brentway, CBC and Leo S. Ullman, for legal services provided.

(3) Paid in connection with the refinancing of The Point Loan on May 29, 2002 (see Note 7).

See prior discussion of acquisition and disposition fees.

Cedar Income Fund, Ltd.

Item 2. 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 related notes.

The Company considers certain statements set forth herein to be "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, with respect to the Company's expectations for future periods. Certain forward-looking statements, including, without limitation, statements related to the timing and success of acquisitions and the completion of development or redevelopment of properties, the financing of the Company's operations, the ability to lease vacant space and the ability to renew or relet space under expiring leases, involve certain risks and uncertainties. Although the Company believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, the actual results may differ materially from those set forth in the forward-looking statements and the Company can give no assurance that its expectations will be achieved. Certain factors that might cause the results of the Company to differ materially from those indicated by such forward looking statements include, among other factors, general economic conditions, general real estate industry risks, tenant default and bankruptcies, loss of major tenants, the impact of competition and acquisition, redevelopment and development risks including delays in completion and cost overruns, the ability to finance business opportunities, increase in interest rates and local real estate markets. Consequently, such forward-looking statements should be regarded solely as reflections of the Company's current operating and development plans and estimates. These plans and estimates are subject to revisions from time to time as additional information becomes available, and actual results may differ from those indicated in the referenced statement.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the Company's consolidated financial statements and related notes. In preparing these financial statements, management has utilized information available including its past history, industry standards and the current economic environment among other factors in forming its estimates and judgments of certain amounts included in the consolidated financial statements, giving due consideration to materiality. It is possible that the ultimate outcome as anticipated by management in formulating its estimates inherent in these financial statements might not materialize. However, application of the critical accounting policies below involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. In addition, other companies may utilize different estimates, which may impact comparability of the Company's results of operations to those of similar businesses.

Consolidation Policy

The accompanying consolidated financial statements include the consolidated financial position of the Company and the Operating Partnership as of September 30, 2002 and December 31, 2001, the results of their operations for the three months and nine months ended September 30, 2002, and their cash flows for the nine months ended September 30, 2002 and 2001, respectively. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company owns an approximate 29% partnership interest as sole general partner in the Operating Partnership, which provides the Company with control over all significant activities of the Operating Partnership, and, accordingly, the Operating Partnership in turn is consolidated with the Company in the accompanying financial statements as of September 30, 2002.

The Operating Partnership has a 50% general partnership interest in The Point Associates, a 20% general partnership interest in Red Lion Associates and a 25% general partnership interest in Loyal Plaza Associates; all such entities are consolidated in the accompanying financial statements as a result of similar control attributes as exist with respect to the Operating Partnership.

The limited partner's interest as of September 30, 2002 (currently owned entirely by CBC) represents approximately a 71% limited partnership interest in the equity of the Operating Partnership. The minority interests represent the limited partner's 50% interest in The Point Associates, the 69% and 11% limited partners' interests in Red Lion Associates and the 75% limited partner's interest in Loyal Plaza Associates. The limited partner in The Point Associates is an affiliate of CBC. The 11% limited partner in Red Lion Associates is also an affiliate of CBC, and the 69% limited partner is an affiliate of ARC Properties, Inc.; the 75% limited partner in Loyal Plaza Associates is an affiliate of Kimco Realty Corp. (see Note 3).

Revenue Recognition and Accounts Receivable

Rental revenue is recognized on a straight-line basis, which averages minimum rents over the terms of the leases. The excess of rents recognized over amounts contractually due are included in deferred rents receivable on the Company's balance sheets. The leases also typically provide for tenant reimbursements of common area maintenance and other operating expenses and real estate taxes. Ancillary and other property related income is recognized in the period earned.

The Company makes estimates of the collectibility of its accounts receivable related to base rent, tenant escalations and reimbursements and other revenue or income. The Company specifically analyzes tenant receivables and analyzes historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of its allowance for doubtful accounts. In addition, when tenants are in bankruptcy, the Company makes

Revenue Recognition and Accounts Receivable (continued)

estimates of the expected recovery of pre-petition administrative and damage claims. In some cases, the ultimate resolution of those claims may extend beyond a year. Such estimates may have a direct impact on the Company's net income, as a greater bad debt reserve will result in less net income.

Sales of real estate are recorded when title is conveyed to the buyer, subject to the buyer's financial commitment being sufficient to provide economic substance to the sale.

Real Estate

Land, buildings and improvements, furniture, fixtures and equipment are recorded at cost. Tenant improvements, which are included in buildings and improvements, are also stated at cost. Expenditures for maintenance and repairs are charged to operations as incurred. Renovations and/or replacements, which improve or extend the life of the asset are capitalized and depreciated over their estimated useful lives. Construction period interest and real estate taxes are capitalized during the relevant construction period.

Depreciation is computed utilizing the straight-line method over the estimated useful life of ten to forty years for buildings and improvements, and five to ten years for furniture, fixtures and equipment. Tenant improvements are amortized on a straight-line basis over the term of the related leases.

The Company is required to make subjective assessments as to the useful lives of its properties for purpose of determining the amounts of depreciation to be reflected on an annual basis with respect to those properties. These assessments have a direct impact on the Company's net income. Should the Company lengthen the expected useful life of a particular asset, it would be depreciated over more years, and result in less depreciation expense and higher annual net income.

Assessments by the Company of certain other lease-related costs as well as any recorded straight-line rent receivable must be made when the Company has a reason to believe that the tenant will not be able to perform under the terms of the lease as originally expected.

Impairment of Long-Lived Assets

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties may be impaired. A property's value is impaired only if management's estimate of the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. Such cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition

Impairment of Long-Lived Assets (continued)

and other factors. To the extent impairment has occurred, the loss will be measured as the excess of the carrying amount of the property over the fair value of the property.

The Company is required to make subjective assessments as to whether there are impairments in the value of its real estate properties and other investments. Any assessment resulting in a determination of impairment will have a direct negative impact on the Company's net income and financial position.

Overview and Background

The Company is an advised REIT specializing in the acquisition, leasing, financing, management and development of retail properties. The Company's growth strategy is focused primarily on the real estate markets in Pennsylvania and southern New Jersey.

The Company owns all of its interests in real property, directly or indirectly, through the Operating Partnership. As of September 30, 2002, the Company owned and operated six retail properties (five located in Pennsylvania and one, with an adjacent separate development parcel, in southern New Jersey). As of September 30, 2002, the six retail properties had combined lease occupancy of approximately 93%.

The Company, as earlier indicated, is in contract (and has made certain deposits, which, after completion of due diligence reviews by management, have become non-refundable), to acquire five additional properties in Pennsylvania. The aggregate size of such properties to be acquired is approximately 765,000 sq. ft. at an aggregate purchase price, including closing costs, of approximately $45 million. The Company is expected to retain controlling general partnership interests in each of such properties with an aggregate investment of at least $5.3 million, to be funded primarily from proceeds of financings secured by interest in the three supermarket-anchored properties acquired in 2001 and in the properties to be acquired.

Management expects the Company to continue to seek acquisition opportunities primarily with respect to supermarket-anchored shopping center properties in the Pennsylvania and southern New Jersey markets. It is expected that those acquisition opportunities will be premised primarily on shared-equity participations and, if possible, certain additional equity investments in the Company by third parties.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Results of Operations

Property operating revenues for the three months and nine months ended September 30, 2002 and 2001 were $3,614,325 and $8,780,382 compared to $860,712 and $2,753,613 for the corresponding periods in 2001, an increase of $2,753,613 and $5,970,659, respectively. This increase is attributable to the acquisition of the three supermarket-anchored shopping center properties in October 2001, the increase in rental revenue at The Point as a result of the opening of the Giant supermarket in July 2001, and the additional revenue generated by the newly-acquired equity ownership participations in Red Lion Associates and Loyal Plaza Associates. This increase is offset, in part, by the sales of Corporate Center and Broadbent during the second quarter of 2001 and the sale of Southpoint during the second quarter of 2002.

Property operating expenses (excluding depreciation and amortization) and real estate taxes ("Property Expenses") were $1,236,017 and $3,061,077 for the three and nine months ended September 30, 2002 compared to $274,024 and $965,865 for the corresponding periods in 2001, an increase of $961,993 and $2,095,212, respectively. This increase is similarly attributable to the acquisition of the three supermarket-anchored shopping centers, the full year's operation of The Point, and the additional expenses applicable to Red Lion Associates and Loyal Plaza Associates, and is offset, in part, by the sales of Corporate Center, Broadbent and Southpoint.

Interest expense for the three months and nine months ended September 30, 2002 was $1,592,835 and $3,561,580 compared to $293,425 and $960,081 for the corresponding periods in 2001, an increase of $1,299,410 and $2,601,499, respectively. This increase is attributable to the October 2001 acquisition of the aforementioned shopping center properties with the assumption of $28.3 million of mortgage debt, $6 million SWH financing and the assumption of the $16,771,000 mortgage on the Red Lion property and the assumption of the $13,877,000 mortgage on Loyal Plaza. As a result of the increase in estimated value of the Company's assets, administrative fees increased by approximately $49,000 and $138,000 for the three months and nine months ended September 30, 2002, over the corresponding periods in 2001.

Net losses were ($59,569) and ($319,951) for the three months and nine months ended September 30, 2002, compared to net (loss) income of ($26,800) and $298,715 for the corresponding periods in 2001.

Summary of Cash Flows

The Company's rental revenues for the three and nine months ended September 30, 2002 were $3,614,000 and $8,768,875 compared to $822,332 and $2,582,793 for the corresponding periods in 2001. Vacancy within the 1,240,673 sq. ft. (excluding the 47,000 sq. ft. land parcel) of the Company's properties for the period ended September 30, 2002 was 93,737 sq. ft., or 7.6%. The vacancy is

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Summary of Cash Flows (continued)

projected to be 65,977 sq. ft. or 5.3% by the end of 2002. Such projection reflects management's expectation that certain leasing discussions will ultimately be consummated lease deals.

Net cash provided by operating activities totaled $1,163,320 for the nine months ended September 30, 2002, and $684,638 for the corresponding period in 2001. The increase in 2002 compared to 2001 is due to the Company's increase in net income before depreciation and amortization as a result of the purchase in October 2001 of the three supermarket-anchored shopping centers, the purchase of the 20% interest in Red Lion in June 2002, and the purchase of the 25% initial interest in Loyal Plaza in July 2002.

Net cash (used in) provided by investing activities totaled ($5,896,155) for the nine months ended September 30, 2002, and $2,681,811 for the corresponding period in 2001.

Net cash provided by (used in) financing activities totaled $3,494,461 for the nine months ended September 30, 2002, and ($1,676,572) for the corresponding period in 2001.

The net differential in cash and cash equivalents for the nine months ended September 30, 2002 and 2001 were ($1,238,374) and $1,689,877, respectively. This reduction in the change in cash and cash equivalents is attributable to a decrease in cash provided by investing activities during 2002, resulting from the purchase of the 20% interest in Red Lion and the 25% initial interest in Loyal Plaza. This decrease in cash from investing activities is offset, in part, by the cash proceeds from the sale of Southpoint during the second quarter of 2002.

The cash and cash equivalents of $1,633,915 include $841,769 in The Point partnership, in which the Company has a 50% interest, $211,266 in Red Lion partnership, in which the Company has a 20% interest, and $256,400 in the Loyal Plaza partnership, in which the Company has a 25% interest. The cash held by the individual partnerships is restricted for use for operations of those partnerships and for distribution to all partners of the respective partnership, including the Operating Partnership. Such cash totaled $1,309,435 at September 30, 2002.

Liquidity and Capital Resources

Real estate before deduction for accumulated depreciation amounted to $41.07 per share/OP Unit based on shares/OP Units outstanding as of September 30, 2002. Real estate at cost, less accumulated deductions for depreciation, amounted to $40.31 per share/OP Unit on shares/OP Units outstanding as of September 30, 2002.

Historically, rental revenue has been the principal source of funds to pay operating expenses, debt service and capital expenditures, excluding non-recurring capital expenditures of the Company.

The Company's indebtedness at September 30, 2002 was approximately $80 million. The Company funded the two mandatory payments due with respect to the SWH financing ($4,370,000 and $300,000 due by November 2002 and May 2003, respectively) from a combination of (i) net proceeds of the sale of the Southpoint property, and (ii) a portion of the net proceeds of the refinancing of The Point.

The Operating Partnership obtained a line of credit, effective March 4, 2002, in the amount of $1,000,000 from North Fork Bank, Melville, New York. The term of the loan is for one (1) year with a maturity date of March 4, 2003. The loan, at the sole discretion of the bank, may be used for (i) real estate investment, (ii) real estate management, (iii) working capital and (iv) other purposes as applicable and as approved by the bank. The interest rate is the greater of 6% or the bank's prime rate plus 1%. Interest on the outstanding loan balance is to be paid to the bank monthly in arrears. The line of credit's availability is subject to certain conditions, including, but not limited to, quarterly submission of 10-Q filings, annual submission of 10-K filings and a 30-day annual "clean up" (i.e. the outstanding balance of drawdowns under the line of credit must be reduced to zero for 30 days). The line of credit does not require any fees to be paid by the Company or the Operating Partnership. The Company views the availability of this line of credit to be sound business practice and an augment to its liquidity. Of the line of credit, $500,000 has been drawn down, primarily to acquire the 20%

Liquidity and Capital Resources (continued)

general partnership interest in Red Lion Associates and for deposits on contracts to acquire additional properties, and on third party fees (lenders, appraisers, counsel) in connection therewith. The Company expects to repay such balance out of available cash and proceeds of the refinancing of the three properties acquired in October 2001.

As discussed in Note 3, the Company on July 2, 2002, acquired a controlling general partnership interest in Loyal Plaza from an affiliate of Glimcher Properties Limited Partnership. That property includes a K-Mart store of approximately 103,000 sq. ft., paying approximately $280,000 per annum in base rent and paying contributions to common area maintenance charges, real estate taxes and insurance costs of approximately $75,000. In the event K-Mart should close this store, management believes that it will be able to improve substantially on the rental income for such premises. However, the cost of redeveloping the premises may require substantial additional funds in excess of funds available to Loyal Plaza Associates or the Company. This, in turn, may jeopardize the Company's abilities to meet its payment obligations to the Kimco Trust partner in Loyal Plaza Associates and potentially to the first mortgage lender on the property.

Also as discussed in Note 3, there are certain environmental contamination matters which affect the Loyal Plaza property. With respect to certain hydrocarbon contamination, the Company has been advised by its consultants that they expect a "No Further Action" letter to be issued by the Pennsylvania Department of Environmental Protection in due course.

With respect to certain dry cleaning solvent contamination, while the contamination has reached the ground water and appears to have migrated off site, the Company has been advised that there does not appear to be any groundwater use as a potable water source and that it is not likely that a downgradient water body would be affected by the contamination. The Company has also been further advised that PADEP will require active ground water remediation. Pursuant to purchase agreements, the seller will remain liable for all costs up to and including a satisfactory "release of liability" letter by PADEP. Also pursuant to the purchase agreement, the sellers have increased the environmental escrow deposit to $950,000. Moreover, sellers have undertaken to expend any and all monies required to complete all testing and remediation without limits as to time.

As previously announced and discussed in Note 6, the Company is under contract to purchase the approximate 522,000 sq. ft. Camp Hill Mall in Camp Hill, Pennsylvania, three Giant supermarket-anchored shopping centers in and around the Harrisburg, Pennsylvania area, as well as a development site in Fort Washington, Pennsylvania, on which the Company has agreed to build a 41,000 sq. ft. health club facility. The Company has identified various sources of funding these acquisitions, including, without limitation, new first mortgage financing, preferred equity participation arrangements, renegotiation and recapitalization of the SWH financing and the sale of a property or of a partial interest in one or more properties. Certain of those sources may involve substantial risk to the Company in terms of demands on cash and other assets of the Company, as well as security interests in the Company's properties, which may expose the Company to severe risks of default with respect to the financing arrangements for these particular acquisitions and/or those previously concluded.

Liquidity and Capital Resources (continued)

The Company believes that its liquidity and expected potential sources of future cash, including (i) the $1.6 million of cash and cash equivalents ($1,309,435 of which is restricted for specific use by partnerships), (ii) drawdowns on the remaining $500,000 available line of credit, (iii) net proceeds of sales of partial interests in one or more of the Company's properties, (iv) proceeds of refinancing the Company's equity interests in the three supermarket-anchored properties acquired in October 2001, and (v) potential private placement of Common Stock, Operating Partnership Units and (convertible) preferred stock (subject to shareholder approval where applicable), will be sufficient to meet current and near-term obligations, which include capital expenditures, property acquisition commitments, and debt service payments. There can be no assurances that the Company will be able to sell (interests in) any of its properties or to place any Common Stock, Operating Partnership Units or (convertible) preferred stock on terms acceptable to the Company. If the Company is in fact unable to generate sufficient liquidity or to arrange additional sources of future cash sufficient to meet its current and near-term obligations, the Company will be exposed to severe risks of default with respect to the financing arrangements for its existing properties and for the properties to be acquired and consequent exposure of its assets to foreclosure or other remedies available to the Company's lenders and equity providers.

The Company expects that capital markets in the United States will continue to be active and will provide funds for the refinancing of its properties' first mortgages as such mortgages mature. However, there can be no assurances that the Company will be able in fact to refinance any of its mortgages. All such mortgages are amortizing loans. The balances due at maturity, and the annual amortization payments due are summarized below.

The combined aggregate future principal payments of mortgage loans and other loans at September 30, 2002, are as follows:

Year	Mortgage loans payable	Other loans payable
2002	$ 361,958	$ -
2003	1,745,274	795,714
2004	997,652	295,714
2005	1,085,190	295,714
2006	1,170,809	-
Thereafter	74,098,229	-
	$ 79,459,112	$ 1,387,142

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (continued)

Liquidity and Capital Resources (continued)

The real estate industry has been experiencing a significant change in the property insurance markets that has resulted in significantly higher premiums. The Company renewed its insurance coverages effective July 1, 2002. Generally, such premiums, exclusive of terrorism coverage, increased 35% over the prior one year period. The Company has opted to purchase $50 million of blanket terrorism coverage for its properties; a potential liability not previously covered by insurance. Such increase in insurance premiums will be recovered in large part through the 2002 and future tenant escalation billings. Also, as a result of widely-publicized financial reporting irregularities, insurance coverage and premium costs for officers' and directors' insurance has increased by approximately 29%.

In order to qualify as a REIT for federal income tax purposes, the Company is required to make distributions to its stockholders of at least 90% of REIT taxable income. The Company expects to use its cash on-hand and cash flow from operating activities for this purpose if distributions to partners and stockholders are required in order to continue to qualify as a REIT.

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 the indirect effect of reducing the Company's ability to increase tenant rents. The Company's properties have tenants whose leases include expense reimbursements and other provisions to minimize the effect of inflation. These factors, in the long run, are expected to result in more attractive returns from the Company's real estate portfolio as compared to short-term investment vehicles.

Management's Summaries

The materials herein include summaries prepared by management of written agreements with respect to a number of transactions. Such summaries are intended in many cases to reflect and describe terms and provisions of various agreements with respect to the transactions described, and are subject in each case, to the terms and provisions of the underlying agreements, where applicable, previously filed with the SEC.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to changes in interest rates primarily from its floating debt arrangements. The Company's $1 million line of credit from North Fork Bank, which outstanding balance was $500,000 as of September 30, 2002, is the only floating rate debt. The rate payable is the greater of 6% or the bank's prime rate plus 1%. At September 30, 2002, the interest rate was 6%. The line of credit is further discussed above in Note 7.

Item 3. Quantitative and Qualitative Disclosures about Market Risk (continued)

The Company does not use derivative financial instruments for trading purposes.

The Company has an aggregate of $80,346,254 of mortgage loans and other loans payable at fixed interest rates. A substantial increase in general interest rates would potentially prevent the Company from refinancing the mortgage loans and the other loan at rates favorable to the Company.

Item 4. Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer, based on their evaluation of the Company's disclosure controls and procedures within the past ninety days, have concluded that such disclosure controls and procedures were effective to ensure that material information relating to the Company and required to be disclosed by the Company has been made known to them and has been recorded, processed, summarized and reported timely. There have not been any significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of evaluation.

Part II Other Information

Item 6. Exhibits and Reports on Form 8-K

8-K reporting under Item 2 on the acquisition of Loyal Plaza Shopping Center, dated July 2, 2002; and
8-K/A reporting under Item 7 on the financial statements, revenues and certain expenses in connection with the acquisition of Loyal Plaza Shopping Center, dated September 16, 2002.

Signatures

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

CEDAR INCOME FUND, LTD.

/s/ Leo S. Ullman	/s/ Brenda J. Walker
Leo S. Ullman Chairman of the Board and President (principal executive officer)	Brenda J. Walker Vice President and Director (principal financial officer)
/s/ Thomas J. O'Keeffe	/s/ Ann Maneri
Thomas J. O'Keeffe Chief Financial Officer (principal accounting officer)	Ann Maneri Controller

November 14, 2002

CERTIFICATION

I, Leo S. Ullman, Chief Executive Officer of Cedar Income Fund, Ltd. (the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Company;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:
   (a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):
   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

6. The Company's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Leo S. Ullman

Leo S. Ullman
Chief Executive Officer

CERTIFICATION

I, Thomas J. O'Keeffe, Chief Financial Officer of Cedar Income Fund, Ltd. (the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Company;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this quarterly report;

4. The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined

in Exchange Act Rules 13a-14 and 15d-14) for the Company and we have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the Company's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent function):

   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls; and

6. The Company's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

/s/ Thomas J. O'Keeffe

Thomas J. O'Keeffe
Chief Financial Officer

CERTIFICATION

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

1. The quarterly report on Form 10-Q of the Company for the period ended September 30, 2002, 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-Q 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 14th day of November, 2002.

/s/ Leo S. Ullman

Leo S. Ullman, Chief Executive Officer

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

3. The quarterly report on Form 10-Q of the Company for the period ended September 30, 2002, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
4. The information contained in such Form 10-Q 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 14th day of November, 2002.

/s/ Thomas J. O'Keeffe

Thomas J. O'Keeffe, Chief Financial Officer