CEDAR SHOPPING CENTERS INC
Form 10-K/A
August 12, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K/A

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2009

OR

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

COMMISSION FILE NUMBER: 001-31817

CEDAR SHOPPING CENTERS, INC.

(Exact name of registrant as specified in its charter)

Maryland	**42-1241468**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
44 South Bayles Avenue, Port Washington, NY	**11050-3765**
(Address of principal executive offices)	(Zip Code)

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

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

Title of each class	*Name of each exchange on which registered*
Common Stock, $0.06 par value	New York Stock Exchange
8-7/8% Series A Cumulative Redeemable Preferred Stock, $25.00 Liquidation Value	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting

company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

Based on the closing sales price on June 30, 2009 of $4.52 per share, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $196,177,000.

The number of shares outstanding of the registrant s Common Stock $.06 par value was 62,007,366 on February 28, 2010.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant s definitive proxy statement relating to its 2010 annual meeting of shareholders are incorporated herein by reference.

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CEDAR SHOPPING CENTERS, INC.
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 (AS AMENDED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

Cedar Shopping Centers, Inc. (the Company) is issuing revised historical financial statements and certain related data that had been included in its Annual Report on Form 10-K for the year ended December 31, 2009 for the matters described below. The effect of such matters was reflected, retroactively as appropriate, in the Company s consolidated financial statements included in each of the Company s Quarterly Reports on Form 10-Q for the periods ended March 31, 2010 (the First Quarterly Report) and June 30, 2010 (the Second Quarterly Report). Such Annual Report was filed with the Securities and Exchange Commission (the SEC) on March 15, 2010 (the Original Filing); the Company filed its First Quarterly Report on May 10, 2010 and its Second Quarterly Report on August 5, 2010. Subsequent to December 31, 2009, the Company determined that at the time it acquired certain properties during 2003 through 2009, it had underprovided for certain identifiable intangible lease liabilities relating to fixed-price renewal options that were at below-market rates. At the time such properties were acquired, the Company determined the fair value of such renewal options to be immaterial, based upon the Company s assessment of a very low probability that any of such renewal options would be exercised. Accordingly, the Company assigned a zero value to such renewal options. The Company has reconsidered these determinations and has concluded that option renewal periods should have been valued with respect to certain of the leases, as further described in Note 2 in the notes to the consolidated financial statements. Using the updated assumptions, the Company determined that the December 31, 2009 carrying amounts of unamortized intangible lease liabilities and real estate, net, were understated by $8,429,000 and $7,688,000, respectively (the latter amount net of $741,000, representing the cumulative understated depreciation expense for the period 2003 through 2009). In addition, total equity and limited partners interest in the Operating Partnership were overstated by $723,000 and $18,000, respectively, as of December 31, 2009, reflecting the aforementioned cumulative depreciation adjustment. The Company determined that the aforementioned adjustments were immaterial to any full year s consolidated financial statements; however, the Company did determine that recording the adjustments entirely in the quarterly period ended March 31, 2010 would have been material to the consolidated statement of operations for that period. Accordingly, as provided by the SEC s Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements , such adjustments were reflected retroactively in the consolidated financial statements included in the First Quarterly Report (including revisions of prior-period amounts to conform to the 2010 presentation). Under SEC requirements, these revisions are required for previously-issued annual financial statements for each of the three years shown in the Original Filing if those financial statements are incorporated by reference in subsequent filings made under the Securities Act of 1933, as amended.

In addition, subsequent to December 31, 2009, the Company sold or has treated as held for sale two properties, one each reflected in the consolidated financial statements included in the First and Second Quarterly Reports. In compliance with the provisions of Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets , the results of operations of these two properties were reported as components of discontinued operations for each of the periods presented (including reclassifications of prior-period amounts to conform to the 2010 presentation), as further described in Note 3 in the notes to consolidated financial statements. Under SEC requirements, the same retroactive reclassifications are required for previously-issued annual financial statements for each of the three years shown in the Original Filing, if those financial statements are incorporated by reference in subsequent filings made under the Securities Act of 1933, as amended.

This Report on Form 10-K/A is being filed to revise the information contained in Items 1 and 2 in Part I, Items 6, 7, 7A and 8 in Part II, and the financial statement schedule in Part IV of the Original Filing in their entirety to conform to the 2010 presentations included in the First and Second Quarterly Reports. This Report on Form 10-K/A does not attempt to modify or update any other disclosures set forth in the Original Filing, except as required to reflect the aforementioned amended information. In addition, except for the amended information included herein, this Form 10-K/A speaks as of the filing date of the Original Filing and does not update or discuss any other developments affecting the Company subsequent to the date of the Original Filing.

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Part I.

Items 1 and 2. Business and Properties

General

Cedar Shopping Centers, Inc. (the Company), organized in 1984, is a fully-integrated real estate investment trust which focuses primarily on ownership, operation, development and redevelopment of supermarket-anchored shopping centers in mid-Atlantic and Northeast coastal states. At December 31, 2009, the Company owned and managed (both wholly-owned and in joint venture) a portfolio of 117 operating properties totaling approximately 12.8 million square feet of gross leasable area (GLA), including 93 wholly-owned properties comprising approximately 9.3 million square feet, 13 properties owned in joint venture (consolidated) comprising approximately 1.7 million square feet, seven properties transferred or to be transferred to a managed joint venture (unconsolidated) comprising approximately 1.2 million square feet, and four ground-up developments comprising approximately 0.6 million square feet. Excluding the four ground-up development properties, the 113 property portfolio was approximately 91% leased at December 31, 2009; the 99 property stabilized portfolio was approximately 95% leased at that date. The Company also owned approximately 196 acres of land parcels, a significant portion of which is under development. In addition, the Company has a 76.3% interest in another unconsolidated joint venture, which it does not manage, which owns a single-tenant office property in Philadelphia, Pennsylvania.

The Company has elected to be taxed as a real estate investment trust (REIT) under applicable provisions of the Internal Revenue Code of 1986, as amended (the Code). To qualify as a REIT under those provisions, the Company must have a preponderant percentage of its assets invested in, and income derived from, real estate and related sources. The Company s objectives are to provide to its shareholders a professionally-managed, diversified portfolio of commercial real estate investments (primarily supermarket-anchored shopping centers), which will provide substantial cash flow, currently and in the future, taking into account an acceptable modest risk profile, and which will present opportunities for additional growth in income and capital appreciation.

The Company, organized as a Maryland corporation, has established an umbrella partnership structure through the contribution of substantially all of its assets to Cedar Shopping Centers Partnership L.P. (the Operating Partnership), organized as a limited partnership under the laws of Delaware. The Company conducts substantially all of its business through the Operating Partnership. At December 31, 2009, the Company owned 96.3% of the Operating Partnership and is its sole general partner. The approximately 2,006,000 limited Operating Partnership Units (OP Units) are economically equivalent to the Company s common stock and are convertible into the Company s common stock at the option of the holders on a one-to-one basis.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to long-term leases. The Company s operating results therefore depend on the ability of its tenants to make the payments required by the terms of their leases. The Company focuses its investment activities on supermarket-anchored community shopping centers. The Company believes that, because of the need of consumers to purchase food and other staple goods and services generally available at such centers, its type of necessities -based properties should provide

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relatively stable revenue flows even during difficult economic times.

In connection with the transactions with RioCan (more fully described below), the Company will seek to acquire primarily stabilized supermarket-anchored properties in its primary market areas during the next two years in a joint venture owned 20% by the Company. The Company has historically sought opportunities to acquire properties suited for development and/or redevelopment, and, to a lesser extent than in the past, stabilized properties, where it can utilize its experience in shopping center construction, renovation, expansion, re-leasing and re-merchandising to achieve long-term cash flow growth and favorable investment returns.

The Company, the Operating Partnership, their subsidiaries and affiliated partnerships are separate legal entities. For ease of reference, the terms we , our , us , Company and Operating Partnership (including their respective subsidiaries and affiliates) refer to the business and properties of all these entities, unless the context otherwise requires. The Company s executive offices are located at 44 South Bayles Avenue, Port Washington, New York 11050-3765 (telephone 516-767-6492). The Company also currently maintains property management, construction management and/or leasing offices at several of its shopping-center properties. The Company s website can be accessed at www.cedarshoppingcenters.com, where a copy of the Company s Forms 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission (SEC) can be obtained free of charge. These SEC filings are added to the website as soon as reasonably practicable. The Company s Code of Ethics, corporate governance guidelines and committee charters are also available on the website.

Recent Developments and Significant Transactions

Public Offering of Common Stock

On February 5, 2010, the Company concluded a public offering of 7,500,000 shares of its common stock at $6.60 per share, and realized net proceeds after offering expenses of approximately $47.0 million. On March 3, 2010, the underwriters exercised their over-allotment option to the extent of 697,800 shares, and the Company realized additional net proceeds of $4.4 million. In connection with the offering, RioCan (see below) acquired 1,350,000 shares of the Company s common stock, including 100,000 shares acquired in connection with the exercise of the over-allotment option, and the Company realized net proceeds of $8.9 million.

Reinstatement of Dividend

In December 2009, following a review of the state of the economy and the Company s financial position, the Company s Board of Directors determined to resume payment of a quarterly cash dividend in the amount of $0.09 per share ($0.36 per share on an annualized basis) on the Company s common stock, which was paid on January 20, 2010 to shareholders of record as of the close of business on December 31, 2009.

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RioCan

On October 26, 2009, the Company entered into definitive agreements with RioCan Real Estate Investment Trust of Toronto, Canada, a publicly-traded Canadian real estate investment trust listed on the Toronto Stock Exchange (RioCan), pursuant to which the Company (1) sold to RioCan 6,666,666 shares of the Company s common stock at $6.00 per share in a private placement for an aggregate of $40 million (RioCan agreeing that it would not sell any of such shares for a period of one year), (2) issued to RioCan warrants to purchase 1,428,570 shares of the Company s common stock at an exercise price of $7.00 per share, exercisable over a two-year period, (3) entered into an 80% (RioCan) and 20% (Cedar) joint venture (i) initially for the purchase of seven supermarket-anchored properties presently owned by the Company, and (ii) then to acquire additional primarily supermarket-anchored properties in the Company s primary market areas during the next two years, in the same joint venture format, and (4) entered into a standstill agreement with respect to increases in RioCan s ownership of the Company s common stock for a three-year period. In addition, subject to certain exceptions, the Company has agreed that it will not issue any new shares of common stock unless RioCan is offered the right to purchase an additional number of shares that will maintain its pro rata percentage ownership, on a fully diluted basis. In connection with the formation of the joint venture, the Company recorded an impairment charge of $23.6 million relating to the seven properties transferred or to be transferred to the joint venture.

The private placement investment by RioCan and the issuance of the warrants by the Company were concluded on October 30, 2009. Two of the properties (Blue Mountain Commons located in Harrisburg, Pennsylvania and Sunset Crossing located in Dickson City, Pennsylvania) were transferred to the joint venture on December 10, 2009, resulting in proceeds to the Company of approximately $33 million (in connection with the closing, a repayment of $25.9 million was required under the Company s secured revolving development property credit facility). The remaining five properties are subject to mortgage loans payable aggregating approximately $94 million. Two of the properties (Columbus Crossing Shopping Center located in Philadelphia, Pennsylvania and Franklin Village Plaza located in Franklin, Massachusetts) were transferred to the joint venture in January and February 2010, resulting in net proceeds to the Company of approximately $16 million. The remaining three properties (Loyal Plaza Shopping Center located in Williamsport, Pennsylvania, Shaw s Plaza located in Raynham, Massachusetts, and Stop & Shop Plaza located in Bridgeport, Connecticut) are to be transferred during the first half of 2010, resulting in net proceeds to the Company of an additional approximately $16 million.

In connection with the transfers of the seven properties to the joint venture and the private placement transactions, the Company will have received aggregate net proceeds of approximately $105 million, after estimated closing and transaction costs, which have been or will be used to repay/reduce the outstanding balances under the Company s secured revolving credit facilities.

Amended and Restated Credit Facility

On November 10, 2009, the Company closed an amended and restated secured revolving stabilized property credit facility in the amount of $265 million (subsequently increased to $285 million), with Bank of America, N.A. continuing as administrative agent, together with three other lead lenders and other participating banks. The facility, as amended, is expandable to $400 million

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subject to certain conditions, including acceptable collateral. This amended and restated facility replaced the existing facility that was due to expire on January 30, 2010, and will continue to be available to fund acquisitions, certain development and redevelopment activities, capital expenditures, mortgage repayments, dividend distributions, working capital and other general corporate purposes. The new facility has a maturity date of January 31, 2012, subject to a one-year extension option. As a result of the application of the net proceeds from, among other things, the transfers of two of the remaining properties to the RioCan joint venture and the sales of shares of the Company s common stock in February and March 2010, the Company s availability under this facility has increased to approximately $104 million as of March 3, 2010.

Joint Venture With PCP

On January 30, 2009, a newly-formed 40% Company-owned joint venture acquired the New London Mall in New London, Connecticut, an approximate 259,000 square foot supermarket-anchored shopping center, for a purchase price of approximately $40.7 million. The purchase price included the assumption of an existing $27.4 million first mortgage bearing interest at 4.9% per annum and maturing in 2015. The total joint venture partnership contribution was approximately $14.0 million, of which the Company s 40% share ($5.6 million) was funded from its secured revolving stabilized property credit facility. The Company is the managing partner of the venture and receives certain acquisition, property management, construction management and leasing fees. In addition, the Company will be entitled to a promote fee structure, pursuant to which its profits participation would be increased to 44% if the venture reaches certain income targets. The Company s joint venture partners are affiliates of Prime Commercial Properties PLC (PCP), a London-based real estate/development company.

On February 10, 2009, a second newly-formed (also with affiliates of PCP) 40% Company-owned joint venture acquired San Souci Plaza in California, Maryland, an approximate 264,000 square foot supermarket-anchored shopping center, for a purchase price of approximately $31.8 million. The purchase price included the assumption of an existing $27.2 million first mortgage bearing interest at 6.2% per annum and maturing in 2016. The total joint venture partnership contribution was approximately $5.8 million, of which the Company s 40% share ($2.3 million) was funded from its secured revolving stabilized property credit facility. The Company is the managing partner of the venture and receives certain acquisition, property management, construction management and leasing fees. In addition, the Company will be entitled to a promote fee structure, pursuant to which its profits participation would be increased to 44% if the venture reaches certain income targets.

Discontinued Operations

During 2009 and subsequent to December 31, 2009, the Company sold, or has treated as held for sale , 11 of its properties (primarily drug store/convenience centers), located in Ohio, Maryland and New York, aggregating 416,000 square feet of GLA, including the 6,000 square foot McDonalds/Waffle House, located in Medina, Ohio, the 10,000 square foot CVS property located in Westfield, New York, the 24,000 square foot Staples property located in Oswego, New York, the 32,000 square foot Discount Drug Mart Plaza located in Hudson, Ohio, the 38,000 square foot Discount Drug Mart Plaza located in Dover, Ohio, the 84,000 square foot Gabriel Brothers property located in Kent, Ohio, the 40,000 square foot Discount Drug Mart Plaza located in Carrollton, Ohio, the 20,000 square foot Pondside Plaza located in Geneseo, New York, the 50,000 square foot Discount Drug Mart Plaza located in Powell,

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Ohio, the 7,000 square foot Family Dollar convenience center located in Zanesville, Ohio, and the 105,000 square foot Long Reach Village property located in Columbia, Maryland. The aggregate of the sales prices for the 11 properties is approximately $33.3 million, and the properties are subject to property-specific mortgage loans payable of approximately $22.4 million. In connection with these transactions, the Company recorded impairment charges aggregating $6.5 million (including $3.0 million subsequent to December 31, 2009), and has realized gain on sales of $727,000 (including $170,000 subsequent to December 31, 2009). The carrying values of the assets and liabilities of these properties, principally the net book values of the real estate and the related mortgage loans payable, have been reclassified as held for sale on the Company s consolidated balance sheets at December 31, 2009 and 2008. In addition, the properties results of operations have been classified as discontinued operations for all periods presented.

The Company s Properties

The following tables summarize information relating to the Company s properties as of December 31, 2009:

te	Number of properties	GLA (Sq. ft.)	Land	Building and improvements	Total cost	Accumulated depreciation	Net book value	Unconsolidated joint venture managed properties	Real t b trans to a ven
vania	52	6,645,891	168,934,000	683,956,000	$ 852,890,000	88,133,000	$ 764,757,000	8,638,000	53,4
usetts	8	1,486,033	27,231,000	115,543,000	142,774,000	11,128,000	131,646,000		76,8
icut	9	1,217,789	33,426,000	128,636,000	162,062,000	16,208,000	145,854,000		9,5
	13	815,969	28,878,000	102,531,000	131,409,000	15,316,000	116,093,000		
	20	710,444	18,165,000	78,230,000	96,395,000	10,838,000	85,557,000		
d	7	835,972	28,843,000	78,867,000	107,710,000	8,150,000	99,560,000		
sey	4	825,276	13,764,000	74,865,000	88,629,000	9,615,000	79,014,000		
rk	3	226,043	13,809,000	38,418,000	52,227,000	3,196,000	49,031,000		
n	1	77,688	2,443,000	9,813,000	12,256,000	1,295,000	10,961,000		
ng	117	12,841,105	335,493,000	1,310,859,000	1,646,352,000	163,879,000	1,482,473,000	8,638,000	139,7
under ment held e on and ment	n/a	n/a	20,873,000	5,456,000	26,329,000		26,329,000		
rtfolio	117	12,841,105	$ 356,366,000	$ 1,316,315,000	$ 1,672,681,000	$ 163,879,000	$ 1,508,802,000	8,638,000	$ 139,7
olidated ture aged [(a)]								5,475,000	
								$ 14,113,000	

lidated
tures

(a) The Company has a 76.3% interest in an unconsolidated joint venture, which it does not manage, which owns a single-tenant office property located in Philadelphia, PA.

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Tenant (a)	Number of stores	GLA	Percentage of GLA	Annualized base rent	Annualized Base rent per sq. ft.	Percentage of annualized base rents
Top ten tenants (b):						
Giant Foods (c)	22	1,328,000	10.3%	21,503,000	$ 16.19	16.1%
Farm Fresh (c)	6	364,000	2.8%	3,880,000	10.66	2.9%
Stop & Shop (c)	5	325,000	2.5%	3,494,000	10.75	2.6%
Discount Drug Mart	14	346,000	2.7%	3,280,000	9.48	2.5%
Shaw s (c)	4	241,000	1.9%	2,716,000	11.27	2.0%
L.A. Fitness	4	168,000	1.3%	2,496,000	14.86	1.9%
CVS	10	113,000	0.9%	2,335,000	20.66	1.7%
Food Lion (c)	7	243,000	1.9%	1,921,000	7.91	1.4%
Staples	7	145,000	1.1%	1,821,000	12.56	1.4%
Shop Rite	2	118,000	0.9%	1,599,000	13.55	1.2%
Sub-total top ten tenants (d)	81	3,391,000	26.4%	45,045,000	13.28	33.7%
Remaining tenants	1,171	8,184,000	63.7%	88,464,000	10.81	66.3%
Sub-total all tenants	1,252	11,575,000	90.1%	133,509,000	11.53	100.0%
Vacant space (e)	n/a	1,266,000	9.9%	n/a	n/a	n/a
Total (including vacant space)	1,252	12,841,000	100.0%	133,509,000	10.40	n/a

(a) Incudes unconsolidated managed joint venture properties.

(b) Based on annualized base rent.

(c) Several of the tenants listed above share common ownership with other tenants including, without limitation, (1) Giant Foods

and Stop & Shop, (2) Farm Fresh, Shaw s, Shop n Save (GLA of 53,000; annualized base rent of $495,000), Shoppers Food Warehouse (GLA of 120,000; annualized base rent of $1,206,000) and Acme (GLA of 172,000; annualized base rent of $756,000), and (3) Food Lion and Hannaford (GLA of 43,000; annualized base rent of $405,000).

(d) Includes tenants at ground-up development properties.

(e) Includes vacant space at properties undergoing development and/or redevelopment activities.

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Year of lease expiration (a)	Tenants with leases expiring	GLA expiring	Percentage of GLA expiring	Annualized expiring base rents	Annualized expiring base rents per sq. ft.	Percentage of annualized expiring base rents
Month-to-Month	81	211,000	1.8%	$ 2,759,000	$ 13.08	2.1%
2010	160	800,000	6.9%	9,731,000	12.16	7.3%
2011	179	1,013,000	8.8%	11,498,000	11.35	8.6%
2012	174	838,000	7.2%	9,700,000	11.58	7.3%
2013	141	752,000	6.5%	9,207,000	12.24	6.9%
2014	148	1,347,000	11.6%	12,785,000	9.49	9.6%
2015	100	1,046,000	9.0%	9,661,000	9.24	7.2%
2016	48	605,000	5.2%	5,838,000	9.65	4.4%
2017	37	487,000	4.2%	6,191,000	12.71	4.6%
2018	40	723,000	6.2%	8,590,000	11.88	6.4%
2019	37	562,000	4.9%	6,127,000	10.90	4.6%
2020	29	932,000	8.1%	7,621,000	8.18	5.7%
Thereafter	78	2,259,000	19.5%	33,801,000	14.96	25.3%
All tenants (b)	1,252	11,575,000	100.0%	133,509,000	11.53	100.0%
Vacant space (c)	n/a	1,266,000	n/a	n/a	n/a	n/a
Total portfolio	1,252	12,841,000	n/a	$ 133,509,000	$ 10.40	n/a

(a) Incudes unconsolidated managed joint venture properties.

(b) Includes tenants at ground-up development properties.

(c) Includes vacant space at properties undergoing development and/or redevelopment activities.

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

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

Most leases contain provisions requiring tenants to pay their pro rata share of real estate taxes, insurance and certain operating costs. Some leases also provide that tenants pay percentage rent based upon sales volume generally in excess of certain negotiated minimums.

Giant Food Stores, LLC (Giant Foods), which is owned by Ahold N.V., a Netherlands corporation, leased approximately 10%, 9% and 9% of the Company s GLA at December 31, 2009, 2008 and 2007, respectively, and accounted for approximately 12%, 12% and 13% of the Company s total revenues during 2009, 2008 and 2007, respectively. Giant Foods, in combination with Stop & Shop, Inc., which is also owned by Ahold N.V., accounted for approximately 15%, 15% and 15% of the Company s total revenues during 2009, 2008 and 2007, respectively. Of these amounts, 3%,

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respectively, were attributable to Giant Foods revenues at the seven properties transferred or to be transferred to the RioCan joint venture, for each of the periods presented. No other tenant leased more than 10% of GLA at December 31, 2009, 2008 or 2007, or contributed more than 10% of total revenues during 2009, 2008 or 2007. No individual property had a net book value equal to more than 10% of total assets at December 31, 2009, 2008 or 2007.

Depreciation on all of the Company s properties is calculated using the straight-line method over the estimated useful lives of the respective real properties and improvements, which range from three to forty years.

The Company s executive offices are located at 44 South Bayles Avenue, Port Washington, New York, in which it presently occupies approximately 8,600 square feet leased from a partnership owned 43.6% by the Company s Chairman. Under the terms of the lease, as amended, which will expire in February 2020, the Company will add an additional 6,400 square feet by the end of 2010. The Company believes that the terms of its lease are at market.

Competition

The Company believes that competition for the acquisition and operation of retail shopping and convenience centers is highly fragmented. It faces competition from institutional investors, public and private REITs, owner-operators engaged in the acquisition, ownership and leasing of shopping centers, as well as from numerous local, regional and national real estate developers and owners in each of its markets. It also faces competition in leasing available space at its properties to prospective tenants. Competition for tenants varies depending upon the characteristics of each local market in which the Company owns and manages properties. The Company believes that the principal competitive factors in attracting tenants in its market areas are location, price and other lease terms, the presence of anchor tenants, the mix, quality and sales results of other tenants, and maintenance, appearance, access and traffic patterns of its properties.

Environmental Matters

Under various federal, state, and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or other contaminants at property owned, leased, managed or otherwise operated by such person, and may be held liable to a governmental entity or to third parties for property damage, and for investigation and clean up costs in connection with such contamination. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such conditions, may adversely affect the owner s, lessor s or operator s ability to sell or rent such property or to arrange financing using such property as collateral. In connection with the ownership, operation and management of real estate, the Company may potentially become liable for removal or remediation costs, as well as certain other related costs and liabilities, including governmental fines and injuries to persons and/or property.

The Company believes that environmental studies conducted at the time of acquisition with respect to all of its properties have not revealed environmental liabilities that would have a material adverse affect on its business, results of operations or liquidity. However, no assurances can be given

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that existing environmental studies with respect to any of the properties reveal all environmental liabilities, that any prior owner of or tenant at a property did not create a material environmental condition not known to the Company, or that a material environmental condition does not otherwise exist at any one or more of its properties. If a material environmental condition does in fact exist, it could have an adverse impact upon the Company s financial condition, results of operations and liquidity.

Employees

As of December 31, 2009, the Company had 102 employees (95 full-time and 7 part-time). The Company believes that its relations with its employees are good.

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Part II.
Item 6. Selected Financial Data (a)

	Years ended December 31,				
	2009	**2008**	**2007**	**2006**	**2005**
Operations data:					
Total revenues	$ 180,115,000	$ 168,943,000	$ 148,952,000	$ 122,356,000	$ 76,931,000
Expenses:					
Property operating expenses	54,815,000	47,868,000	39,269,000	34,053,000	21,866,000
General and administrative	10,166,000	8,586,000	9,041,000	6,086,000	5,132,000
Impairments	23,636,000				
Terminated projects and acquisition transaction costs	4,367,000	855,000			
Depreciation and amortization	54,044,000	48,488,000	40,637,000	33,550,000	19,870,000
Total expenses	147,028,000	105,797,000	88,947,000	73,689,000	46,868,000
Operating income	33,087,000	63,146,000	60,005,000	48,667,000	30,063,000
Non-operating income and expense:					
Interest expense and amortization of deferred financing costs	(49,504,000)	(44,646,000)	(38,203,000)	(33,524,000)	(15,858,000)
Equity in income of unconsolidated joint ventures	1,098,000	956,000	634,000	70,000	
Gain on sales of real estate	521,000			141,000	
Interest income	63,000	284,000	788,000	641,000	91,000
Total non-operating income and expense	(47,822,000)	(43,406,000)	(36,781,000)	(32,672,000)	(15,767,000)
(Loss) income before discontinued operations	(14,735,000)	19,740,000	23,224,000	15,995,000	14,296,000
(Loss) income from discontinued operations	(2,833,000)	1,058,000	643,000	851,000	430,000
Gain on sales of discontinued operations	557,000				
Net (loss) income	(17,011,000)	20,798,000	23,867,000	16,846,000	14,726,000
Minority interests in consolidated joint ventures	(772,000)	(2,157,000)	(1,415,000)	(1,202,000)	(1,270,000)

Limited partners interest in Operating Partnership	912,000	(468,000)	(627,000)	(389,000)	(296,000)
Net (loss) income attributible to Cedar Shopping Centers, Inc.	(16,871,000)	18,173,000	21,825,000	15,255,000	13,160,000
Preferred distribution requirements	(7,876,000)	(7,877,000)	(7,877,000)	(7,877,000)	(7,186,000)
Net (loss) income attributable to common shareholders	$ (24,747,000)	$ 10,296,000	$ 13,948,000	$ 7,378,000	$ 5,974,000
Per common share (basic and diluted) attributable to common shareholders:					
Continuing operations	$ (0.49)	$ 0.21	$ 0.30	$ 0.20	$ 0.23
Discontinued operations	(0.05)	0.02	0.02	0.02	0.02
	$ (0.54)	$ 0.23	$ 0.32	$ 0.22	$ 0.25
Amounts attributable to Cedar Shopping Centers, Inc. common shareholders, net of limited partners interest					
(Loss) income from continuing operations	$ (22,552,000)	$ 9,284,000	$ 13,333,000	$ 6,570,000	$ 5,564,000
(Loss) income from discontinued operations	(2,195,000)	1,012,000	615,000	808,000	410,000
Net (loss) income	$ (24,747,000)	$ 10,296,000	$ 13,948,000	$ 7,378,000	$ 5,974,000
Dividends to common shareholders	$ 9,742,000	$ 40,027,000	$ 39,775,000	$ 29,333,000	$ 20,844,000
Per common share	$ 0.2025	$ 0.9000	$ 0.9000	$ 0.9000	$ 0.9000
Weighted average number of common shares outstanding:					
Basic	46,234,000	44,475,000	44,193,000	32,926,000	23,988,000
Diluted	46,234,000	44,475,000	44,197,000	33,055,000	24,031,000

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Item 6. Selected Financial Data (a) (continued)

	Years ended December 31,				
	2009	2008	2007	2006	2005
Balance sheet data:					
Real estate, net	$ 1,508,802,000	$ 1,412,783,000	$ 1,297,860,000	$ 974,032,000	$ 795,537,000
Real estate to be transferred to a joint venture	139,743,000	194,952,000	165,277,000	166,639,000	124,005,000
Real estate held for sale discontinued operations	21,380,000	42,267,000	43,911,000	44,050,000	33,079,000
Investment in unconsolidated joint ventures	14,113,000	4,976,000	3,757,000	3,644,000	
Other assets	101,080,000	80,050,000	92,290,000	66,797,000	46,623,000
Total assets	$ 1,785,118,000	$ 1,735,028,000	$ 1,603,095,000	$ 1,255,162,000	$ 999,244,000
Mortgages and loans payable	$ 945,974,000	$ 913,430,000	$ 757,979,000	$ 474,072,000	$ 460,506,000
Mortgage loans payable real estate to be transferred to a joint venture	94,018,000	77,307,000	70,458,000	70,599,000	56,874,000
Mortgage loans payable discontinued operations	12,455,000	22,736,000	23,077,000	23,402,000	10,411,000
Other liabilities	106,269,000	116,361,000	105,654,000	74,206,000	47,477,000
Total liabilities	1,158,716,000	1,129,834,000	957,168,000	642,279,000	575,268,000
Limited partners interest in Operating Partnership	12,638,000	14,257,000	15,570,000	19,608,000	16,657,000
Equity:					
Cedar Shopping Centers, Inc. shareholders equity	538,456,000	523,521,000	557,849,000	574,311,000	390,164,000
Noncontrolling interests	75,308,000	67,416,000	72,508,000	18,964,000	17,155,000
Total equity	613,764,000	590,937,000	630,357,000	593,275,000	407,319,000
Total liabilities and equity	$ 1,785,118,000	$ 1,735,028,000	$ 1,603,095,000	$ 1,255,162,000	$ 999,244,000
Weighted average number of common shares:					
Shares used in determination of basic earnings per share	46,234,000	44,475,000	44,193,000	32,926,000	23,988,000
Additional shares assuming conversion of OP Units (basic)	2,014,000	2,024,000	1,985,000	1,737,000	1,202,000
	48,248,000	46,499,000	46,178,000	34,663,000	25,190,000

Shares used in determination of basic FFO per share					
Shares used in determination of diluted earnings per share	46,234,000	44,475,000	44,197,000	33,055,000	24,031,000
Additional shares assuming conversion of OP Units (diluted)	2,014,000	2,024,000	1,990,000	1,747,000	1,206,000
Shares used in determination of diluted FFO per share	48,248,000	46,499,000	46,187,000	34,802,000	25,237,000
Other data:					
Funds From Operations (FFO) (b)	$ 24,581,000	$ 56,859,000	$ 56,190,000	$ 41,954,000	$ 25,923,000
Per common share (assuming conversion of OP Units) (basic and diluted):	$ 0.51	$ 1.22	$ 1.22	$ 1.21	$ 1.03
Cash flows provided by (used in):					
Operating activities	$ 51,942,000	$ 60,815,000	$ 53,503,000	$ 40,858,000	$ 26,738,000
Investing activities	$ (70,026,000)	$ (151,390,000)	$ (192,432,000)	$ (190,105,000)	$ (323,225,000)
Financing activities	$ 27,017,000	$ 75,517,000	$ 143,735,000	$ 158,011,000	$ 296,823,000
Square feet of GLA	12,840,000	12,035,000	11,897,000	9,949,000	8,435,000
Percent leased (including development/redevelopment and other non-stabilized properties)	91%	92%	93%	93%	91%
Average annualized base rent per leased square foot	$ 11.53	$ 11.03	$ 10.74	$ 10.53	$ 10.40

(a) The data presented reflect certain reclassifications of prior period amounts to comform to the 2009 presentation, principally (i) the retrospective reclassification, for all periods presented, of the balances related to minority interests in consolidated joint

ventures and limited partners interest in the Operating Partnership into the consolidated equity accounts, as appropriate, (ii) to refelect the reclassifications of the assets and liabilities of the properties transferred and to be transferred to the RioCan joint venture as real estate to be transferred to a joint venture , (iii) to reflect the reclassifications of the assets, liabilities and operating results for the sale and/or treatment as held for sale of certain operating properties and the treatment thereof as discontinued operations , and (iv) to reflect the retroactive valuation adjustments related to lease renewal options. The reclassifications and retroactive adjustments had no material impact on the previously-reported net income atttributable to common shareholders or earnings per share.

(b) See Item 7 Management s

Discussion and Analysis of Financial Condition and Results of Operations for a reconciliation of Funds From Operations (FFO) to net (loss) income attributable to common shareholders.

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

The following discussion should be read in conjunction with the Company s consolidated financial statements and related notes thereto included elsewhere in this report.

Executive Summary

The Company is a fully-integrated real estate investment trust which focuses primarily on ownership, operation, development and redevelopment of supermarket-anchored shopping centers in mid-Atlantic and Northeast coastal states. At December 31, 2009, the Company owned and managed (both wholly-owned and in joint venture) a portfolio of 117 operating properties totaling approximately 12.8 million square feet of gross leasable area (GLA), including 93 wholly-owned properties comprising approximately 9.3 million square feet, 13 properties owned in joint venture (consolidated) comprising approximately 1.7 million square feet, seven properties transferred or to be transferred to a managed joint venture (unconsolidated) comprising approximately 1.2 million square feet, and four ground-up developments comprising approximately 0.6 million square feet. Excluding the four ground-up development properties, the 113 property portfolio was approximately 91% leased at December 31, 2009; the 99 property stabilized portfolio was approximately 95% leased at that date. The Company also owned approximately 196 acres of land parcels, a significant portion of which is under development. In addition, the Company has a 76.3% interest in another unconsolidated joint venture, which it does not manage, which owns a single-tenant office property in Philadelphia, Pennsylvania.

The Company, organized as a Maryland corporation, has established an umbrella partnership structure through the contribution of substantially all of its assets to the Operating Partnership, organized as a limited partnership under the laws of Delaware. The Company conducts substantially all of its business through the Operating Partnership. At December 31, 2009, the Company owned 96.3% of the Operating Partnership and is its sole general partner. OP Units are economically equivalent to the Company s common stock and are convertible into the Company s common stock at the option of the holders on a one-to-one basis.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to long-term leases. The Company s operating results therefore depend on the ability of its tenants to make the payments required by the terms of their leases. The Company focuses its investment activities on supermarket-anchored community shopping centers. The Company believes that, because of the need of consumers to purchase food and other staple goods and services generally available at such centers, its type of necessities -based properties should provide relatively stable revenue flows even during difficult economic times. In January 2009, the Company s Board of Directors reduced the quarterly dividend payable in February by one-half to an annual rate of $0.45 per share and in April 2009 suspended the dividend for the balance of the year for a projected annual saving of approximately $37 million. This decision was in response to the then current state of the economy, the difficult retail environment, the constrained capital markets and the need to renew the Company s secured revolving stabilized property credit facility. In December 2009, following a review of the state of the economy and the Company s financial position, the Company s Board of Directors determined to resume payment of a cash dividend in the amount $0.09 per share ($0.36 per share on an annualized basis) on the Company s common stock, which was paid on January 20, 2010 to shareholders of record as of the close of business on December 31, 2009.

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In connection with the RioCan transactions (more fully described below), the Company will seek to acquire primarily stabilized supermarket-anchored properties in its primary market areas during the next two years in a joint venture owned 20% by the Company. The Company has historically sought opportunities to acquire properties suited for development and/or redevelopment, and, to a lesser extent than in the past, stabilized properties, where it can utilize its experience in shopping center construction, renovation, expansion, re-leasing and re-merchandising to achieve long-term cash flow growth and favorable investment returns.

Significant Transactions

RioCan

On October 26, 2009, the Company entered into definitive agreements with RioCan Real Estate Investment Trust of Toronto, Canada, a publicly-traded Canadian real estate investment trust listed on the Toronto Stock Exchange (RioCan), pursuant to which the Company (1) sold to RioCan 6,666,666 shares of the Company s common stock at $6.00 per share in a private placement for an aggregate of $40 million (RioCan agreeing that it would not sell any of such shares for a period of one year), (2) issued to RioCan warrants to purchase 1,428,570 shares of the Company s common stock at an exercise price of $7.00 per share, exercisable over a two-year period (valued at $1,643,000), (3) entered into an 80% (RioCan) and 20% (Cedar) joint venture (i) initially for the purchase of seven supermarket-anchored properties presently owned by the Company, and (ii) then to acquire additional primarily supermarket-anchored properties in the Company s primary market areas during the next two years, in the same joint venture format, and (4) entered into a standstill agreement with respect to increases in RioCan s ownership of the Company s common stock for a three-year period. In addition, subject to certain exceptions, the Company has agreed that it will not issue any new shares of common stock unless RioCan is offered the right to purchase that additional number of shares that will maintain its pro rata percentage ownership, on a fully diluted basis. In connection with the formation of the joint venture, the Company recorded an impairment charge of $23.6 million relating to the seven properties transferred or to be transferred to the joint venture.

The private placement investment by RioCan and the issuance of the warrants by the Company were concluded on October 30, 2009. Two of the properties (Blue Mountain Commons located in Harrisburg, Pennsylvania and Sunset Crossing located in Dickson City, Pennsylvania) were transferred to the joint venture on December 10, 2009, resulting in proceeds to the Company of approximately $33 million (in connection with the closing, a repayment of $25.9 million was required under the Company s secured revolving development property credit facility). The remaining five properties are subject to mortgage loans payable aggregating approximately $94 million. Two of the properties (Columbus Crossing Shopping Center located in Philadelphia, Pennsylvania and Franklin Village Plaza located in Franklin, Massachusetts) were transferred to the joint venture in January and February 2010, resulting in net proceeds to the Company of approximately $16 million. The remaining three properties (Loyal Plaza Shopping Center located in Williamsport, Pennsylvania, Shaw s Plaza located in Raynham, Massachusetts, and Stop & Shop Plaza located in Bridgeport, Connecticut) are to be transferred during the first half of 2010, resulting in net proceeds to the Company of an additional approximately $16 million.

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In connection with the transfers of the seven properties to the joint venture and the private placement transactions, the Company will have received aggregate net proceeds of approximately $105 million, after estimated closing and transaction costs, which have been or will be used to repay/reduce the outstanding balances under the Company s secured revolving credit facilities. In connection with these transactions, the Company incurred costs and fees of approximately $6.0 million, including fees to the Company s investment advisor ($3.5 million), the value assigned to the warrants ($1.6 million), and other costs and expenses aggregating $0.9 million. In addition, the Company agreed to pay to its investment advisor a fee of 1% of the gross cost of future acquisitions made by the joint venture for a two-year period, up to a maximum of $3.0 million.

Amended and Restated Credit Facility

On November 10, 2009, the Company closed an amended and restated secured revolving stabilized property credit facility in the amount of $265 million (subsequently increased to $285 million), with Bank of America, N.A. continuing as administrative agent, together with three other lead lenders and other participating banks. The facility, as amended, is expandable to $400 million, subject to certain conditions, including acceptable collateral. This amended and restated facility replaced the existing facility that was due to expire on January 30, 2010, and will continue to be available to fund acquisitions, certain development and redevelopment activities, capital expenditures, mortgage repayments, dividend distributions, working capital and other general corporate purposes. The new facility has a maturity date of January 31, 2012, subject to a one-year extension option. As a result of the application of the net proceeds from, among other things, the transfers of two of the remaining properties to the RioCan joint venture and the sales of shares of the Company s common stock in February and March 2010, the Company s availability under this facility has increased to approximately $104 million as of March 3, 2010.

Joint Venture With PCP

On January 30, 2009, a newly-formed 40% Company-owned joint venture acquired the New London Mall in New London, Connecticut, an approximate 259,000 square foot supermarket-anchored shopping center, for a purchase price of approximately $40.7 million. The purchase price included the assumption of an existing $27.4 million first mortgage bearing interest at 4.9% per annum and maturing in 2015. The total joint venture partnership contribution was approximately $14.0 million, of which the Company s 40% share ($5.6 million) was funded from its secured revolving stabilized property credit facility. The Company is the managing partner of the venture and receives certain acquisition, property management, construction management and leasing fees. In addition, the Company will be entitled to a promote fee structure, pursuant to which its profits participation would be increased to 44% if the venture reaches certain income targets. The Company s joint venture partners are affiliates of Prime Commercial Properties PLC (PCP), a London-based real estate/development company.

On February 10, 2009, a second newly-formed (also with affiliates of PCP) 40% Company-owned joint venture acquired San Souci Plaza in California, Maryland, an approximate 264,000 square foot supermarket-anchored shopping center, for a purchase price of approximately $31.8 million. The purchase price included the assumption of an existing $27.2 million first mortgage bearing interest at 6.2% per annum and maturing in 2016. The total joint venture partnership contribution was approximately $5.8 million, of which the Company s 40% share ($2.3 million) was funded from its

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secured revolving stabilized property credit facility. The Company is the managing partner of the venture and receives certain acquisition, property management, construction management and leasing fees. In addition, the Company will be entitled to a promote fee structure, pursuant to which its profits participation would be increased to 44% if the venture reaches certain income targets.

Discontinued Operations

During 2009 and subsequent to December 31, 2009, the Company sold, or has treated as held for sale , 11 of its properties (primarily drug store/convenience centers), located in Ohio, Maryland and New York, aggregating 416,000 square feet of GLA, including the 6,000 square foot McDonalds/Waffle House, located in Medina, Ohio, the 10,000 square foot CVS property located in Westfield, New York, the 24,000 square foot Staples property located in Oswego, New York, the 32,000 square foot Discount Drug Mart Plaza located in Hudson, Ohio, the 38,000 square foot Discount Drug Mart Plaza located in Dover, Ohio, the 84,000 square foot Gabriel Brothers property located in Kent, Ohio, the 40,000 square foot Discount Drug Mart Plaza located in Carrollton, Ohio, the 20,000 square foot Pondside Plaza located in Geneseo, New York, the 50,000 square foot Discount Drug Mart Plaza located in Powell, Ohio, the 7,000 square foot Family Dollar convenience center located in Zanesville, Ohio, and the 105,000 square foot Long Reach Village property located in Columbia, Maryland. The aggregate sales prices for the 11 properties are approximately $33.3 million and the properties are subject to property-specific mortgage loans payable of approximately $22.4 million. In connection with these transactions, the Company recorded impairment charges aggregating $6.5 million (including $3.0 million subsequent to December 31, 2009), and has realized gain on sales of $727,000 (including $170,000 subsequent to December 31, 2009). The carrying values of the assets and liabilities of these properties, principally the net book values of the real estate and the related mortgage loans payable, have been reclassified as held for sale on the Company s consolidated balance sheets at December 31, 2009 and 2008. In addition, the properties results of operations have been classified as discontinued operations for all periods presented.

Summary of Critical Accounting Policies

The preparation of the consolidated financial statements in conformity with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition and the allowance for doubtful accounts receivable, real estate investments and purchase accounting allocations related thereto, asset impairment, and derivatives used to hedge interest-rate risks. Management s estimates are based both on information that is currently available and on various other assumptions management believes to be reasonable under the circumstances. Actual results could differ from those estimates and those estimates could be different under varying assumptions or conditions.

The Company has identified the following critical accounting policies, the application of which requires significant judgments and estimates:

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Revenue Recognition

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

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

Real Estate Investments

Real estate investments are carried at cost less accumulated depreciation. The provision for depreciation is calculated using the straight-line method based on estimated useful lives. Expenditures for maintenance, repairs and betterments that do not materially prolong the normal useful life of an asset are charged to operations as incurred. Expenditures for betterments that substantially extend the useful lives of real estate assets are capitalized. Real estate investments include costs of development and redevelopment activities, and construction in progress. Capitalized costs, including interest and other carrying costs during the construction and/or renovation periods, are included in the cost of the related asset and charged to operations through depreciation over the asset s estimated useful life. The Company is required to make subjective estimates as to the useful lives of its real estate assets for purposes of determining the amount of depreciation to reflect on an annual basis. These assessments have a direct impact on net income. A shorter estimate of the useful life of an asset would have the effect of increasing depreciation expense and lowering net income, whereas a longer estimate of the useful life of an asset would have the effect of reducing depreciation expense and increasing net income.

A variety of costs are incurred in the acquisition, development and leasing of a property, such as pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs, and other costs incurred during the period of development. After a determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. The Company ceases capitalization on the portions substantially completed and occupied, or held available for occupancy, and capitalizes only those costs associated with the portions under construction. The Company considers a construction project as substantially completed and held available for occupancy upon the completion of tenant improvements, but not later than one year from cessation of major development activity. Determination of when a development project is substantially complete and capitalization must cease involves a degree of judgment. The effect of a longer capitalization period would be to increase capitalized costs and would result in higher net income, whereas the effect of a shorter capitalization period would be to reduce capitalized costs and would result in lower net income.

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The Company allocates the fair value of real estate acquired to land, buildings and improvements. In addition, the fair value of in-place leases is allocated to intangible lease assets and liabilities. The principal impact on the Company s financial statements of the adoption of recent updated accounting guidance related to business combinations, which became effective January 1, 2009, is that the Company has expensed most transaction costs relating to its acquisition activities.

The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, which value is then allocated to land, buildings and improvements based on management s determination of the relative fair values of such assets. In valuing an acquired property s intangibles, factors considered by management include an estimate of carrying costs during the expected lease-up periods, such as real estate taxes, insurance, other operating expenses, and estimates of lost rental revenue during the expected lease-up periods based on its evaluation of current market demand. Management also estimates costs to execute similar leases, including leasing commissions, tenant improvements, legal and other related costs.

The values of acquired above-market and below-market leases are recorded based on the present values (using discount rates which reflect the risks associated with the leases acquired) of the differences between the contractual amounts to be received and management s estimate of market lease rates, measured over the terms of the respective leases that management deemed appropriate at the time of the acquisitions. Such valuations include a consideration of the non-cancellable terms of the respective leases as well as any applicable renewal period(s). The fair values associated with below-market rental renewal options are determined based on the Company s experience and the relevant facts and circumstances that existed at the time of the acquisitions. The values of above-market leases are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of below-market leases associated with the original non-cancelable lease terms are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of the leases associated with below-market renewal options that are likely of exercise are amortized to rental income over the respective renewal periods. The value of other intangible assets (including leasing commissions, tenant improvements, etc.) is amortized to expense over the applicable terms of the respective leases. If a lease were to be terminated prior to its stated expiration or not renewed, all unamortized amounts relating to that lease would be recognized in operations at that time.

Management is required to make subjective assessments in connection with its valuation of real estate acquisitions. These assessments have a direct impact on net income, because (i) above-market and below-market lease intangibles are amortized to rental income, and (ii) the value of other intangibles is amortized to expense. Accordingly, higher allocations to below-market lease liability and other intangibles would result in higher rental income and amortization expense, whereas lower allocations to below-market lease liability and other intangibles would result in lower rental income and amortization expense.

Management reviews each real estate investment for impairment whenever events or circumstances indicate that the carrying value of a real estate investment may not be recoverable. The review of recoverability is based on an estimate of the future cash flows that are expected to result from the real estate investment s use and eventual disposition. These estimates of cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of leasing demand,

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competition and other factors. If an impairment event exists due to the projected inability to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds estimated fair value. A real estate investment held for sale is carried at the lower of its carrying amount or estimated fair value, less the cost of a potential sale. Depreciation and amortization are suspended during the period the property is held for sale. Management is required to make subjective assessments as to whether there are impairments in the value of its real estate properties. These assessments have a direct impact on net income, because an impairment loss is recognized in the period that the assessment is made.

Stock-Based Compensation

The Company s 2004 Stock Incentive Plan (the Incentive Plan) establishes the procedures for the granting of incentive stock options, stock appreciation rights, restricted shares, performance units and performance shares. The maximum number of shares of the Company s common stock that may be issued pursuant to the Incentive Plan, as amended, is 2,750,000, and the maximum number of shares that may be granted to a participant in any calendar year is 250,000. Substantially all grants issued pursuant to the Incentive Plan are restricted stock grants which specify vesting (i) upon the third anniversary of the date of grant for time-based grants, or (ii) upon the completion of a designated period of performance for performance-based grants. Time based grants are valued according to the market price for the Company s common stock at the date of grant. For performance-based grants, the Company engages an independent appraisal company to determine the value of the shares at the date of grant, taking into account the underlying contingency risks associated with the performance criteria. These value estimates have a direct impact on net income, because higher valuations would result in lower net income, whereas lower valuations would result in higher net income. The value of such grants is being amortized on a straight-line basis over the respective vesting periods, as adjusted for fluctuations in the market value of the Company s common stock.

Results of Operations

Differences in results of operations between 2009 and 2008, and between 2008 and 2007, respectively, were primarily the result of the Company s property acquisition/disposition program and continuing development/redevelopment activities. During the period January 1, 2008 through December 31, 2009, the Company acquired six shopping and convenience centers aggregating approximately 790,000 square feet of GLA, purchased the joint venture minority interests in four properties, and acquired approximately 181.7 acres of land for development, expansion and/or future development, for a total cost of approximately $189.0 million. In addition, the Company placed into service six ground-up developments having an aggregate cost of approximately $194.3 million. The Company sold or treated as held for sale 11 properties (primarily drug store/convenience centers) aggregating approximately 416,000 square feet of GLA for an aggregate sales price of approximately $33.3 million. In addition, in connection with the RioCan transactions, the Company has transferred or will be transferring seven properties to a joint venture with RioCan, aggregating approximately 1,167,000 square feet of GLA, and in connection with which it will have realized approximately $65 million in proceeds. Net (loss) income was ($17.0) million, $20.8 million and $23.9 million for 2009, 2008 and 2007, respectively.

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Comparison of 2009 to 2008

	2009	2008	Increase (decrease)	Percent change	Acquisitions and other (ii)	Properties held in both years
Total revenues	$180,115,000	$168,943,000	$11,172,000	7%	$11,888,000	(716,000)
Property operating expenses	54,815,000	47,868,000	6,947,000	15%	4,284,000	2,663,000
Depreciation and amortization	54,044,000	48,488,000	5,556,000	11%	7,548,000	(1,992,000)
General and administrative	10,166,000	8,586,000	1,580,000	18%	n/a	n/a
Impairment charges	23,636,000		23,636,000	n/a	n/a	n/a
Terminated projects and acquisition transaction costs	4,367,000	855,000	3,512,000	n/a	n/a	n/a
Non-operating income and expense, net (i)	47,822,000	43,406,000	4,416,000	10%	n/a	n/a
Discontinued operations:						
Income from discontinued operations	726,000	1,058,000	(332,000)	n/a	n/a	n/a
Impairment charges	3,559,000		3,559,000	n/a	n/a	n/a
Gain on sales of discontinued operations	557,000		557,000	n/a	n/a	n/a

(i) Non-operating income and expense consists principally of interest expense (including amortization of deferred financing costs), equity in income of unconsolidated joint ventures, and gain on sales of land parcels.

(ii) Includes principally (a) the results of

properties acquired after January 1, 2008, (b) unallocated property and construction management compensation and benefits (including stock-based compensation), (c) results of a property in Wyoming, Michigan where the then existing building improvements were demolished in the second quarter of 2008 as part of the redevelopment plans for the property and (d) results of ground-up development and re-development properties recently placed into service.

Properties held in both periods. The Company held 100 properties throughout 2009 and 2008.

Total revenues decreased primarily as a result of (i) a decrease in non-cash straight-line rents primarily as a result of early lease terminations ($1.1 million), (ii) a decrease in non-cash amortization of intangible lease liabilities primarily as a result of the completion of scheduled amortization at certain properties ($0.9 million) (which also resulted in a decrease in depreciation and amortization expense), (iii) a decrease in percentage rent ($153,000), and (iv) a decrease in base rents ($56,000), partially offset by (v) an increase in tenant recoveries ($1.2 million), predominately the result of an increase in billable property operating expenses, and (vi) an increase in other income ($258,000), predominately the result of lease termination income of $800,000 received in December 2009. In connection with the worsening economic climate beginning in the latter part of 2008 and continuing into 2009, the Company received a number of requests from tenants for rent relief. While the Company did in fact grant such relief in selected limited circumstances, the aggregate amount of such relief granted had a limited impact on results of operations. However, there can be no assurance that the amount of such relief will not become more significant in future periods.

Property operating expenses increased primarily as a result of (i) a net increase ($1.5 million) in expenses billable to tenants, primarily as a result of (a) an increase in real estate taxes from reassessments at recently-acquired or redeveloped properties ($1.4 million), (b) an increase in snow

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removal costs ($1.3 million), partially offset by (c) a decrease in insurance expense ($0.4 million), (d) a decrease in repairs and maintenance expenses ($0.2 million), (e) a decrease in landscaping expense ($0.1 million), and (f) a decrease in a number of smaller operating expense categories ($0.5 million), and (ii) an increase in the provision for doubtful accounts primarily as a result of the more challenging economic conditions in 2009 for a number of non-core tenants ($1.5 million), which is partially offset by (iii) a decrease in expenses not billable to tenants ($0.3 million).

Depreciation and amortization expenses included under acquisitions and other reflects the acceleration of depreciation expense ($6.1 million) at two properties at which the Company demolished portions of buildings as part of the redevelopment plans for those properties.

General and administrative expenses increased primarily as a result of increases in stock-based compensation expense through increased amortization of an increased number of restricted stock grants and mark-to-market adjustments relating to stock-based compensation.

Impairments for 2009 relates to the net impairment charges recorded in connection with the seven properties transferred or to be transferred to the RioCan joint venture, as more fully discussed elsewhere in this report.

Terminated projects and acquisition transaction costs for 2009 includes (i) the acquisition transaction costs associated with the two acquisitions completed during 2009 ($1.3 million, of which the noncontrolling interests share was $0.8 million), (ii) the decision to terminate potential development opportunities in Milford, Delaware and Ephrata, Pennsylvania (an aggregate of $2.8 million), and (iii) the costs primarily associated with a cancelled acquisition. Terminated projects and acquisition transaction costs for 2008 include (i) the decision to terminate potential development opportunities primarily in Ephrata, Pennsylvania and Roanoke, Virginia (an aggregate of $652,000) and (ii) costs incurred related to a canceled potential joint venture ($203,000).

Non-operating income and expense, net, increased primarily a result of (i) higher amortization of deferred financing costs ($1.9 million) resulting from (a) extending the secured revolving stabilized property credit facility, originally in January 2009 and again in November 2009, and (b) the secured revolving development property credit facility and the property-specific construction facility, having closed in June 2008 and September 2008, respectively, being outstanding throughout all of 2009, (ii) higher loan balances outstanding principally to fund the equity portions of acquisitions and development activities ($3.0 million), and (iii) reduction in interest income ($0.2 million), partially offset by (iv) gain on sales of land parcels ($0.5 million) and (v) an increase in equity in income of unconsolidated joint venture ($0.1 million).

Discontinued operations for 2009 and 2008 include the results of operations and, where applicable, gain on sales ($557,000) and impairment charges ($3.6 million), for properties (primarily drug store/convenience centers) which the Company sold or treated as held for sale during 2009 and subsequent to December 31, 2009, located in Ohio, Maryland and New York, aggregating 416,000 square feet of GLA, as more fully discussed elsewhere in this report.

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Comparison of 2008 to 2007

	2008	2007	Increase (decrease)	Percent change	Acquisitions and other (ii)	Properties held in both years
Total revenues	$168,943,000	$148,952,000	$19,991,000	13%	$21,174,000	(1,183,000)
Property operating expenses	47,868,000	39,269,000	8,599,000	22%	7,080,000	1,519,000
Depreciation and amortization	48,488,000	40,637,000	7,851,000	19%	7,887,000	(36,000)
General and administrative	8,586,000	9,041,000	(455,000)	-5%	n/a	n/a
Terminated projects and acquisition transaction costs	855,000		855,000	n/a	n/a	n/a
Non-operating income and expense, net (i)	43,406,000	36,781,000	6,625,000	18%	n/a	n/a
Discontinued operations:						
Income from discontinued operations	1,058,000	643,000	415,000	n/a	n/a	n/a

(i) Non-operating income and expense consists principally of interest expense (including amortization of deferred financing costs), equity in income of an unconsolidated joint venture.

(ii) Includes principally (a) the results of properties acquired after January 1, 2007, (b) unallocated property and construction management compensation

and benefits (including stock-based compensation), (c) results of a property in Wyoming, Michigan where the then existing building improvements were demolished in the second quarter of 2008 as part of the redevelopment plans for the property and (d) results of ground-up development and re-development properties recently placed into service.

Properties held in both periods. The Company held 79 properties throughout 2008 and 2007.

Total revenues decreased primarily as a result of (i) a decrease in tenant recoveries primarily due to a higher collection rate in 2007 due to billing system improvements made in 2006 and 2007 ($681,000), (ii) a decrease in percentage rent ($589,000), (iii) a net decrease ($16,000) in non-cash amortization of intangible lease liabilities (iv) a decrease in straight-line rental income ($1,046,000), which is partially offset by an increase in base rent ($932,000), and (v) an increase in other income ($217,000). In connection with the worsening economic climate beginning in the latter part of 2008 and continuing into 2009, the Company received a number of requests from tenants for rent relief. While the Company did in fact grant such relief in selected limited circumstances, the aggregate amount of such relief granted had a limited impact on results of operations.

Property operating expenses increased as a result of (i) an increase in real estate and other property-related taxes, related principally to reassessments of properties previously acquired and completed development and re-developed projects ($545,000), (ii) an increase in the provision for doubtful accounts primarily due to a higher collection rate in 2007 due to billing system improvements made in 2006 and 2007 ($827,000), (iii) an increase in non-billable expenses ($401,000), (iii) an increase in a number of other operating expenses ($190,000), which is partially offset by (iv) a decrease in snow removal costs ($444,000).

General and administrative expenses decreased primarily as a result of the retirement of a senior executive in 2007 and the initial compensation/relocation costs of his replacement ($1,535,000 in

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the aggregate), off-set by increased compensation costs, increased professional fees and the Company s continued growth in 2008.

Terminated projects and acquisition transaction costs for 2008 includes (i) the decision to terminate potential development opportunities primarily in Ephrata, Pennsylvania and Roanoke, Virginia (an aggregate of $652,000) and (ii) costs incurred related to a canceled potential joint venture ($203,000).

Non-operating income and expense, net, increased primarily as a result of (i) increased interest costs from borrowings related to property acquisitions and acquisitions of a joint venture partner s interest ($5,885,000), (ii) higher amortization of deferred financing costs ($556,000), (iii) lower interest income ($505,000) as a result of lower prevailing interest rates and a change in the cash management plan, partially off-set by (iv) earnings from an unconsolidated joint venture acquired in November 2006 and an additional investment in the unconsolidated joint venture made in April 2008 ($321,000).

Discontinued operations for 2008 and 2007 include the results of operations for properties (primarily drug store/convenience centers) which the Company sold or treated as held for sale during 2009 and subsequent to December 31, 2009, located in Ohio, Maryland and New York, aggregating 416,000 square feet of GLA, as more fully discussed elsewhere in this report.

Liquidity and Capital Resources

The Company funds operating expenses and other short-term liquidity requirements, including debt service, tenant improvements, leasing commissions, collateralization of certain interest rate swap obligations, preferred and common dividend distributions, if made, and distributions to minority interest partners, primarily from operations. The Company has also used its secured revolving stabilized property credit facility for these purposes. The Company expects to fund long-term liquidity requirements for property acquisitions, development and/or redevelopment costs, capital improvements, and maturing debt initially with its credit facilities and construction financing, and ultimately through a combination of issuing and/or assuming additional mortgage debt, the sale of equity securities, the issuance of additional OP Units, and the sale of properties or interests therein (including joint venture arrangements).

Throughout most of 2009 there has been a fundamental contraction of the U.S. credit and capital markets, whereby banks and other credit providers have tightened their lending standards and severely restricted the availability of credit. Accordingly, for this and other reasons, there can be no assurance that the Company will have the availability of mortgage financing on completed development projects, additional construction financing, net proceeds from the contribution of properties to joint ventures, or proceeds from the refinancing of existing debt.

In April 2009, the Company s Board of Directors determined to suspend payment of cash dividends with respect to its common stock and OP Units for the balance of 2009 (the quarterly dividends paid in February had already been reduced by one-half). Based on the number of shares of common stock and OP Units outstanding at the time, the cash savings throughout 2009 was estimated to aggregate approximately $37 million. This decision was in response to the state of the economy, the difficult retail environment, the constrained capital markets and the need to renew the Company s

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secured revolving stabilized property credit facility. In December 2009, following a review of the state of the economy and the Company s financial position, the Company s Board of Directors determined to resume payment of a cash dividend in the amount $0.09 per share ($0.36 per share on an annualized basis) on the Company s common stock, which was paid on January 20, 2010 to shareholders of record as of the close of business on December 31, 2009.

In November 2009, the Company closed an amended and restated secured revolving stabilized property credit facility with Bank of America, N.A., continuing as agent, together with three other lead lenders and other participating banks, with commitments from participants of $265.0 million (increased to $285.0 million in January 2010). The facility, as amended, is expandable to $400 million, subject to certain conditions, including acceptable collateral. The principal terms of the new facility include (i) an availability based primarily on appraisals, with a 67.5% advance rate, (ii) an interest rate based on LIBOR plus 350 bps, with a 200 bps LIBOR floor (under the prior arrangement, the interest rate was based on LIBOR plus a bps spread depending upon the Company s leverage ratio, as defined, which had been 135 bps prior to the new facility), (iii) a leverage ratio limited to 67.5%, (iv) an unused portion fee of 50 bps (previously 25 bps), and (v) a maturity date of January 31, 2012, subject to a one-year extension option. In connection was the new facility, the Company paid participating lender fees and closing and transaction costs of approximately $9.0 million.

Borrowings outstanding under the facility aggregated $188.0 million at December 31, 2009, such borrowings bore interest at an average rate of 5.5% per annum, and the Company had pledged 34 of its shopping center properties as collateral for such borrowings.

The secured revolving stabilized property credit facility has been and will be used to fund acquisitions, certain development and redevelopment activities, capital expenditures, mortgage repayments, dividend distributions, working capital and other general corporate purposes. The facility is subject to customary financial covenants, including limits on leverage as discussed above and distributions (limited to 95% of funds from operations, as defined), and other financial statement ratios. Based on covenant measurements and collateral in place as of December 31, 2009, the Company was permitted to draw up to approximately $204.3 million, of which approximately $16.3 million remained available as of that date. As a result of the application of the net proceeds from, among other things, the transfers of two of the remaining properties to the RioCan joint venture (more fully described above) and the sales of shares of the Company s common stock in February and March 2010 (more fully described below), such availability has increased to approximately $104 million as of March 3, 2010.. As of December 31, 2009, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the secured revolving stabilized property credit facility.

The Company has a $150 million secured revolving development property credit facility with KeyBank, National Association (as agent) and several other banks, pursuant to which the Company has pledged certain of its development projects and redevelopment properties as collateral for borrowings thereunder. The facility, as amended, is expandable to $250 million, subject to certain conditions, including acceptable collateral, and will expire in June 2011, subject to a one-year extension option. Borrowings under the facility bear interest at the Company s option at either LIBOR or the agent bank s prime rate, plus a spread of 225 bps or 75 bps, respectively. Advances under the facility are calculated at the least of 70% of aggregate project costs, 70% of as stabilized appraised values, or costs incurred in excess of a 30% equity requirement on the part of the Company. The facility also requires an unused

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portion fee of 15 bps. This facility has been and will be used to fund in part the Company s and certain joint ventures development activities. In order to draw funds under this construction facility, the Company must meet certain pre-leasing and other conditions. Borrowings outstanding under the facility aggregated $69.7 million at December 31, 2009, and such borrowings bore interest at a rate of 2.5% per annum. As of December 31, 2009, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the secured revolving development property credit facility.

The Company has a $77.7 million construction facility with Manufacturers and Traders Trust Company (as agent) and several other banks, pursuant to which the Company has guaranteed and pledged its joint venture development project in Pottsgrove, Pennsylvania as collateral for borrowings to be made thereunder. This facility will expire in September 2011, subject to a one-year extension option. Borrowings outstanding under the facility aggregated $61.2 million at December 31, 2009, and such borrowings bore interest at an average rate of 2.5% per annum. Borrowings under the facility bear interest at the Company s option at either LIBOR plus a spread of 225 bps, or the agent bank s prime rate. As of December 31, 2009, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the construction facility.

Mortgage loans payable at December 31, 2009 consisted of fixed-rate notes totaling $606.1 million, with a weighted average interest rate of 5.8%, and variable-rate debt totaling $82.2 million, with a weighted average interest rate of 3.4%. Total mortgage loans payable and secured revolving credit facilities have an overall weighted average interest rate of 5.3% and mature at various dates through 2029. For 2010, the Company has approximately $8.0 million of scheduled debt principal amortization payments and $12.3 million of balloon payments.

The terms of several of the Company s mortgage loans payable require the Company to deposit certain replacement and other reserves with its lenders. Such restricted cash is generally available only for property-level requirements for which the reserves have been established, and is not available to fund other property-level or Company-level obligations.

On October 26, 2009, the Company entered into definitive agreements with RioCan Real Estate Investment Trust of Toronto, Canada, a publicly-traded Canadian real estate investment trust listed on the Toronto Stock Exchange (RioCan), pursuant to which the Company (1) sold to RioCan approximately 6,667,000 shares of the Company s common stock at $6.00 per share in a private placement (RioCan agreeing that it would not sell any of such shares for a period of one year), (2) issued to RioCan warrants to purchase approximately 1,429,000 shares of the Company s common stock at an exercise price of $7.00 per share, exercisable over a two-year period (valued at $1,643,000), (3) entered into an 80% (RioCan) and 20% (Cedar) joint venture (i) initially for the purchase of seven supermarket-anchored properties presently owned by the Company, and (ii) then to acquire additional primarily supermarket-anchored properties in the Company s primary market areas during the next two years, in the same joint venture format, and (4) entered into a standstill agreement with respect to increases in RioCan s ownership of the Company s common stock for a three-year period. In addition, subject to certain exceptions, the Company has agreed that it will not issue any new shares of common stock unless RioCan is offered the right to purchase that additional number of shares that will maintain its pro rata percentage ownership, on a fully diluted basis. In connection with the formation of the joint venture,

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the Company recorded an impairment charge of $23.6 million relating to the seven properties transferred or to be transferred to the joint venture.

The private placement investment by RioCan and the issuance of the warrants by the Company were concluded on October 30, 2009. Two of the properties (Blue Mountain Commons located in Harrisburg, Pennsylvania and Sunset Crossing located in Dickson City, Pennsylvania) were transferred to the joint venture on December 10, 2009, resulting in proceeds to the Company of approximately $33 million (in connection with the closing, a repayment of $25.9 million was required under the Company s secured revolving development property credit facility). The remaining five properties are subject to mortgage loans payable aggregating approximately $94 million. Two of the properties (Columbus Crossing Shopping Center located in Philadelphia, Pennsylvania and Franklin Village Plaza located in Franklin, Massachusetts) were transferred to the joint venture in January and February 2010, resulting in net proceeds to the Company of approximately $16 million. The remaining three properties (Loyal Plaza Shopping Center located in Williamsport, Pennsylvania, Shaw s Plaza located in Raynham, Massachusetts, and Stop & Shop Plaza located in Bridgeport, Connecticut) are to be transferred during the first half of 2010, resulting in net proceeds to the Company of an additional approximately $16 million. In connection with the transfers of the seven properties to the joint venture and the private placement transactions, the Company will have received aggregate net proceeds of approximately $105 million, after estimated closing and transaction costs, which have been or will be used to repay/reduce the outstanding balances under the Company s secured revolving credit facilities. In connection with these transactions, the Company incurred costs and fees of approximately $6.0 million, including fees to the Company s investment advisor ($3.5 million), the value assigned to the warrants (approximately $1.6 million), and other costs and expenses aggregating $0.9 million. In addition, the Company agreed to pay to its investment advisor a fee of 1% of the gross cost of future acquisitions made by the joint venture for a two-year period, up to a maximum of $3.0 million.

On February 5, 2010, the Company concluded a public offering of 7,500,000 shares of its common stock at $6.60 per share, and realized net proceeds after offering expenses of approximately $47.0 million. On March 3, 2010, the underwriters exercised their over-allotment option to the extent of 697,800 shares, and the Company realized additional net proceeds of $4.4 million. In connection with the offering, RioCan acquired 1,350,000 shares of the Company s common stock, including 100,000 shares acquired in connection with the exercise of the over-allotment option, and the Company realized net proceeds of $8.9 million.

In September 2009, the Company entered into a Standby Equity Purchase Agreement (the SEPA Agreement) with an investment company for sales of its shares of common stock aggregating up to $30 million over a two-year commitment period; the commitment is expandable at the Company s option to $45 million. Through December 31, 2009, 422,000 shares had been sold pursuant to the SEPA Agreement, at an average price of $5.93 per share, and the Company realized net proceeds, after allocation of other issuance expenses, of approximately $2.3 million. In January and February 2010, an additional 718,000 shares of the Company s common stock had been sold pursuant to the SEPA Agreement at an average selling price of $6.97 per share, and the Company had realized net proceeds of approximately $5.0 million.

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The Company expects to have sufficient liquidity to effectively manage its business. Such liquidity sources include, amongst others (i) cash on hand, (ii) operating cash flows, (iii) availability under its secured revolving credit facilities, (iv) property-specific financings, (v) sales of properties and (vi) proceeds from contributions of properties to joint ventures, and/or issuances of shares of common or preferred stock.

Contractual obligations and commercial commitments

The following table sets forth the Company s significant debt repayment, interest and operating lease obligations at December 31, 2009 (in thousands):

	Maturity Date						
	2010	**2011**	**2012**	**2013**	**2014**	**Thereafter**	**Total**
Debt:							
Mortgage loans payable (i) (ii)	$ 20,335,000	$ 90,962,000	$ 39,533,000	$ 64,091,000	$ 119,458,000	$ 353,910,000	$ 688,289,000
Stabilized property credit facility (iii)			187,985,000				187,985,000
Development property credit facility (iii)		69,700,000					69,700,000
Interest payments (iv)	48,498,000	47,193,000	44,142,000	28,709,000	22,908,000	23,016,000	214,466,000
Operating lease obligations	1,150,000	1,213,000	1,219,000	1,234,000	1,250,000	21,519,000	27,585,000
Total	$ 69,983,000	$ 209,068,000	$ 272,879,000	$ 94,034,000	$ 143,616,000	$ 398,445,000	$ 1,188,025,000

(i) Does not include: (a) the $15.3 million mortgage loan payable by the Company s 76.3% owned unconsolidated joint venture, which is due in May 2011, (b) mortgage loans payable applicable to the seven properties transferred or to

be transferred to the RioCan joint venture, or (c) mortgage loans payable applicable to discontinued operations.

(ii) Mortgage loans payable for 2011 includes $61.2 million applicable to property-specific structured financing which is subject to a one-year extension option.

(iii) Subject to a one-year extension option.

(iv) Represents interest payments expected to be incurred on the Company s consolidated debt obligation as of December 31, 2009 inclusive of capitalized interest. For variable rate debt, the rate in effect at December 31, 2009 is assumed to remain in effect until the maturities of the respective obligations. Does not include interest payments to be incurred on debt obligations applicable to

unconsolidated joint ventures or discontinued operations.

In addition, the Company plans to spend between $30 million and $35 million during 2010 in connection with development and redevelopment activities in process as of December 31, 2009.

Net Cash Flows

Operating Activities

Net cash flows provided by operating activities amounted to $51.9 million during 2009, compared to $60.8 million during 2008 and $53.5 million during 2007. The changes in operating cash flows during 2009, 2008 and 2007 were primarily the result of the Company s development and redevelopment activities, and property acquisitions or dispositions.

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Investing Activities

Net cash flows used in investing activities were $70.0 million in 2009, $151.4 million in 2008 and $192.4 million in 2007, and were primarily the result of the Company s acquisition/disposition activities. During 2009, the Company acquired two shopping and convenience centers and incurred expenditures for property improvements, an aggregate of $108.3 million. The Company realized proceeds from the transfers of two properties to the RioCan joint venture ($32.1 million) and from the sales of properties treated as discontinued operations ($6.8 million). During 2008, the Company acquired four shopping and convenience centers, acquired land for development, expansion and/or future development and incurred expenditures for property improvements, an aggregate of $131.9 million. The Company also purchased the joint venture minority interests in four properties for $17.5 million. During 2007, the Company acquired 20 shopping and convenience centers and land for development, expansion and/or future development, and incurred expenditures for property improvements, an aggregate of $187.5 million.

Financing Activities

Net cash flows provided by financing activities were $27.0 million in 2009, $75.5 million in 2008 and $143.7 million in 2007. During 2009, the Company received proceeds of mortgage financings of $60.9 million, proceeds from sales of common stock of $40.9 million, $12.2 million in contributions from noncontrolling interests (minority interest partners) $5.0 million in proceeds from a standby equity advance (not settled as of December 31, 2009), offset by net repayments to its revolving credit facilities of $46.8 million, repayment of mortgage obligations of $18.2 million (including $8.9 million of mortgage balloon payments), preferred and common stock distributions of $12.9 million, the payment of financing costs of $10.0 million, and distributions paid to noncontrolling interests (minority and limited partner interests) of $4.1 million. During 2008, the Company received net advance proceeds of $114.1 million from its revolving credit facilities, $106.7 million in net proceeds from mortgage financings, and $6.3 million in contributions from noncontrolling interests (minority interest partners), offset by the repayment of mortgage obligations of $93.3 million (including $84.8 million of mortgage balloon payments), preferred and common stock distributions of $47.9 million, distributions paid to noncontrolling interests (minority and limited partner interests) of $5.2 million, the payment of financing costs of $5.1 million, and the redemption of noncontrolling interests (a limited partner s OP Units) of $0.1 million. During 2007, the Company received net advance proceeds of $122.0 million from its stabilized property credit facility, $53.2 million in contributions from noncontrolling interests (minority interest partners), $34.5 million in net proceeds from mortgage financings, and $3.9 million in net proceeds from public offerings, offset by preferred and common stock distributions of $47.6 million, the repayment of mortgage obligations of $16.2 million (including $7.6 million of mortgage balloon payments), the payment of financing costs of $3.2 million, and distributions paid to noncontrolling interests (minority and limited partner interests) of $2.9 million.

Funds From Operations

Funds From Operations (FFO) is a widely-recognized non-GAAP financial measure for REITs that the Company believes, when considered with financial statements determined in accordance with GAAP, is useful to investors in understanding financial performance and providing a relevant basis for comparison among REITs. In addition, FFO is useful to investors as it captures features particular to real

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estate performance by recognizing that real estate generally appreciates over time or maintains residual value to a much greater extent than do other depreciable assets. Investors should review FFO, along with GAAP net income, when trying to understand an equity REIT s operating performance. The Company presents FFO because the Company considers it an important supplemental measure of its operating performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs. Among other things, the Company uses FFO or an adjusted FFO-based measure (i) as a criterion to determine performance-based bonuses for members of senior management, (ii) in performance comparisons with other shopping center REITs, and (iii) to measure compliance with certain financial covenants under the terms of the Loan Agreements relating to the Company s credit facilities.

The Company computes FFO in accordance with the White Paper on FFO published by the National Association of Real Estate Investment Trusts (NAREIT), which defines FFO as net income applicable to common shareholders (determined in accordance with GAAP), excluding gains or losses from debt restructurings and sales of properties, plus real estate-related depreciation and amortization, and after adjustments for partnerships and joint ventures (which are computed to reflect FFO on the same basis).

FFO does not represent cash generated from operating activities and should not be considered as an alternative to net income applicable to common shareholders or to cash flow from operating activities. FFO is not indicative of cash available to fund ongoing cash needs, including the ability to make cash distributions. Although FFO is a measure used for comparability in assessing the performance of REITs, as the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one company to another. The following table sets forth the Company s calculations of FFO for 2009, 2008 and 2007:

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	2009	2008	2007
Net (loss) income attributable to common shareholders	$ (24,747,000)	$ 10,296,000	$ 13,948,000
Add (deduct):			
Real estate depreciation and amortization	55,391,000	49,732,000	42,068,000
Noncontrolling interests:			
Limited partners interest	(912,000)	468,000	627,000
Minority interests in consolidated joint ventures	772,000	2,157,000	1,415,000
Minority interests share of FFO applicable to consolidated joint ventures	(5,787,000)	(6,134,000)	(2,139,000)
Equity in income of unconsolidated joint ventures	(1,098,000)	(956,000)	(634,000)
FFO from unconsolidated joint ventures	1,519,000	1,296,000	905,000
Gain on sales of discontinued operations	(557,000)		
Funds From Operations	$ 24,581,000	$ 56,859,000	$ 56,190,000
FFO per common share (assuming conversion of OP Units)			
Basic and diluted	$ 0.51	$ 1.22	$ 1.22
Weighted average number of common shares:			
Shares used in determination of basic earnings per share	46,234,000	44,475,000	44,193,000
Additional shares assuming conversion of OP Units (basic)	2,014,000	2,024,000	1,985,000
Shares used in determination of basic FFO per share	48,248,000	46,499,000	46,178,000
Shares used in determination of diluted earnings per share	46,234,000	44,475,000	44,197,000
Additional shares assuming conversion of OP Units (diluted)	2,014,000	2,024,000	1,990,000
Shares used in determination of diluted FFO per share	48,248,000	46,499,000	46,187,000

Inflation

Low to moderate levels of inflation during the past several years have favorably impacted the Company s operations by stabilizing operating expenses. However, the Company s properties have tenants whose leases include expense reimbursements and other provisions to minimize the effect of inflation. At the same time, low inflation has had the indirect effect of reducing the Company s ability to increase tenant rents upon the signing of new leases and/or lease renewals.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

One of the principal market risks facing the Company is interest rate risk on its credit facilities. The Company may, when advantageous, hedge its interest rate risk using derivative financial instruments. The Company is not subject to foreign currency risk.

The Company is exposed to interest rate changes primarily through (i) the variable-rate credit facilities used to maintain liquidity, fund capital expenditures, development/redevelopment activities, and expand its real estate investment portfolio, (ii) property-specific variable-rate construction financing, and (iii) other property-specific variable-rate mortgages. The Company s objectives with respect to interest rate risk are to limit the impact of interest rate changes on operations and cash flows,

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and to lower its overall borrowing costs. To achieve these objectives, the Company may borrow at fixed rates and may enter into derivative financial instruments such as interest rate swaps, caps, etc., in order to mitigate its interest rate risk on a related variable-rate financial instrument. The Company does not enter into derivative or interest rate transactions for speculative purposes. At December 31, 2009, the Company had approximately $28.9 million of mortgage loans payable and $23.9 million of secured revolving stabilized property credit facility subject to interest rate swaps which converted LIBOR-based variable rates to fixed annual rates ranging from 5.2% to 6.8% per annum. In addition, the Company had an interest rate swap applicable to anticipated permanent financing of $28.0 million for its development joint venture project in Stroudsburg, Pennsylvania. On January 20, 2010, the Company paid approximately $5.5 million to terminate interest rate swaps applicable to approximately $23.9 million of secured revolving stabilized property credit facility as well as the interest rate swap applicable to anticipated permanent financing for its development joint venture project in Stroudsburg, Pennsylvania.

At December 31, 2009, long-term debt consisted of fixed-rate mortgage loans payable and variable-rate debt (principally the Company s variable-rate credit facilities). The average interest rate on the $606.1 million of fixed-rate indebtedness outstanding was 5.8%, with maturities at various dates through 2029. The average interest rate on the $339.9 million of variable-rate debt (including $257.7 million in advances under the Company s revolving credit facilities) was 4.4%. The secured revolving stabilized property credit facility matures in January 2012, subject to a one-year extension option. The secured revolving development property credit facility matures in June 2011, subject to a one-year extension option. With respect to $151.9 million of variable-rate debt outstanding at December 31, 2009, if interest rates either increase or decrease by 1%, the Company s interest cost would increase or decrease respectively by approximately $1.5 million per annum. With respect to the remaining $188.0 million of variable-rate debt outstanding at December 31, 2009, represented by the Company s secured revolving stabilized property credit facility, interest is based on LIBOR with a 200 bps LIBOR floor. Accordingly, if interest rates either increase or decrease by 1%, the Company s interest cost applicable on this line would increase by approximately $1.9 million per annum only if LIBOR was in excess of 2.0% per annum.

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Item 8. Financial Statements and Supplementary Data

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

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Report of Independent Registered Public Accounting Firm
The Board of Directors and Shareholders
Cedar Shopping Centers, Inc.

We have audited the accompanying consolidated balance sheets of Cedar Shopping Centers, Inc. (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 8. These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cedar Shopping Centers, Inc. at December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the 2009, 2008 and 2007 financial statements and related financial statement schedule have been restated to correct for the accounting of certain lease intangibles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Cedar Shopping Centers, Inc. s internal control over financial reporting as of December 31, 2009, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 15, 2010 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
New York, New York
March 15, 2010
except for Notes 2 and 3,
as to which the date is August 12, 2010

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CEDAR SHOPPING CENTERS, INC.
Consolidated Balance Sheets

	December 31, 2009	December 31, 2008
Assets		
Real estate:		
Land	$ 356,366,000	$ 326,623,000
Buildings and improvements	1,316,315,000	1,209,967,000
	1,672,681,000	1,536,590,000
Less accumulated depreciation	(163,879,000)	(123,807,000)
Real estate, net	1,508,802,000	1,412,783,000
Real estate to be transferred to a joint venture	139,743,000	194,952,000
Real estate held for sale discontinued operations	21,380,000	42,267,000
Investment in unconsolidated joint ventures	14,113,000	4,976,000
Cash and cash equivalents	17,164,000	8,231,000
Restricted cash	14,075,000	14,004,000
Rents and other receivables, net	9,745,000	5,818,000
Straight-line rents	14,545,000	12,255,000
Other assets	8,809,000	9,403,000
Deferred charges, net	36,742,000	30,339,000
Total assets	$ 1,785,118,000	$ 1,735,028,000
Liabilities and equity		
Mortgage loans payable	$ 688,289,000	$ 608,940,000
Mortgage loans payable real estate to be transferred to a joint venture	94,018,000	77,307,000
Mortgage loans payable real estate held for sale discontinued operations	12,455,000	22,736,000
Secured revolving credit facilities	257,685,000	304,490,000
Accounts payable and accrued liabilities	46,902,000	46,548,000
Unamortized intangible lease liabilities	53,733,000	63,048,000
Liabilities real estate held for sale and real estate to be transferred to a joint venture	5,634,000	6,765,000
Total liabilities	1,158,716,000	1,129,834,000
Limited partners interest in Operating Partnership	12,638,000	14,257,000
Commitments and contingencies		
Equity:		
Cedar Shopping Centers, Inc. shareholders equity:		
	88,750,000	88,750,000

Preferred stock ($.01 par value, $25.00 per share liquidation value, 12,500,000 shares authorized, 3,550,000 shares issued and outstanding)		
Common stock ($.06 par value, 150,000,000 shares authorized 52,139,000 and 44,468,000 shares, respectively, issued and outstanding)	3,128,000	2,668,000
Treasury stock (981,000 and 713,000 shares, respectively, at cost)	(9,688,000)	(9,175,000)
Additional paid-in capital	621,299,000	576,086,000
Cumulative distributions in excess of net income	(162,041,000)	(127,552,000)
Accumulated other comprehensive loss	(2,992,000)	(7,256,000)
Total Cedar Shopping Centers, Inc. shareholders equity	538,456,000	523,521,000
Noncontrolling interests:		
Minority interests in consolidated joint ventures	67,229,000	58,150,000
Limited partners interest in Operating Partnership	8,079,000	9,266,000
Total noncontrolling interests	75,308,000	67,416,000
Total equity	613,764,000	590,937,000
Total liabilities and equity	$ 1,785,118,000	$ 1,735,028,000

See accompanying notes to consolidated financial statements.

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CEDAR SHOPPING CENTERS, INC.
Consolidated Statements of Operations

	Years ended December 31,		
	2009	**2008**	**2007**
Revenues:			
Rents	$ 144,231,000	$ 136,217,000	$ 119,321,000
Expense recoveries	34,469,000	31,543,000	27,864,000
Other	1,415,000	1,183,000	1,767,000
Total revenues	180,115,000	168,943,000	148,952,000
Expenses:			
Operating, maintenance and management	33,955,000	28,989,000	24,000,000
Real estate and other property-related taxes	20,860,000	18,879,000	15,269,000
General and administrative	10,166,000	8,586,000	9,041,000
Impairments	23,636,000		
Terminated projects and acquisition transaction costs	4,367,000	855,000	
Depreciation and amortization	54,044,000	48,488,000	40,637,000
Total expenses	147,028,000	105,797,000	88,947,000
Operating income	33,087,000	63,146,000	60,005,000
Non-operating income and expense:			
Interest expense, including amortization of deferred financing costs	(49,504,000)	(44,646,000)	(38,203,000)
Interest income	63,000	284,000	788,000
Equity in income of unconsolidated joint ventures	1,098,000	956,000	634,000
Gain on sales of land parcels	521,000		
Total non-operating income and expense	(47,822,000)	(43,406,000)	(36,781,000)
(Loss) income before discontinued operations	(14,735,000)	19,740,000	23,224,000
(Loss) income from discontinued operations	(2,833,000)	1,058,000	643,000
Gain on sales of discontinued operations	557,000		
Total discontinued operations	(2,276,000)	1,058,000	643,000
Net (loss) income	(17,011,000)	20,798,000	23,867,000
Less, net (income) loss attributable to noncontrolling interests:			
Minority interests in consolidated joint ventures	(772,000)	(2,157,000)	(1,415,000)
Limited partners interest in Operating Partnership	912,000	(468,000)	(627,000)

Total net (income) loss attributable to noncontrolling interests	140,000	(2,625,000)	(2,042,000)
Net (loss) income attributable to Cedar Shopping Centers, Inc.	(16,871,000)	18,173,000	21,825,000
Preferred distribution requirements	(7,876,000)	(7,877,000)	(7,877,000)
Net (loss) income attributable to common shareholders	$ (24,747,000)	$ 10,296,000	$ 13,948,000
Per common share attributable to common shareholders (basic and diluted):			
Continuing operations	$ (0.49)	$ 0.21	$ 0.30
Discontinued operations	(0.05)	0.02	0.02
	$ (0.54)	$ 0.23	$ 0.32
Amounts attributable to Cedar Shopping Centers, Inc. common shareholders, net of limited partners interest:			
(Loss) income from continuing operations	$ (22,552,000)	$ 9,284,000	$ 13,333,000
(Loss) income from discontinued operations	(2,732,000)	1,012,000	615,000
Gain on sales of discontinued operations	537,000		
Net (loss) income	$ (24,747,000)	$ 10,296,000	$ 13,948,000
Weighted average number of common shares outstanding	46,234,000	44,475,000	44,193,000

See accompanying notes to consolidated financial statements.

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CEDAR SHOPPING CENTERS, INC.
Consolidated Statements of Equity
Years ended December 31, 2009, 2008 and 2007

	Cedar Shopping Centers, Inc. Shareholders								
	Preferred stock		Common stock				Cumulative	Accumulated	
	Shares	$25.00 Liquidation value	Shares	$0.06 Par value	Treasury stock, at cost	Additional paid-in capital	distributions in excess of net income	other comprehensive (loss) income	T
r 31, 2006	3,550,000	$ 88,750,000	43,773,000	$ 2,626,000	$ (6,378,000)	$ 564,639,000	$ (75,472,000)	$ 146,000	$ 574,
me							21,825,000		21,
ed loss on fair value ow hedges								(82,000)	
er ensive									21,
ation net eeds from ommon			186,000	11,000	(1,814,000)	3,949,000			2,
			275,000	17,000		4,115,000			4,
on of OP common			4,000			45,000			
on ents ions to							(7,877,000)		(7,
lers/ olling							(39,775,000)		(39,
al olling shares ion nt of artners						(354,000)			(
ent of Mezz to							3,478,000		3,

on value									
r 31, 2007	3,550,000	88,750,000	44,238,000	2,654,000	(8,192,000)	572,394,000	(97,821,000)	64,000	557,
me							18,173,000		18,
ed loss on fair value ow hedges								(7,320,000)	(7,
er ensive									10,
ation net			225,000	13,000	(983,000)	3,342,000			2,
on of OP common			5,000	1,000		67,000			
on ents ons to							(7,877,000)		(7,
lers/ olling							(40,027,000)		(40,
al olling shares /redemption ntrolling shares ion nt of artners						283,000			
r 31, 2008	3,550,000	88,750,000	44,468,000	2,668,000	(9,175,000)	576,086,000	(127,552,000)	(7,256,000)	523,
							(16,871,000)		(16,
ed gain on fair value ow hedges								4,264,000	4,
									(12,

er ensive loss									
ation net			570,000	34,000	(513,000)	3,070,000			2,
eeds from of common issuance its			7,089,000	425,000		40,465,000			40,
on of OP common			12,000	1,000		130,000			
on ents ons to							(7,876,000)		(7,
lers/ olling							(9,742,000)		(9,
ion nt of artners						1,548,000			1,
al olling shares									
r 31, 2009	3,550,000	$ 88,750,000	52,139,000	$ 3,128,000	$ (9,688,000)	$ 621,299,000	$ (162,041,000)	$ (2,992,000)	$ 538,

See accompanying notes to consolidated financial statements.

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	Noncontrolling Interests			
	Minority interests in consolidated joint ventures	Limited partners interest in Operating Partnership	Total	Total equity
Balance, December 31, 2006	$ 9,132,000	$ 9,832,000	$ 18,964,000	$ 593,275,000
Net income	1,415,000	238,000	1,653,000	23,478,000
Unrealized loss on change in fair value of cash flow hedges	(200,000)	(2,000)	(202,000)	(284,000)
Total other comprehensive income	1,215,000	236,000	1,451,000	23,194,000
Deferred compensation activity, net				2,146,000
Net proceeds from sale of common stock				4,132,000
Conversion of OP units into common stock		(45,000)	(45,000)	
Preferred distribution requirements				(7,877,000)
Distributions to common shareholders/ noncontrolling interests	(1,063,000)	(681,000)	(1,744,000)	(41,519,000)
Additional noncontrolling interests shares	53,118,000	570,000	53,688,000	53,688,000
Reallocation adjustment of limited partners interest		194,000	194,000	(160,000)
Adjustment of Mezz OP Units to redemption value				3,478,000
Balance, December 31, 2007	62,402,000	10,106,000	72,508,000	630,357,000
Net income	2,157,000	183,000	2,340,000	20,513,000
Unrealized loss on change in fair value of cash flow hedges	(336,000)	(129,000)	(465,000)	(7,785,000)
Total other comprehensive income	1,821,000	54,000	1,875,000	12,728,000
Deferred compensation activity, net				2,372,000
Conversion of OP units into common stock		(68,000)	(68,000)	
Preferred distribution requirements				(7,877,000)
Distributions to common shareholders/ noncontrolling interests	(3,427,000)	(717,000)	(4,144,000)	(44,171,000)
Additional noncontrolling interests shares	6,364,000		6,364,000	6,364,000
Purchase/redemption of noncontrolling interests shares	(9,010,000)		(9,010,000)	(9,010,000)
Reallocation adjustment of limited partners interest		(109,000)	(109,000)	174,000

Balance, December 31, 2008	58,150,000	9,266,000	67,416,000	590,937,000
Net loss	772,000	(361,000)	411,000	(16,460,000)
Unrealized gain on change in fair value of cash flow hedges		79,000	79,000	4,343,000
Total other comprehensive loss	772,000	(282,000)	490,000	(12,117,000)
Deferred compensation activity, net				2,591,000
Net proceeds from the sales of common stock and issuance of warrants				40,890,000
Conversion of OP units into common stock		(131,000)	(131,000)	
Preferred distribution requirements				(7,876,000)
Distributions to common shareholders/ noncontrolling interests	(3,905,000)	(167,000)	(4,072,000)	(13,814,000)
Reallocation adjustment of limited partners interest		(607,000)	(607,000)	941,000
Additional noncontrolling interests shares	12,212,000		12,212,000	12,212,000
Balance, December 31, 2009	$ 67,229,000	$ 8,079,000	$ 75,308,000	$ 613,764,000

See accompanying notes to consolidated financial statements.

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CEDAR SHOPPING CENTERS, INC.
Consolidated Statements of Cash Flows

	Years ended December 31,		
	2009	**2008**	**2007**
Cash flow from operating activities:			
Net (loss) income	$ (17,011,000)	$ 20,798,000	$ 23,867,000
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Non-cash provisions:			
Equity in income of unconsolidated joint ventures	(1,098,000)	(956,000)	(634,000)
Distributions from unconsolidated joint ventures	921,000	834,000	529,000
Impairments	23,636,000		
Terminated projects	3,094,000	463,000	
Impairment discontinued operations	3,559,000		
Gain on sales of real estate	(1,078,000)		
Straight-line rents	(2,874,000)	(2,876,000)	(3,451,000)
Depreciation and amortization	55,391,000	50,013,000	42,310,000
Amortization of intangible lease liabilities	(13,522,000)	(14,409,000)	(10,892,000)
Amortization/market price adjustments relating to stock-based compensation	2,433,000	1,099,000	1,306,000
Amortization of deferred financing costs	3,648,000	1,790,000	1,233,000
Increases/decreases in operating assets and liabilities:			
Rents and other receivables, net	(2,555,000)	1,822,000	(2,548,000)
Prepaid expenses and other	(5,168,000)	153,000	(4,265,000)
Accounts payable and accrued liabilities	2,566,000	2,084,000	6,048,000
Net cash provided by operating activities	51,942,000	60,815,000	53,503,000
Cash flow from investing activities:			
Expenditures for real estate and improvements	(108,300,000)	(131,874,000)	(187,497,000)
Proceeds from transfers to unconsolidated joint venture	32,089,000		
Net proceeds from sales of real estate	6,752,000		
Purchase of consolidated joint venture minority interests		(17,454,000)	
Investment in unconsolidated joint venture	(350,000)	(1,097,000)	(8,000)
Construction escrows and other	(217,000)	(965,000)	(4,927,000)
Net cash used in investing activities	(70,026,000)	(151,390,000)	(192,432,000)
Cash flow from financing activities:			
Net (repayments)/advances (to)/from revolving credit facilities	(46,805,000)	114,050,000	121,970,000
Proceeds from mortgage financings	60,950,000	106,738,000	34,493,000
Mortgage repayments	(18,203,000)	(93,317,000)	(16,177,000)
Payments of debt financing costs	(9,973,000)	(5,062,000)	(3,187,000)
Noncontrolling interests:			
	12,212,000	6,383,000	53,229,000

Contributions from consolidated joint venture minority interests, net			
Distributions to consolidated joint venture minority interests	(3,905,000)	(3,427,000)	(1,063,000)
Redemption of Operating Partnership Units		(122,000)	
Distributions to limited partners	(227,000)	(1,822,000)	(1,788,000)
Proceeds from the sales of common stock	40,890,000		3,910,000
Proceeds from standby equity advance not settled	5,000,000		
Preferred stock distributions	(7,876,000)	(7,877,000)	(7,877,000)
Distributions to common shareholders	(5,046,000)	(40,027,000)	(39,775,000)
Net cash provided by financing activities	27,017,000	75,517,000	143,735,000
Net increase (decrease) in cash and cash equivalents	8,933,000	(15,058,000)	4,806,000
Cash and cash equivalents at beginning of period	8,231,000	23,289,000	18,483,000
Cash and cash equivalents at end of period	$ 17,164,000	$ 8,231,000	$ 23,289,000

See accompanying notes to consolidated financial statements.

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Cedar Shopping Centers, Inc.
Notes to Consolidated Financial Statements
December 31, 2009

Note 1. Organization and Basis of Preparation

Cedar Shopping Centers, Inc. (the Company) was organized in 1984 and elected to be taxed as a real estate investment trust (REIT) in 1986. The Company focuses primarily on ownership, operation, development and redevelopment of supermarket-anchored shopping centers predominately in coastal mid-Atlantic and New England states. At December 31, 2009, the Company owned and managed 117 operating properties.

Cedar Shopping Centers Partnership, L.P. (the Operating Partnership) is the entity through which the Company conducts substantially all of its business and owns (either directly or through subsidiaries) substantially all of its assets. At December 31, 2009, the Company owned a 96.3% economic interest in, and was the sole general partner of, the Operating Partnership. The limited partners interest in the Operating Partnership (3.7% at December 31, 2009) is represented by Operating Partnership Units (OP Units). The carrying amount of such interest is adjusted at the end of each reporting period to an amount equal to the limited partners ownership percentage of the Operating Partnership s net equity. The approximately 2,006,000 OP Units outstanding at December 31, 2009 are economically equivalent to the Company s common stock and are convertible into the Company s common stock at the option of the respective holders on a one-to-one basis.

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

In July 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard No. 168, The FASB Accounting Standards Codification and Hierarchy of Generally Accepted Accounting Principles , also known as the FASB Accounting Standards Codification (the Codification), which establishes the exclusive authoritative reference for accounting principles generally accepted in the United States (GAAP) for use in financial statements. The Codification supersedes all existing non-Securities and Exchange Commission (SEC) accounting and reporting standards, although SEC rules and interpretive releases remain as additional authoritative GAAP for U.S. registrants. The Codification does not change GAAP, but is intended to simplify user access by providing all the authoritative literature related to a particular topic in one place. The Codification, which became effective for financial statements issued after September 15, 2009, did not have an effect on the Company s financial statements. Although the Company has continued to provide a general description of the relevant accounting literature applicable to its significant accounting policies, it has ceased including the specific FASB pronouncement references in its financial statement footnotes.

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The consolidated financial statements include the accounts and operations of the Company, the Operating Partnership, its subsidiaries, and certain joint venture partnerships in which it participates. The Company consolidates all variable interest entities (VIEs) for which it is the primary beneficiary. Generally, a VIE is an entity with one or more of the following characteristics: (a) the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) as a group, the holders of the equity investment at risk (i) lack the ability to make decisions about an entity s activities through voting or similar rights, (ii) have no obligation to absorb the expected losses of the entity, or (iii) have the right to receive the expected residual returns of the entity, or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights. The current accounting guidance requires a VIE to be consolidated in the financial statements of the entity that is determined to be the primary beneficiary of the VIE, i.e., the entity that will receive a majority of the VIE s expected losses, expected residual returns, or both. In determining whether the Company is the primary beneficiary of a VIE, it considers qualitative and quantitative factors including, but not limited to: (i) the amount and characteristics of the Company s investment, (ii) the obligation or likelihood for the Company or other investors to provide financial support, (iii) the Company s and the other investors ability to control or significantly influence key decisions for the VIE, and (iv) the similarity with, and significance to, the business activities of the Company and the other investors. Significant judgments related to these determinations include estimates about the current and future fair values and performance of real estate held by these VIEs and general market conditions.

With respect to its 13 consolidated operating joint ventures, the Company has general partnership interests of 20% in nine properties, 40% in two properties, 50% in one property and 75% in one property. As (i) such entities are not VIEs, and (ii) the Company is the sole general partner and exercises substantial operating control over these entities, the Company has determined that such entities should be consolidated for financial statement purposes. Current accounting guidance provides a framework for determining whether a general partner controls, and should consolidate, a limited partnership or similar entity in which it owns a minority interest.

The Company s three 60%-owned joint ventures for development projects in Limerick, Pottsgrove and Stroudsburg, Pennsylvania, are consolidated as they are deemed to be VIEs and the Company is the primary income or loss beneficiary in each case. At December 31, 2009, these VIEs owned real estate with a carrying value of $134.9 million. At that date, two of the VIEs had property-specific mortgage loans payable aggregating $62.5 million, and the real estate owned by one of the VIEs collateralized the secured revolving development property credit facility in the amount of $7.7 million.

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With respect to its unconsolidated joint ventures, the Company has a 20% interest in a joint venture with RioCan (more fully described below) formed initially for the acquisition of seven shopping center properties owned by the Company. Two of the properties were transferred to the joint venture prior to December 31, 2009, two of the properties were transferred in January and February 2010 and the three remaining properties are expected to be transferred during the first half of 2010. In addition, the Company has a 76.3% interest in a joint venture which owns a single-tenant office property in Philadelphia, Pennsylvania. Although the Company exercises influence over these joint ventures, it does not have operating control. In the case of the RioCan joint venture, although the Company provides management and other services, RioCan has significant management participation rights. The Company has determined that these joint ventures are not VIEs. The Company accounts for its investment in these joint ventures under the equity method.

At December 31, 2009, the Company had deposits of $0.9 million on three land parcels to be purchased for future development. Although each of the deposits is considered a VIE, the Company has not consolidated any of them as the Company is not the primary income or loss beneficiary in each case.

Note 2. Intangible Lease Asset/Liability

The Company determined that at the time it acquired certain properties during 2003 through 2009, it had underprovided for certain identifiable intangible lease liabilities relating to fixed-price renewal options that were at below-market rates. At the time such properties were acquired, the Company determined the fair value of such renewal options to be immaterial, based upon the Company s assessment of a very low probability that any of such renewal options would be exercised. Accordingly, at the time of acquisition, the Company assigned a zero value to such renewal options. The Company has reconsidered these determinations, and concluded that option renewal periods should have been valued with respect to certain of the leases. Using the updated assumptions, the Company determined the December 31, 2009 carrying amounts of unamortized intangible lease liabilities and real estate, net, to be understated by $8,429,000 and $7,688,000, respectively (the latter amount net of $741,000, representing the cumulative understated depreciation expense for the period 2003 through, 2009). In addition, total equity and limited partners interest in the Operating Partnership were overstated by $723,000 and $18,000, respectively, as of December 31, 2009, reflecting the aforementioned cumulative depreciation adjustment. At the time the adjustment was identified, the Company determined that the aforementioned adjustments were immaterial to any full year s consolidated financial statements; however, the Company did determine that recording the adjustments entirely in any quarterly period subsequent to December 31, 2009 would be material to the consolidated statement of operations for that period. Accordingly, as provided by the SEC s Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements , such adjustments have been retroactively reflected in the

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consolidated balance sheets at December 31, 2009 and 2008 and the consolidated statements of operations for each of the three years in the period ended December 31, 2009.

The following tables summarize the impact of these adjustments on the Company s consolidated financial statements:

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	December 31, 2009			
	As reported	Inangible lease liability adjustment	Discontinued operations adjustment (a)	As revised
Real estate	$ 1,675,322,000	$ 8,429,000	$ (11,070,000)	$ 1,672,681,000
Less accumulated depreciation	(164,615,000)	(741,000)	1,477,000	(163,879,000)
Real estate, net	$ 1,510,707,000	$ 7,688,000	$ (9,593,000)	$ 1,508,802,000
Real estate held for sale discontinued operations	$ 11,599,000	$	$ 9,781,000	$ 21,380,000
Unamortized intangible lease liabilities	$ 46,643,000	$ 8,429,000	$ (1,339,000)	$ 53,733,000
Liabilities real estate held for sale	$ 4,295,000	$	$ 1,339,000	$ 5,634,000
Limited partners interest in Operating Partnership	$ 12,656,000	$ (18,000)	$	$ 12,638,000
Total equity	$ 614,487,000	$ (723,000)	$	$ 613,764,000

	December 31, 2008			
	As reported	Inangible lease liability adjustment	Discontinued operations adjustment (a)	As revised
Real estate	$ 1,539,213,000	$ 8,429,000	$ (11,052,000)	$ 1,536,590,000
Less accumulated depreciation	(124,387,000)	(529,000)	1,109,000	(123,807,000)
Real estate, net	$ 1,414,826,000	$ 7,900,000	$ (9,943,000)	$ 1,412,783,000
Real estate held for sale discontinued operations	$ 32,063,000	$	$ 10,204,000	$ 42,267,000

Unamortized intangible lease liabilities	$ 56,122,000	$ 8,429,000	$ (1,503,000)	$ 63,048,000
Liabilities real estate held for sale	$ 5,262,000	$	$ 1,503,000	$ 6,765,000
Limited partners interest in Operating Partnership	$ 14,271,000	$ (14,000)	$	$ 14,257,000
Total equity	$ 591,452,000	$ (515,000)	$	$ 590,937,000

	Year ended December 31, 2009			
	As reported	Inangible lease liability adjustment	Discontinued operations adjustment (a)	As revised
Depreciation and amortization expense (a)	$ 54,257,000	$ 212,000	$ (425,000)	$ 54,044,000
Net (loss) attributable to common shareholders	$ (24,543,000)	$ (204,000)	$ (b)	$ (24,747,000)
Per common share (basic and diluted)	$ (0.53)	$ (0.01)	$	$ (0.54)

	Year ended December 31, 2008			
	As reported	Inangible lease liability adjustment	Discontinued operations adjustment (a)	As revised
Depreciation and amortization expense (a)	$ 48,741,000	$ 211,000	$ (464,000)	$ 48,488,000
Net income attributable to common shareholders	$ 10,498,000	$ (202,000)	$ (b)	$ 10,296,000
Per common share (basic and diluted)	$ 0.24	$ (0.01)	$	$ 0.23

	Year ended December 31, 2007		
		Inangible lease liability	Discontinued operations

	As reported	adjustment	adjustment (a)		As revised
Depreciation and amortization expense (a)	$ 41,004,000	$ 150,000	$ (517,000)		$ 40,637,000
Net income attributable to common shareholders	$ 14,092,000	$ (144,000)	$	**(b)**	$ 13,948,000
Per common share (basic and diluted)	$ 0.32	$	$		$ 0.32

(a) Includes other retroactive adjustments for the sales of properties, where the applicable net assets and results of operations have been treated as held for sale and income (loss) from discontinued operations , respectively.

(b) Net of noncontrolling interests (limited partners interest).

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The Company allocates the fair value of real estate acquired to land, buildings and improvements. In addition, the fair value of in-place leases is allocated to intangible lease assets and liabilities.

The fair value of the tangible assets of an acquired property is determined by valuing the property as if it were vacant, which value is then allocated to land, buildings and improvements based on management s determination of the relative fair values of these assets. In valuing an acquired property s intangibles, factors considered by management include an estimate of carrying costs during the expected lease-up periods, such as real estate taxes, insurance, other operating expenses, and estimates of lost rental revenue during the expected lease-up periods based on its evaluation of current market demand. Management also estimates costs to execute similar leases, including leasing commissions, tenant improvements, legal and other related costs.

The values of acquired above-market and below-market leases are recorded based on the present values (using discount rates which reflect the risks associated with the leases acquired) of the differences between the contractual amounts to be received and management s estimate of market lease rates, measured over the terms of the respective leases that management deemed appropriate at the time of the acquisitions. Such valuations include a consideration of the non-cancellable terms of the respective leases as well as any applicable renewal period(s). The fair values associated with below-market rental renewal options are determined based on the Company s experience and the relevant facts and circumstances that existed at the time of the acquisitions. The values of above-market leases are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of below-market leases associated with the original non-cancelable lease terms are amortized to rental income over the terms of the respective non-cancelable lease periods. The portion of the values of the leases associated with below-market renewal options that are likely of exercise are amortized to rental income over the respective renewal periods. The value of other intangible assets (including leasing commissions, tenant improvements, etc.) is amortized to expense over the applicable terms of the respective leases. If a lease were to be terminated prior to its stated expiration or not renewed, all unamortized amounts relating to that lease would be recognized in operations at that time.

With respect to the Company s 2009 acquisitions, the fair values of in-place leases and other intangibles have been allocated to the intangible asset and liability accounts. Such allocations are preliminary and are based on information and estimates available as of the respective dates of acquisition. As final information becomes available and is refined, appropriate adjustments are made to the purchase price allocations, which are finalized within twelve months of the respective dates of acquisition. Unamortized intangible lease liabilities relate primarily to below-market leases, and amounted to $53.7 million and $63.0 million at December 31, 2009 and 2008, respectively.

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As a result of recording the intangible lease assets and liabilities, (i) revenues were increased by $13.2 million, $14.1 million and $10.6 million for 2009, 2008 and 2007, respectively, relating to the amortization of intangible lease liabilities, and (ii) depreciation and amortization expense was increased correspondingly by $13.7 million, $14.2 million and $12.6 million for 2009, 2008 and 2007, respectively.

The unamortized balance of intangible lease liabilities of $53.7 million at December 31, 2009 is net of accumulated amortization of $51.9 million, and will be credited to future operations through 2043 as follows:

2010	$ 8,544,000
2011	7,044,000
2012	6,363,000
2013	5,956,000
2014	5,335,000
Thereafter	20,491,000
	$ 53,733,000

Note 3. Discontinued operations

During 2009 and subsequent to December 31, 2009, the Company sold, or has treated as held for sale , 11 of its properties (primarily drug store/convenience centers), located in Ohio, Maryland and New York, including the McDonalds/Waffle House property, located in Medina, Ohio, the CVS property located in Westfield, New York, the Staples property located in Oswego, New York, the Hudson Ohio Discount Drug Mart Plaza, the Dover Ohio Discount Drug Mart Plaza, the Gabriel Brothers property located in Kent, Ohio, the Carrollton Ohio Discount Drug Mart Plaza, the Pondside Plaza located in Geneseo, New York, the Powell Ohio Discount Drug Mart Plaza, the 7,000 square foot Family Dollar convenience center located in Zanesville, Ohio, and the 105,000 square foot Long Reach Village property located in Columbia, Maryland. The aggregate sales prices for the 11 properties is approximately $33.3 million, including property-specific mortgage loans payable of approximately $22.4 million. In connection with these transactions, the Company recorded impairment charges aggregating $6.5 million (including $3.0 million subsequent to December 31, 2009), and has realized gain on sales of $727,000 (including $170,000 subsequent to December 31, 2009). The carrying values of the assets and liabilities of these properties, principally the net book values of the real estate and the related mortgage loans payable to be assumed, have been reclassified as held for sale on the Company s consolidated balance sheets at December 31, 2009 and 2008. In addition, the properties results of operations have been classified as discontinued operations for all periods presented.

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The following is a summary of the results of operations from discontinued operations for 2009, 2008 and 2007:

	Years ended December 31,		
	2009	2008	2007
Revenues:			
Rents	$ 3,754,000	$ 4,203,000	$ 4,134,000
Expense recoveries	1,223,000	1,334,000	1,361,000
Total revenues	4,977,000	5,537,000	5,495,000
Expenses:			
Operating, maintenance and management	950,000	848,000	1,053,000
Real estate and other property-related taxes	753,000	795,000	800,000
Depreciation and amortization	1,368,000	1,525,000	1,673,000
Interest expense	1,180,000	1,311,000	1,326,000
	4,251,000	4,479,000	4,852,000
Income from discontinued operations before impairment charges	726,000	1,058,000	643,000
Impairment charges	(3,559,000)		
(Loss) income from discontinued operations	$ (2,833,000)	$ 1,058,000	$ 643,000
Gain on sales of discontinued operations	$ 557,000	$	$

Note 4. Summary of Significant Accounting Policies

The accompanying financial statements are prepared on the accrual basis in accordance with GAAP, which requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities, the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the periods covered by the financial statements. Actual results could differ from these estimates.

The consolidated financial statements reflect certain reclassifications of prior period amounts to conform to the 2009 presentation, principally (i) the retrospective reclassification, for all periods presented, of the balances related to minority interests in consolidated joint ventures and limited partners interest in the Operating Partnership into the consolidated equity accounts, as appropriate (certain non-controlling interests of the Company will continue to be classified in the mezzanine section of the balance sheet as these redeemable OP Units (Mezz OP Units) do not meet the requirements for equity classification), (ii) to reflect the reclassifications of the assets and liabilities of the properties transferred and to be transferred to the RioCan joint venture as real estate to be transferred to a joint venture , (iii) to reflect the retroactive valuation adjustments relating to lease renewal options, and (iv) to reflect the sale and/or treatment as

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held for sale of certain operating properties and the treatment thereof as discontinued operations . The reclassifications had no material impact on previously-reported net income attributable to common shareholders or earnings per share.

Real Estate Investments and Discontinued Operations

Real estate investments are carried at cost less accumulated depreciation. The provision for depreciation is calculated using the straight-line method based upon the estimated useful lives of the respective assets of between 3 and 40 years. Depreciation expense amounted to $50.2 million, $44.5 million and $37.4 million for 2009, 2008 and 2007, respectively. Expenditures for betterments that substantially extend the useful lives of the assets are capitalized. Expenditures for maintenance, repairs, and betterments that do not substantially prolong the normal useful life of an asset are charged to operations as incurred, and amounted to $2.2 million, $2.2 million and $1.7 million for 2009, 2008 and 2007, respectively.

Upon the sale (or classification as held for sale) or other disposition of assets, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or impairment loss, if any, is reflected as discontinued operations. In addition, prior periods financial statements would be reclassified to reflect the sold properties operations as discontinued.

Real estate investments include costs of development and redevelopment activities, and construction in progress. Capitalized costs, including interest and other carrying costs during the construction and/or renovation periods, are included in the cost of the related asset and charged to operations through depreciation over the asset s estimated useful life. Interest and financing costs capitalized amounted to $6.3 million, $6.7 million and $4.1 million for 2009, 2008 and 2007, respectively. A variety of costs are incurred in the acquisition, development and leasing of a property, such as pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs, and other costs incurred during the period of development. After a determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. The Company ceases capitalization on the portions substantially completed and occupied, or held available for occupancy, and capitalizes only those costs associated with the portions under development. The Company considers a construction project to be substantially completed and held available for occupancy upon the completion of tenant improvements, but not later than one year from cessation of major construction activity.

Management reviews each real estate investment for impairment whenever events or circumstances indicate that the carrying value of a real estate investment may not be recoverable. The review of recoverability is based on an estimate of the future cash flows that are expected to result from the real estate investment s use and eventual disposition. These cash flows consider factors such as expected future operating income, trends and prospects, as well as the effects of

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leasing demand, competition and other factors. If an impairment event exists due to the projected inability to recover the carrying value of a real estate investment, an impairment loss is recorded to the extent that the carrying value exceeds estimated fair value. Real estate investments held for sale are carried at the lower of their respective carrying amounts or estimated fair values, less costs to sell. Depreciation and amortization are suspended during the periods held for sale.

In October 2009, the Company entered into the RioCan transactions (more fully described below), and recorded a net impairment charge aggregating $23.6 million based on the indicated values and costs of the contract of sale of an 80% interest in seven properties transferred or to be transferred to the RioCan joint venture. Insofar as the Company has and will have a continued involvement with these properties (it exercises significant influence through 20% interest retained and provides property management and other services), the accounting treatment presentation on the accompanying consolidated balance sheet is to reflect the Company s applicable carrying values as real estate to be transferred to a joint venture retroactively for all periods presented, whereas the accounting treatment presentation on the accompanying consolidated statements of operations is to reflect the results of the properties operations prospectively following their transfer to the joint venture as equity in income of unconsolidated joint ventures with no reclassification adjustments for discontinued operations. Revenues included in the accompanying statement of operations for the seven properties transferred or to be transferred to the RioCan joint venture aggregated $18.6 million, $17.7 million and $16.6 million, respectively, for 2009, 2008 and 2007.

During 2009, the Company wrote-off costs incurred in prior years for (i) potential development opportunities in Milford, Delaware and Ephrata, Pennsylvania that the Company determined would not go forward (an aggregate of $2.8 million) and (ii) costs incurred related to the acquisitions of San Souci Plaza and New London Mall (net of minority interest share) and the costs primarily associated with a cancelled acquisition (an aggregate of $1.5 million).

During 2009 and subsequent to December 31, 2009, the Company sold, or has treated as held for sale , 11 of its properties (primarily drug store/convenience centers), located in Ohio, Maryland and New York. In connection with these transactions, the Company recorded impairment charges aggregating $6.5 million (including $3.0 million subsequent to December 31, 2009).

Conditional asset retirement obligation

A conditional asset retirement obligation is a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement is conditional on a future event that may or may not be within the control of the Company. The Company would record a liability for a conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated. Environmental studies conducted at the time of acquisition with respect to all of the Company s properties did not reveal any material environmental liabilities, and the

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Company is unaware of any subsequent environmental matters that would have created a material liability. The Company believes that its properties are currently in material compliance with applicable environmental, as well as non-environmental, statutory and regulatory requirements. There were no conditional asset retirement obligation liabilities recorded by the Company during the three years ended December 31, 2009.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks and short-term investments with original maturities of less than ninety days, and include cash at consolidated joint ventures of $7.4 million and $1.9 million at December 31, 2009 and 2008, respectively.

Restricted Cash

The terms of several of the Company s mortgage loans payable require the Company to deposit certain replacement and other reserves with its lenders. Such restricted cash is generally available only for property-level requirements for which the reserves have been established, is not available to fund other property-level or Company-level obligations, and amounted to $14.1 million and $14.0 million at December 31, 2009 and 2008, respectively.

Rents and Other Receivables

Management has determined that all of the Company s leases with its various tenants are operating leases. Rental income with scheduled rent increases is recognized using the straight-line method over the respective terms of the leases. The aggregate excess of rental revenue recognized on a straight-line basis over the contractual base rents is included in straight-line rents on the consolidated balance sheet. Leases also generally contain provisions under which the tenants reimburse the Company for a portion of property operating expenses and real estate taxes incurred; such income is recognized in the periods earned. In addition, certain operating leases contain contingent rent provisions under which tenants are required to pay, as additional rent, a percentage of their sales in excess of a specified amount. The Company defers recognition of contingent rental income until those specified sales targets are met.

The Company must make estimates as to the collectibility of its accounts receivable related to base rent, straight-line rent, percentage rent, expense reimbursements and other revenues. When management analyzes accounts receivable and evaluates the adequacy of the allowance for doubtful accounts, it considers such things as historical bad debts, tenant creditworthiness, current economic trends, and changes in tenants payment patterns. The allowance for doubtful accounts was $5.3 million and $3.0 million at December 31, 2009 and 2008, respectively. The provision for doubtful accounts (included in operating, maintenance and

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management expenses) was $3.9 million, $1.9 million and $0.7 million in 2009, 2008 and 2007, respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents in excess of insured amounts and tenant receivables. The Company places its cash and cash equivalents with high quality financial institutions. Management performs ongoing credit evaluations of its tenants and requires certain tenants to provide security deposits.

Giant Food Stores, LLC (Giant Foods), which is owned by Ahold N.V., a Netherlands corporation, accounted for approximately 12%, 12% and 13% of the Company s total revenues in 2009, 2008 and 2007, respectively. Giant Foods, in combination with Stop & Shop, Inc., which is also owned by Ahold N.V., accounted for approximately 15%, 15% and 15% of the Company s total revenues in 2009, 2008 and 2007, respectively. Of these amounts, 3%, respectively, were attributable to Giant Foods revenues at the seven properties transferred or to be transferred to the RioCan joint venture, for each of the periods presented.

Total revenues from properties located in Pennsylvania, Massachusetts and Connecticut amounted to 47.0%, 13.3%, 11.6%, 49.0%, 14.0%, 8.7%, and 55.2%, 11.3%, 8.2%, of consolidated total revenues in 2009, 2008 and 2007, respectively.

Other Assets

Other assets at December 31, 2009 and 2008 are comprised of the following:

	December 31,	
	2009	**2008**
Cumulative mark-to-market adjustments related to stock-based compensation	$ 2,100,000	$ 1,965,000
Prepaid expenses	5,279,000	4,643,000
Deposits	1,430,000	2,795,000
	$ 8,809,000	$ 9,403,000

Deferred Charges, Net

Deferred charges at December 31, 2009 and 2008 are net of accumulated amortization and are comprised of the following:

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	December 31,	
	2009	**2008**
Lease origination costs (i)	$ 17,696,000	$ 16,945,000
Financing costs (ii)	16,833,000	10,772,000
Other	2,213,000	2,622,000
	$ 36,742,000	$ 30,339,000

(i) Lease origination costs include the amortized balance of intangible lease assets resulting from purchase accounting allocations of $9,992,000 and $11,397,000, respectively.

(ii) Financing costs are incurred in connection with the Company s credit facilities and other long-term debt.

Deferred charges are amortized over the terms of the related agreements. Amortization expense related to deferred charges (including amortization of deferred financing costs included in non-operating income and expense) amounted to $7.3 million, $5.4 million and $4.2 million for 2009, 2008 and 2007, respectively. The unamortized balances of deferred lease origination costs and deferred financing costs are net of accumulated amortization of $13.8 million and $12.3 million, respectively, and will be charged to future operations as follows (lease origination costs through 2033, and financing costs through 2029):

	Lease origination costs	**Financing costs**
Non-amortizing (i)	$ 397,000	$ 174,000
2010	2,590,000	5,265,000
2011	2,257,000	5,044,000
2012	1,987,000	4,155,000
2013	1,747,000	917,000

2014	1,431,000	497,000
Thereafter	7,287,000	781,000
	$ 17,696,000	$ 16,833,000

(i) Represents (a) lease origination costs applicable to leases with commencement dates beginning after December 31, 2009 and (b) financing costs applicable to commitment fees/deposits to mortgage loans after December 31, 2009.

Income Taxes

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the Code). A REIT will generally not be subject to federal income taxation on that portion of its income that qualifies as REIT taxable income, to the extent that it distributes at least 90% of such REIT taxable income to its shareholders and complies with

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certain other requirements. As of December 31, 2009, the Company was in compliance with all REIT requirements.

The Company follows a two-step approach for evaluating uncertain tax positions. Recognition (step one) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when a company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. The use of a valuation allowance as a substitute for derecognition of tax positions is prohibited. The Company has not identified any uncertain tax positions requiring accrual.

Derivative Financial Instruments

The Company occasionally utilizes derivative financial instruments, principally interest rate swaps, to manage its exposure to fluctuations in interest rates. The Company has established policies and procedures for risk assessment, and the approval, reporting and monitoring of derivative financial instrument activities. Derivative financial instruments must be effective in reducing the Company s interest rate risk exposure in order to qualify for hedge accounting. When the terms of an underlying transaction are modified, or when the underlying hedged item ceases to exist, all changes in the fair value of the instrument are marked-to-market with changes in value included in net income for each period until the derivative instrument matures or is settled. Any derivative instrument used for risk management that does not meet the hedging criteria is marked-to-market with the changes in value included in net income. The Company has not entered into, and does not plan to enter into, derivative financial instruments for trading or speculative purposes. Additionally, the Company has a policy of entering into derivative contracts only with major financial institutions. As of December 31, 2009, the Company believes it has no significant risk associated with non-performance of the financial institutions which are the counterparties to its derivative contracts. Additionally, based on the rates in effect as of December 31, 2009, if a counterparty were to default, the Company would receive a net interest benefit. At December 31, 2009, the Company had approximately $28.9 million of mortgage loans payable and $23.9 million of secured revolving stabilized property credit facility subject to interest rate swaps which converted LIBOR-based variable rates to fixed annual rates ranging from 5.2% to 6.8% per annum. At that date, the Company had accrued liabilities (included in accounts payable and accrued expenses on the consolidated balance sheet) for (i) $2.8 million relating to the fair value of interest rate swaps applicable to existing mortgage loans payable of $28.9 million and secured revolving stabilized property credit facility of $23.9 million, and (ii) $3.1 million relating to an interest rate swap applicable to anticipated permanent financing of $28.0 million for its development joint venture project in Stroudsburg, Pennsylvania, bearing an effective date of June 1, 2010, a termination date of June 1, 2020, and a fixed rate of 5.56%. Charges and/or credits relating to the changes in fair values of such interest

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rate swaps are made to accumulated other comprehensive (loss) income, noncontrolling interests (minority interests in consolidated joint ventures and limited partners interest), or operations (included in interest expense), as appropriate. Currently, all but one of the Company s derivative instruments are designated as effective hedging instruments.

The following is a summary of the derivative financial instruments held by the Company at December 31, 2009 and 2008:

Designation/ Cash flow	Derivative	Count	Notional values December 31, 2009	2008	Expiration dates	Balance sheet location	Fair value December 31, 2009	2008
Non-qualifying (1)	Interest rate swaps	1	$ 23,891,000	$	2011	Accounts payable and accrued expenses	$ 1,297,000	$
Qualifying (1)		8	$ 56,925,000	$ 61,796,000	2010 - 2020		$ 4,655,000	$ 10,590,000

(1) The notional values and fair values for December 31, 2008 includes all nine of the Company s interest rate swaps as qualifying.

These interest rate swaps are used to hedge the variable cash flows associated with existing variable-rate debt. Amounts reported in accumulated other comprehensive loss related to derivatives will be reclassified to interest expense as interest payments are made on the Company s variable-rate debt and totaled approximately $1.6 million and $0.4 million for the years ended December 31, 2009 and 2008, respectively.

The following presents the effect of the Company s derivative financial instruments on the consolidated statements of operations and the consolidated statements of equity for 2009, 2008 and 2007, respectively:

Designation/ Cash flow	Derivative	Amount of gain (loss) recognized in other comprehensive (loss) income (effective portion) Years ended December 31, 2009	2008	2007
Non-qualifying	Interest rate swaps	$ 106,000	$	$
Qualifying		$ 4,237,000	$ (7,785,000)	$ (284,000)

		Amount of gain (loss) recognized in interest expense (ineffectve portion)		
Non-qualifying	Interest rate swaps	$ 107,000	$	$

Qualifying	swaps	$ 67,000	$ (223,000)	$	

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Earnings/Dividends Per Share

Basic earnings per share (EPS) is computed by dividing net income attributable to the Company s common shareholders by the weighted average number of common shares outstanding for the period (including restricted shares and shares held by Rabbi Trusts). Fully-diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into shares of common stock. The calculation of the number of such additional shares was anti-dilutive for 2009 and 2008; such additional shares amounted to 4,000 for 2007. Accordingly, fully-dilutive EPS was the same as basic EPS for those years.

Dividends to common shareholders in 2009, 2008 and 2007 were $9,742,000 ($0.2025 per share), $40,027,000 ($0.90 per share), and $39,775,000 ($0.90 per share), respectively.

Stock-Based Compensation

The Company s 2004 Stock Incentive Plan (the Incentive Plan) establishes the procedures for the granting of incentive stock options, stock appreciation rights, restricted shares, performance units and performance shares. The maximum number of shares of the Company s common stock that may be issued pursuant to the Incentive Plan is 2,750,000, and the maximum number of shares that may be granted to a participant in any calendar year may not exceed 250,000. Substantially all grants issued pursuant to the Incentive Plan are restricted stock grants which specify vesting (i) upon the third anniversary of the date of grant for time-based grants, or (ii) upon the completion of a designated period of performance for performance-based grants. Time-based grants are valued according to the market price for the Company s common stock at the date of grant. For performance-based grants, the Company generally engages an independent appraisal company to determine the value of the shares at the date of grant, taking into account the underlying contingency risks associated with the performance criteria.

In October 2006, the Company issued 35,000 shares of common stock as performance-based grants, which were to vest if the total annual return on an investment in the Company s common stock (TSR) over the three-year period ending December 31, 2008 was equal to, or greater than, an average of 8% per year. The independent appraisal determined the value of the performance-based shares to be $12.07 per share, compared to a market price at the date of grant of $16.49 per share. With respect to the awards granted in 2006, the Company did not attain an average 8% TSR for such three-year period as provided by the Incentive Plan for vesting. However, the Compensation Committee of the Company s Board of Directors took into account (1) that factors outside of the Company s control resulted in the failure to achieve the requisite return, and (2) that the Company had outperformed its peer group during such three-year period. Accordingly, the Committee believed that it was appropriate to vest some of the awards and allowed 40% of the awards, or an aggregate of 14,000 shares, to vest. The decision had no impact on the Company s results of operations.

In February 2007, the Company issued 37,000 shares of common stock as performance-based grants, which were to vest if the total annual return on an investment in the Company s

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common stock over the three-year period ending December 31, 2009 was equal to, or greater than, an average of 8% per year. The independent appraisal determined the value of the performance-based shares to be $10.09 per share, compared to a market price at the date of grant of $16.45 per share. With respect to the awards granted in 2007, the Company did not attain an average 8% TSR for such three-year period as provided by the Incentive Plan for vesting and, accordingly, none of these shares vested.

In January 2008 and June 2008, the Company issued 53,000 shares and 7,000 shares of common stock, respectively, as performance-based grants, which will vest if the total annual return on an investment in the Company s common stock over the three-year period ending December 31, 2010 is equal to, or greater than, an average of 8% per year. The independent appraisal determined the value of the January 2008 performance-based shares to be $6.05 per share, compared to a market price at the date of grant of $10.07 per share; similar methodology determined the value of the June 2008 performance-based shares to be $10.31 per share, compared to a market price at the date of grant of $12.13 per share.

In January 2009, the Company issued 218,000 shares of common stock as performance-based grants, which will vest if the total annual return on an investment in the Company s common stock over the three-year period ending December 31, 2011 is equal to, or greater than, a blended measure of (i) an average of 6% TSR per year on the Company s common stock, and (ii) the median TSR per year of the Company s peer group. The independent appraisal determined the value of the performance-based shares to be $5.96 per share, compared to a market price at the date of grant of $7.02 per share.

The additional restricted shares issued during 2009, 2008 and 2007 were time-based grants, and amounted to 397,000 shares, 187,000 shares and 149,000 shares, respectively. The value of all grants is being amortized on a straight-line basis over the respective vesting periods (irrespective of achievement of the performance grants) adjusted, as applicable, for fluctuations in the market value of the Company s common stock. Those grants of restricted shares that are transferred to Rabbi Trusts are classified as treasury stock on the Company s consolidated balance sheet. The following table sets forth certain stock-based compensation information for 2009, 2008 and 2007, respectively:

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	Years ended December 31,		
	2009	**2008**	**2007**
Restricted share grants	615,000	247,000	186,000
Average per-share grant price	$ 4.95	$ 9.39	$ 14.44
Recorded as deferred compensation, net	$ 3,032,000	$ 2,306,000	$ 2,694,000
Charged to operations:			
Amortization relating to stock-based compensation	$ 2,921,000	$ 2,389,000	$ 2,154,000
Adjustments to reflect changes in market price of Company s common stock	(488,000)	(1,290,000)	(848,000)
Total charged to operations	$ 2,433,000	$ 1,099,000	$ 1,306,000
Non-vested shares:			
Non-vested, beginning of period	508,000	380,000	203,000
Grants	615,000	247,000	186,000
Vested during period	(104,000)	(97,000)	(9,000)
Forfeitures/cancellations	(39,000)	(22,000)	
Non-vested, end of period	980,000	508,000	380,000
Average value of non-vested shares (based on grant price)	$ 7.54	$ 12.27	$ 14.59
Value of shares vested during the period (based on grant price)	$ 1,496,000	$ 1,365,000	$ 120,000

At December 31, 2009, 1,547,000 shares remained available for grants pursuant to the Incentive Plan, and $2,876,000 remained as deferred compensation, to be amortized over various periods ending in October 2012.

During 2001, pursuant to the 1998 Stock Option Plan (the Option Plan), the Company granted to the then directors options to purchase an aggregate of approximately 13,000 shares of common stock at $10.50 per share, the market value of the Company s common stock on the date of the grant. The options are fully exercisable and expire in 2011. In connection with the adoption of the Incentive Plan, the Company agreed that it would not grant any more options under the Option Plan.

In connection with an acquisition of a shopping center in 2002, the Operating Partnership issued warrants to purchase approximately 83,000 OP Units to a then minority interest partner in the property. Such warrants have an exercise price of $13.50 per unit, subject to certain anti-dilution adjustments, are fully vested, and expire in 2012.

In connection with the RioCan transactions (more fully described below), the Company issued to RioCan warrants to purchase 1,428,570 shares of the Company s common stock, at an exercise price of $7.00 per share, exercisable over a two-year period.

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401(k) Retirement Plan

The Company has a 401(k) retirement plan (the Plan), which permits all eligible employees to defer a portion of their compensation under the Code. Pursuant to the provisions of the Plan, the Company may make discretionary contributions on behalf of eligible employees. The Company made contributions to the Plan of $248,000, $243,000 and $219,000 in 2009, 2008 and 2007, respectively.

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Supplemental consolidated statement of cash flows information

	Years ended December 31,		
	2009	**2008**	**2007**
Supplemental disclosure of cash activities:			
Interest paid	$ 50,413,000	$ 49,006,000	$ 41,023,000
Supplemental disclosure of non-cash activities:			
Additions to deferred compensation plans	3,032,000	2,306,000	2,694,000
Issuance of non-interest-bearing purchase money mortgage (a)		(13,851,000)	
Assumption of mortgage loans payable acquisitions	(54,565,000)	(34,631,000)	(143,346,000)
Assumption of mortgage loans payable disposition	9,932,000		
Assumption of interest rate swap liabilities		(2,288,000)	
Issuance of warrants	1,643,000		
Issuance of OP Units			(570,000)
Conversion of OP Units into common stock	131,000	68,000	45,000
Adjustment of Mezz OP Units into common stock			3,478,000
Purchase accounting allocations:			
Intangible lease assets	7,057,000	10,301,000	34,781,000
Intangible lease liabilities	(3,215,000)	(4,636,000)	(33,707,000)
Net valuation decrease in assumed mortgage loan payable (b)	1,649,000	143,000	191,000
Other non-cash investing and financing activities:			
Accrued interest rate swap liabilities	4,638,000	(8,206,000)	(286,000)
Accrued real estate improvement costs	(7,868,000)	8,407,000	1,806,000
Accrued construction escrows	(1,006,000)	(479,000)	1,024,000
Accrued financing costs and other	(22,000)	(26,000)	
Capitalization of deferred financing costs	1,486,000	988,000	393,000
Deconsolidation of properties transferred to joint venture:			
Real estate, net	42,829,000		
Other assets/liabilties, net	1,277,000		
Investment in and advances to unconsolidated joint venture	8,610,000		

(a) A $14,575,000 non-interest-bearing mortgage was issued in connection with a purchase of land, and was valued at a net amount of $13,851,000. This reflected a valuation

decrease of $724,000 to a market rate of 9.25% per annum

(b) The net valuation decrease in an assumed mortgage loan payable resulted from adjusting the contract rate of interest (4.9% per annum) to a market rate of interest (6.1% per annum).

Fair Value Measurements

In September 2006, the accounting guidance relating to fair value measurements and disclosures was updated. The updated guidance defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The updated guidance was effective on January 1, 2008 for financial assets, financial liabilities, and all nonfinancial assets and liabilities that are recognized or disclosed at fair value in financial statements on a recurring basis at least annually. The updated guidance was effective for all other nonfinancial assets and liabilities on January 1, 2009, and its adoption did not have a material effect on the Company s consolidated financial statements. These

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standards did not materially affect how the Company determines fair value, but resulted in certain additional disclosures.

The guidance establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible while also considering counterparty credit risk in the assessment of fair value. Financial assets and liabilities measured at fair value in the consolidated financial statements consist of interest rate swaps. The fair values of interest rate swaps are determined using widely accepted valuation techniques, including discounted cash flow analysis, on the expected cash flows of each derivative. The analysis reflects the contractual terms of the swaps, including the period to maturity, and uses observable market-based inputs, including interest rate curves (significant other observable inputs). The fair value calculation also includes an amount for risk of non-performance using significant unobservable inputs such as estimates of current credit spreads to evaluate the likelihood of default. The Company has concluded, as of December 31, 2009, that the fair value associated with the significant unobservable inputs relating to the Company s risk of non-performance was insignificant to the overall fair value of the interest rate swap agreements and, as a result, the Company has determined that the relevant inputs for purposes of calculating the fair value of the interest rate swap agreements, in their entirety, were based upon significant other observable inputs . Nonfinancial assets and liabilities measured at fair value in the consolidated financial statements consist of real estate to be transferred to a joint venture and real estate held for sale- discontinued operations.

The carrying amounts of cash and cash equivalents, restricted cash, rents and other receivables, other assets, accounts payable and accrued expenses approximate fair value. The valuation of the liability for the Company s interest rate swaps ($5.9 million at December 31, 2009), which is measured on a recurring basis, was determined to be a Level 2 within the valuation hierarchy, and was based on independent values provided by financial institutions. The valuation of the assets for the Company s real estate to be transferred to a joint venture and real estate held for sale discontinued operations ($139.7 million and $21.4 million, respectively, at December 31, 2009), which is measured on a nonrecurring basis, have been determined to be a

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Level 2 within the valuation hierarchy, and were based on the respective contracts of transfer and/or sale.

The fair value of the Company s fixed rate mortgage loans was estimated using significant other observable inputs such as available market information and discounted cash flows analyses based on borrowing rates the Company believes it could obtain with similar terms and maturities. As of December 31, 2009 and 2008, the aggregate fair values of the Company s fixed rate mortgage loans were approximately $579.2 million and $513.3 million, respectively; the carrying values of such loans were $606.1 million and $555.6 million, respectively, at those dates.

Recently-Issued Accounting Pronouncements

In January 2009, the Company adopted the updated accounting guidance related to business combinations, which (i) establishes the acquisition-date fair value as the measurement objective for all assets acquired, liabilities assumed, and any contingent consideration, (ii) requires expensing of most transaction costs that were previously capitalized, and (iii) requires the acquiror to disclose the information needed to evaluate and understand the nature and financial effect of the business combination to investors and other users. The principal impact of the adoption of this guidance on the Company s financial statements, which is being applied prospectively, is that the Company has expensed most transaction costs relating to its acquisition activities ($1,273,000 for the year ended December 31, 2009 of which the noncontrolling interests share was $764,000).

In January 2009, the Company adopted the updated accounting guidance related to noncontrolling interests in consolidated financial statements, which clarifies that a noncontrolling interest in a subsidiary (minority interests or certain limited partners interest, in the case of the Company), subject to the classification and measurement of redeemable securities, is an ownership interest in a consolidated entity which should be reported as equity in the parent company s consolidated financial statements. The updated guidance requires a reconciliation of the beginning and ending balances of equity attributable to noncontrolling interests and disclosure, on the face of the consolidated income statement, of those amounts of consolidated net income attributable to the noncontrolling interests, eliminating the past practice of reporting these amounts as an adjustment in arriving at consolidated net income. The updated guidance is to be applied prospectively as of January 1, 2009, but requires retroactive application of the presentation and disclosure requirements for all periods presented, and early adoption was not permitted. The Company has reclassified, for all periods presented, the balances related to minority interests in consolidated joint ventures and limited partners interest in the Operating Partnership into the consolidated equity accounts, as appropriate (certain non-controlling interests of the Company will continue to be classified in the mezzanine section of the balance sheet as such Mezz OP Units do not meet the requirements for equity classification, since certain of the holders of OP Units have registration rights that provide such holders with the right to

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demand registration under the federal securities law of the common stock of the Company issuable upon conversion of such OP Units). The Company will adjust the carrying value of the Mezz OP Units each period to equal the greater of its historical carrying value or its redemption value. Through December 31, 2009, there have been no cumulative net adjustments recorded to the carrying amounts of the Mezz OP Units.

In January 2009, the Company adopted the updated accounting guidance related to disclosures about derivative instruments and hedging activities, which is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity s financial position, financial performance, and cash flows. Among other requirements, entities are required to provide enhanced disclosures about (1) how and why an entity uses derivative instruments, (2) the accounting treatment for derivative instruments and related hedged items, and (3) how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flows. Other than the enhanced disclosure requirements, the adoption of this guidance did not have a material effect on the Company s consolidated financial statements.

In January 2009, the Company adopted the updated accounting guidance related to determining whether instruments granted in share-based payment transactions are participating securities, which states that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share. The adoption of this guidance had no impact on the Company s consolidated financial statements as unvested restricted stock awards are included in the computations of both basic and diluted earnings per share.

In January 2009, the Company adopted the updated guidance on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. The adoption of this guidance did not have a material effect on the Company s consolidated financial statements.

In April 2009, the Company adopted the updated accounting guidance related to interim disclosures about fair value of financial instruments (the prior guidance had required annual disclosures of the fair value of all instruments, recognized or unrecognized, except for those specifically excluded, when practical to do so). The updated guidance requires a publicly-traded company to include disclosures about the fair value of its financial instruments whenever it issues summarized financial information for interim reporting periods. The updated guidance must be applied prospectively and does not require disclosures for earlier periods presented for comparative periods at initial adoption. Other than the enhanced disclosure requirements, the adoption of this guidance did not have a material effect on the Company s consolidated financial statements.

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In April 2009, the Company adopted additional updated accounting guidance relating to fair value measurements and disclosures, which clarifies the guidance for fair value measurements when the volume and level of activity for the asset or liability have significantly decreased, and includes guidance on identifying circumstances that indicate a transaction is not orderly. The adoption of this guidance did not have a material effect on the Company s consolidated financial statements.

In June 2009, the FASB issued updated accounting guidance for determining whether an entity is a VIE, and requires the performance of a qualitative rather than a quantitative analysis to determine the primary beneficiary of a VIE. The updated guidance requires an entity to consolidate a VIE if it has (i) the power to direct the activities that most significantly impact the entity s economic performance, and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could be significant to the VIE. This guidance is effective for fiscal years beginning after November 15, 2009 and early adoption is not permitted. The Company will adopt the updated guidance as of January 1, 2010 and does not believe the adoption of this guidance will have a material effect on the consolidated financial statements.

In January 2010, the FASB issued updated guidance on fair value measurements and disclosures, which requires disclosure of details of significant asset or liability transfers in and out of Level 1 and Level 2 measurements within the fair value hierarchy and inclusion of gross purchases, sales, issuances, and settlements in the rollforward of assets and liabilities valued using Level 3 inputs within the fair value hierarchy. The guidance also clarifies and expands existing disclosure requirements related to the disaggregation of fair value disclosures and inputs used in arriving at fair values for assets and liabilities using Level 2 and Level 3 inputs within the fair value hierarchy. This guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for the gross presentation of the Level 3 rollforward, which is required for annual reporting periods beginning after December 15, 2010, and for the respective interim periods within those years. The Company does not expect the adoption of this guidance will have a material effect on the consolidated financial statements.

In January 2010, the FASB issued updated guidance on accounting for distributions to shareholders with components of stock and cash, which clarifies the treatment of the stock portion of a distribution to shareholders that allows the election to receive cash or stock. This guidance is effective for interim and annual reporting periods beginning after December 15, 2009. The Company does not expect the adoption of this guidance will have a material effect on the consolidated financial statements.

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Note 5. Real Estate

Real estate at December 31, 2009 and 2008 is comprised of the following:

	Years ended December 31,	
	2009	**2008**
Cost		
Balance, beginning of year (a)	$ 1,536,590,000	$ 1,384,187,000
Properties acquired	73,152,000	98,337,000
Improvements and betterments	69,086,000	56,373,000
Write-off of fully-depreciated assets	(6,147,000)	(2,307,000)
Balance, end of the year	$ 1,672,681,000	$ 1,536,590,000
Accumulated depreciation		
Balance, beginning of the year (a)	(123,807,000)	$ (86,326,000)
Depreciation expense	(46,219,000)	(39,788,000)
Write-off of fully-depreciated assets	6,147,000	2,307,000
Balance, end of the year	$ (163,879,000)	$ (123,807,000)
Net book value	$ 1,508,802,000	$ 1,412,783,000

(a) Restated to reflect (i) the reclassifications of properties transferred or to be transferred to the RioCan joint venture and properties treated as discontinued operations, and (ii) the retroactive valuation adjustments relating to lease renewal options.

Real estate net book value at December 31, 2009 and 2008 included projects under development and land held for expansion and/or future development of $128.6 million and $132.8 million, respectively.

Wholly-owned properties

During 2008, the Company acquired four shopping and convenience centers (including the remaining portion of a shopping center in addition to the supermarket anchor store it had acquired in 2005), purchased the joint venture minority interests in four properties, and acquired land for development, expansion and/or future development.

In April 2008, Value City, the only tenant at the Value City Shopping center, vacated its premises at the end of the lease term. In keeping with the Company s redevelopment plans for the property, the vacant building was subsequently razed and the Company took a one-time depreciation charge of $1.9 million. The property is no longer included as one of the Company s operating properties. During the fourth quarter of 2008, the Company determined not to proceed with the development of a land parcel in Ephrata, Pennsylvania, and the land was reclassified to real estate held for sale in all periods presented.

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The 2008 property acquisitions are summarized as follows:

Property	Number of properties	Acquisition cost
Operating properties (i)	3	$ 43,215,000
Land for projects under development, expansion and/or future development	6	55,122,000
Total		$ 98,337,000

(i) The three operating properties acquired in 2008 were acquired individually and not as part of a portfolio and had acquisition costs of less than $20.0 million each.

Joint Venture Activities

2009 Transactions

PCP. On January 30, 2009, a newly-formed 40% Company-owned joint venture acquired the New London Mall in New London, Connecticut, a supermarket-anchored shopping center, for a purchase price of approximately $40.7 million. The purchase price included the assumption of an existing $27.4 million first mortgage bearing interest at 4.9% per annum and maturing in 2015. The total joint venture partnership contribution was approximately $14.0 million, of which the Company s 40% share ($5.6 million) was funded from its secured revolving stabilized property credit facility. The Company is the managing partner of the venture and receives certain acquisition, property management, construction management and leasing fees. In addition, the Company will be entitled to a promote fee structure, pursuant to which its profits participation would be increased to 44% if the venture reaches certain income targets. The Company s joint venture partners are affiliates of Prime Commercial Properties PLC (PCP), a London-based real estate/development company.

On February 10, 2009, a second newly-formed (also with affiliates of PCP) 40% Company-owned joint venture acquired San Souci Plaza in California, Maryland, a supermarket-anchored shopping center, for a purchase price of approximately $31.8 million. The purchase price included the assumption of an existing $27.2 million first mortgage bearing interest at 6.2% per annum and maturing in 2016. The total joint venture partnership contribution was approximately $5.8 million, of which the Company s 40% share ($2.3 million) was funded from its secured revolving stabilized property credit facility. The Company is the managing partner of the venture and receives certain

acquisition, property management, construction management and leasing fees. In addition, the Company will be entitled to a promote fee structure, pursuant to which its profits participation would be increased to 44% if the venture reaches certain income targets.

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RioCan. On October 26, 2009, the Company entered into definitive agreements with RioCan Real Estate Investment Trust of Toronto, Canada, a publicly-traded Canadian real estate investment trust listed on the Toronto Stock Exchange (RioCan), pursuant to which the Company (1) sold to RioCan approximately 6,667,000 shares of the Company s common stock at $6.00 per share in a private placement (RioCan agreeing that it would not sell any of such shares for a period of one year), (2) issued to RioCan warrants to purchase approximately 1,429,000 shares of the Company s common stock at an exercise price of $7.00 per share, exercisable over a two-year period (valued at $1,643,000), (3) entered into an 80% (RioCan) and 20% (Cedar) joint venture (i) initially for the purchase of seven supermarket-anchored properties presently owned by the Company, and (ii) then to acquire additional primarily supermarket-anchored properties in the Company s primary market areas during the next two years, in the same joint venture format, and (4) entered into a standstill agreement with respect to increases in RioCan s ownership of the Company s common stock for a three-year period. In addition, subject to certain exceptions, the Company has agreed that it will not issue any new shares of common stock unless RioCan is offered the right to purchase that additional number of shares that will maintain its pro rata percentage ownership, on a fully diluted basis. In connection with the formation of the joint venture, the Company recorded an impairment charge of $23.6 million relating to the seven properties transferred or to be transferred to the joint venture.

The private placement investment by RioCan and the issuance of the warrants by the Company were concluded on October 30, 2009. Two of the properties (Blue Mountain Commons located in Harrisburg, Pennsylvania and Sunset Crossing located in Dickson City, Pennsylvania) were transferred to the joint venture on December 10, 2009, resulting in proceeds to the Company of approximately $33 million (in connection with the closing, a repayment of $25.9 million was required under the Company s secured revolving development property credit facility). The remaining five properties are subject to mortgage loans payable aggregating approximately $94 million. Two of the properties (Columbus Crossing Shopping Center located in Philadelphia, Pennsylvania and Franklin Village Plaza located in Franklin, Massachusetts) were transferred to the joint venture in January and February 2010, resulting in net proceeds to the Company of approximately $16 million. The remaining three properties (Loyal Plaza Shopping Center located in Williamsport, Pennsylvania, Shaw s Plaza located in Raynham, Massachusetts, and Stop & Shop Plaza located in Bridgeport, Connecticut) are to be transferred during the first half of 2010, resulting in net proceeds to the Company of an additional approximately $16 million. In connection with the transfers of the seven properties to the joint venture and the private placement transactions, the Company will have received aggregate net proceeds of approximately $105 million, after estimated closing and transaction costs, which have been or will be used to repay/reduce the outstanding balances under the Company s secured revolving credit facilities. In connection with these transactions, the Company incurred costs and fees of approximately $6.0 million, including fees to the Company s investment advisor ($3.5 million), the value assigned to the warrants (approximately $1.6 million), and other costs and expenses aggregating $0.9 million. In addition, the Company agreed to pay to its investment advisor a fee of 1% of the gross cost of future acquisitions made by the joint venture for a two-

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year period, up to a maximum of $3.0 million. At December 31, 2009, the Company was owed approximately $2.3 million ($1.6 million related to contingent consideration) relating to post-closing adjustments applicable to the two properties transferred to the joint venture prior to that date, which is included in rents and other receivables, net on the consolidated balance sheet.

2008 Transactions

On January 3, 2008, the Company entered into a joint venture agreement for the redevelopment/retenanting of its existing shopping center located in Bloomsburg, Pennsylvania, including adjacent land parcels comprising an additional 46 acres. The required equity contribution from the Company s joint venture partner was $4.0 million for a 25% interest in the property. The Company used the funds to reduce the outstanding balance on its secured revolving stabilized property credit facility.

On March 7, 2008, a 60%-owned development joint venture of the Company acquired land in Pottsgrove, Pennsylvania, for a shopping center development project. The $28.4 million purchase price, including closing costs, was funded by the issuance of a non-interest-bearing purchase money mortgage of $14.6 million, which was repaid when property-specific construction financing was concluded in September 2008. The balance of the purchase price was funded by the Company s capital contribution to the joint venture which was funded from its secured revolving stabilized property credit facility. As of December 31, 2008, the Company s equity capital requirement of $28.7 million had been met, funded from its secured revolving stabilized property credit facility. The remaining costs of development and construction of this project are being funded by the property-specific construction financing.

On March 18, 2008, the Company acquired the remaining 70% interests in Fairview Plaza, Halifax Plaza and Newport Plaza, and the remaining 75% interest in Loyal Plaza, previously owned in joint venture with the same partner, and consolidated for financial reporting purposes, for a purchase price of approximately $17.5 million, which was funded from its secured revolving stabilized property credit facility. The total outstanding mortgage loans payable on the properties were approximately $27.3 million at the time. The excess of the purchase price and closing costs over the carrying value of the minority interest partner s accounts (approximately $8.4 million) was allocated to the Company s intangible asset and liability accounts.

On April 23, 2008 the Company entered into a joint venture for the construction and development of a shopping center located in Hamilton Township (Stroudsburg), Pennsylvania. The Company is committed to paying a development fee of $500,000 to the joint venture partner, and has provided approximately $40.5 million to date of equity capital, with a preferred rate of return of 9.25% per annum on its investment, and has a 60% profits interest in the joint venture. The required equity contribution from the Company s joint venture partner was $400,000. As of December 31, 2008, the Company s joint venture equity requirement had been funded from its

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secured revolving stabilized property credit facility. Prior to the formation of the venture, the partner had previously acquired the land parcels at a cost of approximately $15.4 million, incurring mortgage indebtedness of approximately $10.8 million (including purchase money mortgages payable to the seller of $3.9 million). In addition, the partner had entered into an interest rate swap agreement with respect to its existing construction/development loan facility, as well as a future swap agreement applicable to anticipated permanent financing of $28.0 million. The joint venture is deemed to be a variable interest entity with the Company as the primary income or loss beneficiary; accordingly, the Company has consolidated the property. The minority interest partners in the Pottsgrove and Stroudsburg joint ventures are principally the same individuals.

On September 12, 2008, the Company entered into a joint venture for the construction and development of a shopping center located in Limerick, Pennsylvania. The Company is committed to paying a development fee of $333,000 to the joint venture partner, and has provided approximately $3.3 million to date of equity capital, with a preferred rate of return of 9.5% per annum on its investment, and has a 60% profits interest in the joint venture. The required equity contribution from the Company s joint venture partner is $217,000. Financing for the balance of the project costs is being funded from the Company s secured revolving development property credit facility. The joint venture purchased the land parcels on October 27, 2008 and, in addition, reimbursed the seller for certain construction-in-progress costs incurred to date, for a total acquisition cost of approximately $8.4 million. The joint venture is deemed to be a variable interest entity with the Company as the primary income or loss beneficiary; accordingly, the Company will consolidate the property.

In February 2008, the Company and Homburg Invest Inc., a publicly-traded Canadian corporation listed on the Toronto and Euronext Amsterdam Stock Exchanges (Homburg), entered into an agreement in principle to form a group of joint ventures into which the Company would contribute 32 of its properties (mostly drug store-anchored convenience centers and including all 27 of the Company s Ohio properties). Richard Homburg, a director of the Company, is Chairman and CEO of Homburg. On November 3, 2008, the Company announced that it had been advised by Homburg that Homburg would not proceed with a proposed joint venture for 32 properties, as previously contemplated and disclosed by the Company and the Company expensed all costs it had incurred of approximately $203,000. While Homburg had substantially completed physical, financial and legal due diligence with respect to the properties, it cited the unprecedented current events that have taken place in the U.S. capital markets and the virtual collapse of the world capital markets as the basis for its decision. Homburg noted that it and its affiliates rely on Canadian, U.S. and European capital and retail markets for equity as well as short-term and long-term funding sources. The Company had previously entered into a nine property 20% owned joint venture with Homburg during 2007.

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Real Estate Pledged

At December 31, 2009 a substantial portion of the Company s real estate was pledged as collateral for mortgage loans payable and the revolving credit facilities, as follows:

Description	Net book value
Collateral for mortgage loans payable	$ 1,015,739,000
Collateral for revolving credit facilities	467,347,000
Unencumbered properties	25,716,000
Total	$ 1,508,802,000

Pro Forma Financial Information (unaudited)

During the period January 1, 2008 through December 31, 2009, the Company acquired six shopping and convenience centers aggregating approximately 790,000 square foot of GLA, purchased the joint venture minority interests in four properties, and acquired approximately 181.7 acres of land for development, expansion and/or future development, for a total cost of approximately $189.0 million. In addition, the Company placed into service six ground-up developments having an aggregate cost of approximately $194.3 million. The Company sold or held for sale 11 primarily drug store/convenience centers aggregating approximately 416,000 square foot of GLA for an aggregate sales price of approximately $33.3 million. The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for 2009 and 2008, respectively, as if all of these property acquisitions and sales were completed as of January 1, 2008. This unaudited pro forma information does not purport to represent what the actual results of operations of the Company would have been had all the above occurred as of January 1, 2008, nor does it purport to predict the results of operations for future periods.

	Years ended December 31,	
	2009	2008
Revenues	$180,886,000	$179,493,000
Net (loss) income attributable to common shareholders	$ (22,399,000)	$ 9,328,000
Per common share	$ (0.48)	$ 0.21
Weighted average number of common shares outstanding	46,234,000	44,475,000

Note 6. Rentals Under Operating Leases

Annual future base rents due to be received under non-cancelable operating leases in effect at December 31, 2009 are approximately as follows (excluding those base rents applicable

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to properties transferred or to be transferred to the RioCan joint venture and properties treated as discontinued operations):

2010	$ 114,566,000
2011	107,227,000
2012	99,100,000
2013	92,248,000
2014	81,943,000
Thereafter	503,237,000
	$ 998,321,000

Total future minimum rents do not include expense recoveries for real estate taxes and operating costs, or percentage rents based upon tenants sales volume. Such other rental amounted to approximately $35.9 million, $33.4 million and $30.0 million for 2009, 2008 and 2007, respectively. In addition, such amounts do not include amortization of intangible lease liabilities.

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Note 7. Mortgage Loans Payable and Secured Revolving Credit Facilities

Secured debt is comprised of the following at December 31, 2009 and 2008:

	December 31, 2009			December 31, 2008		
		Interest rates			Interest rates	
Description	Balance outstanding	Weighted average	Range	Balance outstanding	Weighted average	Range
Fixed-rate mortgages (a)	$ 606,108,000	5.8%	5.0% - 8.5%	$ 555,638,000	5.8%	5.0% - 8.5%
Variable-rate mortgages	82,181,000	3.4%	2.5% - 5.9%	53,302,000	4.4%	2.5% - 5.9%
Total property-specific mortgages	688,289,000	5.6%		608,940,000	5.7%	
Stabilized property credit facility	187,985,000	5.5%		250,190,000	2.7%	
Development property credit facility	69,700,000	2.5%		54,300,000	3.4%	
	$ 945,974,000	5.3%		$ 913,430,000	4.8%	
Fixed-rate mortgages related to:						
Real estate transferred or to be transferred to a joint venture	$ 94,018,000	5.8%	4.8% - 7.2%	$ 77,307,000	5.6%	4.8% - 7.2%
Real estate held for sale discontinued operations	$ 12,455,000	5.5%	5.2% - 5.7%	$ 22,736,000	5.5%	5.2% - 5.7%

(a) Restated to reflect the reclassifications of properties transferred or to be transferred to the RioCan joint venture and properties treated as discontinued operations.

Mortgage loans payable

Mortgage loan activity for 2009 and 2008 is summarized as follows:

Years ended December 31,

	2009	2008
Balance, beginning of year (a)	$ 608,940,000	$ 567,472,000
New mortgage borrowings	43,950,000	106,738,000
Acquisition debt assumed (b)	52,963,000	27,488,000
Repayments	(17,564,000)	(92,758,000)
Balance, end of the year	$ 688,289,000	$ 608,940,000

(a) Restated to reflect the reclassifications of properties transferred or to be transferred to the RioCan joint venture and properties treated as discontinued operations.

(b) Includes net reductions of $1.6 million and $0.1 million, respectively, relating to purchase acounting allocations.

During 2009, the Company assumed $53.0 million of fixed-rate mortgage loans payable in connection with acquisitions, with interest rates of 6.1% and 6.2% per annum, with an average of 6.2% per annum. These principal amounts and rates of interest represent the fair values at the respective dates of acquisition. The stated contract amounts were $27.4 million and $27.2 million at the respective dates of acquisition, bearing interest at rates of 4.9% and 6.2% per annum, with an average of 5.5% per annum.

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During 2009, the Company refinanced one property that had collateralized the secured revolving stabilized property credit facility. The new fixed-rate mortgage, aggregating $17.0 million, bears interest at 6.8% per annum. The Company used the mortgage proceeds to reduce the balance outstanding under the secured revolving stabilized property credit facility.

In addition, the Company has a $77.7 million construction facility with Manufacturers and Traders Trust Company (as agent) and several other banks, pursuant to which the Company has guaranteed and pledged its joint venture development project in Pottsgrove, Pennsylvania as collateral for borrowings to be made thereunder. This facility will expire in September 2011, subject to a one-year extension option. Borrowings outstanding under the facility aggregated $61.2 million at December 31, 2009, and such borrowings bore interest at an average rate of 2.5% per annum. Borrowings under the facility bear interest at the Company s option at either LIBOR plus a spread of 225 bps, or the agent bank s prime rate. As of December 31, 2009, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the construction facility.

During 2008, the Company (i) borrowed an aggregate of $56,351,000 of new fixed-rate mortgage loans, bearing interest at rates ranging from 5.4% to 9.25% per annum, with an average of 6.8% per annum (these amounts include a $14,575,000 non-interest-bearing purchase money mortgage issued in connection with the purchase of land, and recorded as $13,851,000 reflecting an imputed interest rate of 9.25% per annum), and (ii) borrowed $50,387,000 in variable-rate mortgage loans bearing interest at LIBOR plus spreads of 225 bps and 275 bps (the latter with a floor of 5.9%). In addition, the Company assumed $24,488,000 of fixed-rate mortgage loans payable in connection with acquisitions, with interest rates ranging from 5.0% to 8.5% per annum, with an average of 7.0% per annum. These principal amounts and rates of interest represent the fair values at the respective dates of acquisition. The stated contract amounts were $24,631,000 at the respective dates of acquisition, bearing interest at rates ranging from 5.0% to 8.5% per annum, with an average of 6.9% per annum. The Company also assumed $2,915,000 in variable-rate mortgage loans bearing interest at LIBOR plus a spread of 190 bps.

Scheduled principal payments on mortgage loans payable and secured revolving credit facilities at December 31, 2009, due on various dates from 2010 to 2029, are as follows:

2010	20,335,000
2011	160,662,000
2012	227,518,000
2013	64,091,000
2014	119,458,000
Thereafter	353,910,000
	$ 945,974,000

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Secured Revolving Stabilized Property Credit Facility

In November 2009, the Company closed an amended and restated secured revolving stabilized property credit facility with Bank of America, N.A., continuing as administrative agent, together with three other lead lenders and other participating banks, with commitments from participants of $265.0 million (increased to $285.0 million in January 2010). The facility, as amended, is expandable to $400 million, subject to certain conditions, including acceptable collateral. The principal terms of the new facility include (i) an availability based primarily on appraisals, with a 67.5% advance rate, (ii) an interest rate based on LIBOR plus 350 bps, with a 200 bps LIBOR floor (under the prior arrangement, the interest rate was based on LIBOR plus a bps spread depending upon the Company s leverage ratio, as defined, which had been 135 bps prior to the new facility), (iii) a leverage ratio limited to 67.5%, (iv) an unused portion fee of 50 bps (previously 25 bps), and (v) a maturity date of January 31, 2012, subject to a one-year extension option. In connection with the new facility, the Company paid participating lender fees and closing and transaction costs of approximately $9.0 million.

Borrowings outstanding under the facility aggregated $188.0 million at December 31, 2009, such borrowings bore interest at an average rate of 5.5% per annum, and the Company had pledged 34 of its shopping center properties as collateral for such borrowings.

The secured revolving stabilized property credit facility has been and will be used to fund acquisitions, certain development and redevelopment activities, capital expenditures, mortgage repayments, dividend distributions, working capital and other general corporate purposes. The facility is subject to customary financial covenants, including limits on leverage as discussed above and distributions (limited to 95% of funds from operations, as defined), and other financial statement ratios. Based on covenant measurements and collateral in place as of December 31, 2009, the Company was permitted to draw up to approximately $204.3 million, of which approximately $16.3 million remained available as of that date. As a result of the application of the net proceeds from, among other things, the transfers of two of the remaining properties to the RioCan joint venture (more fully described above) and the sales of shares of the Company s common stock in February 2010 (more fully described below), such availability will have increased to approximately $104 million as of March 3, 2010. As of December 31, 2009, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the secured revolving stabilized property credit facility.

Secured Revolving Development Property Credit Facility

The Company has a $150 million secured revolving development property credit facility with KeyBank, National Association (as agent) and several other banks, pursuant to which the Company has pledged certain of its development projects and redevelopment properties as collateral for borrowings thereunder. The facility, as amended, is expandable to $250 million, subject to certain conditions, including acceptable collateral, and will expire in June 2011,

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subject to a one-year extension option. Borrowings under the facility bear interest at the Company s option at either LIBOR or the agent bank s prime rate, plus a spread of 225 bps or 75 bps, respectively. Advances under the facility are calculated at the least of 70% of aggregate project costs, 70% of as stabilized appraised values, or costs incurred in excess of a 30% equity requirement on the part of the Company. The facility also requires an unused portion fee of 15 bps. This facility has been and will be used to fund in part the Company s and certain joint ventures development activities. In order to draw funds under this construction facility, the Company must meet certain pre-leasing and other conditions. Borrowings outstanding under the facility aggregated $69.7 million at December 31, 2009, and such borrowings bore interest at a rate of 2.5% per annum. As of December 31, 2009, the Company was in compliance with the financial covenants and financial statement ratios required by the terms of the secured revolving development property credit facility.

Note 8. Preferred and Common Stock

The Company s 8-7/8% Series A Cumulative Redeemable Preferred Stock has no stated maturity, is not convertible into any other security of the Company, and is redeemable at the Company s option at a price of $25.00 per share, plus accrued and unpaid distributions.

In connection with the RioCan transactions (more fully described above), the Company (1) sold approximately 6,667,000 shares of its common stock to RioCan at $6.00 per share in a private placement, and realized net proceeds of $38.6 million, and (2) issued to RioCan warrants to purchase approximately 1,429,000 shares of its common stock at an exercise price of $7.00 per share, exercisable over a two-year period.

In September 2009, the Company entered into a Standby Equity Purchase Agreement (the SEPA Agreement) with an investment company for sales of its shares of common stock aggregating up to $30 million over a two-year commitment period; the commitment is expandable at the Company s option to $45 million. Under the terms of the SEPA Agreement, the Company may sell, from time to time, shares of its common stock at a discount to market of 1.75%. The amount of these daily sales is generally limited to the lesser of 20% of the average daily trading volume or $1.0 million. In connection with these sales transactions, the Company agreed to pay an investment advisor a 0.75% placement agent fee.

In addition, the Company may require the investment company to advance from time to time up to $5.0 million provided, however, that the Company may only request these larger advances approximately once a month. With respect to such advances, the common stock sales are at a discount to market of 2.75% and the placement agent fee is 1.25%. As the Company has a conditional obligation to issue a variable number of shares of its common stock, advances are initially recorded as a liability, and as shares are sold on a daily basis and the advance is settled, such liability is reflected in equity.

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Through December 31, 2009, 422,000 shares had been sold pursuant to the SEPA Agreement, at an average price of $5.93 per share, and the Company realized net proceeds, after allocation of other issuance expenses, of approximately $2.3 million. At December 31, 2009, there was an unsettled advance liability of $5.0 million, which is included in accounts payable and accrued liabilities on the consolidated balance sheet. Such advance was settled in January and February 2010 by the sale of 718,000 shares of the Company s common stock at an average selling price of $6.97 per share.

In January 2007, in connection with 7,500,000 shares of the Company s common stock that it sold in December 2006, the underwriters exercised their over-allotment option to the extent of 275,000 shares, and the Company realized additional net proceeds of $4.1 million.

On September 12, 2007, stockholders approved amendments to the Company s Articles of Incorporation increasing the number of authorized shares of common stock to 150,000,000 and the number of authorized shares of preferred stock to 12,500,000.

Note 9. Commitments and Contingencies

With respect to the Company s 20% joint-venture interest in nine properties in partnership with affiliates of Homburg Invest Inc., the terms of the partnership agreements include buy/sell provisions with respect to equity ownership interests which can be exercised by either party. The buy/sell provisions allow either party to provide notice that it intends to purchase the non-initiating party s interest at a specific price premised on a value for the entire venture. The non-initiating party may either accept that offer or instead may reject that offer and become the purchaser of the initiating party s interest at the initially offered price.

With respect to the Company s 20% joint-venture interest in the properties transferred or to be transferred to the RioCan joint venture, the terms of the partnership agreements include buy/sell provisions with respect to equity ownership interests which can be exercised by either party during the period ending in December 2012 or upon certain change-of-control circumstances. The buy/sell provisions allow either party to provide notice that it intends to purchase the non-initiating party s interest at a specific price premised on a value for the entire venture. The non-initiating party may either accept that offer or instead may reject that offer and become the purchaser of the initiating party s interest at the initially offered price.

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

Under various federal, state, and local laws, ordinances, and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances, or petroleum product releases, at its properties. The owner may be liable to governmental entities

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or to third parties for property damage, and for investigation and cleanup costs incurred by such parties in connection with any contamination. Management is unaware of any environmental matters that would have a material impact on the Company s consolidated financial statements.

The Company s executive offices are located at 44 South Bayles Avenue, Port Washington, New York, in which it presently occupies approximately 8,600 square feet leased from a partnership owned 43.6% by the Company s Chairman. Under the terms of the lease, as amended, which will expire in February 2020, the Company will add an additional 6,400 square feet by the end of 2010. Future minimum rents payable under the terms of the lease, as amended, amount to $484,000, $545,000, $560,000, $575,000, $591,000 and $3.3 million during the years 2010 through 2014, and thereafter, respectively. In addition, several of the Company s properties and portions of several others are owned subject to ground leases which provide for annual payments subject, in certain cases, to cost-of-living or fair market value adjustments, through 2014, as follows: 2010 $660,000 2011 $668,000, 2012 $659,000, 2013 $659,000, 2014 $659,000 and thereafter $18.2 million.

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Note 10. Selected Quarterly Financial Data (unaudited)

	Quarter ended			
Year	**March 31**	**June 30**	**September 30**	**December 31**
2009				
Revenues as previously reported	$ 46,895,000	$ 44,776,000	$ 45,850,000	$ 46,791,000
Revenues from discontinued operations (a)	(1,434,000)	(1,225,000)	(1,138,000)	(400,000)
Revenues	$ 45,461,000	$ 43,551,000	$ 44,712,000	$ 46,391,000
Net income (loss) as previously reported	$ 5,779,000	$ 1,964,000	$ 3,814,000	$ (28,356,000)
Net income (loss) from lease liability adjustment	(53,000)	(53,000)	(53,000)	(53,000)
Net income (loss)	$ 5,726,000	$ 1,911,000	$ 3,761,000	$ (28,409,000)
Net income (loss) attributable to common shareholders as previously reported	$ 3,999,000	$ (316,000)	$ 1,447,000	$ (29,673,000)
Net income (loss) from lease liability adjustment	(51,000)	(51,000)	(51,000)	(51,000)
Net income (loss) attributable to common shareholders	$ 3,948,000	$ (367,000)	$ 1,396,000	$ (29,724,000)
Per common share (basic and diluted) (b)	$ 0.09	$ (0.01)	$ 0.03	$ (0.60)
2008				
Revenues as previously reported	$ 43,635,000	$ 42,915,000	$ 43,322,000	$ 44,608,000
Revenues from discontinued operations (a)	(1,417,000)	(1,411,000)	(1,381,000)	(1,328,000)
Revenues	$ 42,218,000	$ 41,504,000	$ 41,941,000	$ 43,280,000
Net income (loss) as previously reported	$ 5,928,000	$ 3,733,000	$ 5,806,000	$ 5,542,000
Net income (loss) from lease liability adjustment	(53,000)	(52,000)	(53,000)	(53,000)
Net income (loss)	$ 5,875,000	$ 3,681,000	$ 5,753,000	$ 5,489,000
Net income (loss) attributable to common shareholders as previously reported	$ 3,112,000	$ 1,224,000	$ 3,277,000	$ 2,885,000
Net income (loss) from lease liability adjustment	(51,000)	(49,000)	(51,000)	(51,000)
Net income (loss) attributable to common shareholders	$ 3,061,000	$ 1,175,000	$ 3,226,000	$ 2,834,000

Per common share (basic and diluted) (b)	$ 0.07	$ 0.03	$ 0.07	$ 0.06

(a) Represents revenues from discontinued operations which were previously included in revenues as previously reported.

(b) Difference between the sum of the four quraterly per share amounts and the annual per share amount are attributable to the effect of the weighted average outstanding share calculations for the respective periods.

Note 11. Subsequent Events

On January 20, 2010, the Company paid approximately $5.5 million to terminate interest rate swaps applicable to approximately $23.9 million of mortgage loans payable as well as the interest rate swap applicable to anticipated permanent financing of $28.0 million, both for its development joint venture project in Stroudsburg, Pennsylvania.

On January 26, 2010, the Cedar/RioCan joint venture acquired the Town Square Plaza shopping center in Temple, Pennsylvania, an approximately 128,000 square foot supermarket-anchored shopping center which was completed in 2008, and which is anchored by a 73,000 square foot Giant Foods supermarket. The purchase price for the property, which is presently unencumbered, was approximately $19 million, excluding closing costs.

On February 5, 2010, the Company concluded a public offering of 7,500,000 shares of its common stock at $6.60 per share, and realized net proceeds after offering expenses of approximately $47.0 million. On March 3, 2010, the underwriters exercised their over-allotment

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option to the extent of 698,000 shares, and the Company realized additional net proceeds of $4.4 million. In connection with the offering, RioCan acquired 1,350,000 shares of the Company s common stock, including 100,000 shares acquired in connection with the exercise of the over-allotment option, and the Company realized net proceeds of $8.9 million.

On March 10, 2010, the Company exercised its option to expand the SEPA Agreement to $45.0 million.

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Cedar Shopping Centers, Inc.
Schedule III
Real Estate and Accumulated Depreciation
Year ended December 31, 2009

Property	State	Year acquired	Percent owned	Year built/ Year last renovated	Gross leasable area	Initial cost to the Company	
						Land	Building and Improvements
Wholly-Owned Stabilized Properties (1):							
Academy Plaza	PA	2001	100%	1965/1998	152,727	2,406,000	9,623,000
Annie Land Plaza	VA	2006	100%	1999	42,500	809,000	4,015,000
Camp Hill	PA	2002	100%	1958/2005	472,458	4,460,000	17,857,000
Carbondale Plaza	PA	2004	100%	1972/2005	129,915	1,586,000	7,289,000
Carmans Plaza	NY	2007	100%	1954/2007	194,481	8,539,000	35,804,000
Carll s Corner	NJ	2007	100%	1960 s-1999/	129,582	3,034,000	15,293,000
Circle Plaza	PA	2007	100%	1979/1991	92,171	561,000	2,884,000
Clyde Discount Drug Mart Plaza	OH	2005	100%	2002	34,592	451,000	2,326,000
Coliseum Marketplace	VA	2005	100%	1987/2005	98,359	2,924,000	14,416,000
CVS at Bradford	PA	2005	100%	1996	10,722	291,000	1,466,000
CVS at Celina	OH	2005	100%	1998	10,195	418,000	1,967,000
CVS at Erie	PA	2005	100%	1997	10,125	399,000	1,783,000
CVS at Kinderhook	NY	2007	100%	2007	13,225	1,678,000	
CVS at Portage Trail	OH	2005	100%	1996	10,722	341,000	1,603,000
East Chestnut	PA	2005	100%	1996	21,180	800,000	3,699,000
Elmhurst Square	VA	2006	100%	1961-1983	66,250	1,371,000	5,994,000
Enon Discount Drug Mart Plaza	OH	2007	100%	2005-2006	42,876	904,000	3,426,000
Fairfield Plaza	CT	2005	100%	2001/2005	72,279	1,816,000	7,891,000
Fairview Plaza	PA	2003	100%	1992	69,579	2,128,000	8,483,000
FirstMerit Bank at Akron	OH	2005	100%	1996	3,200	169,000	734,000
FirstMerit Bank at Cuyahoga Falls	OH	2006	100%	1973/2003	18,300	264,000	1,304,000
Gahanna Discount Drug Mart Plaza	OH	2006	100%	2003	48,992	1,379,000	5,385,000
General Booth Plaza	VA	2005	100%	1985	73,320	1,935,000	9,493,000
Gold Star Plaza	PA	2006	100%	1988	71,720	1,644,000	6,519,000
Golden Triangle	PA	2003	100%	1960/2005	202,943	2,320,000	9,713,000
Groton Shopping Center	CT	2007	100%	1969	117,986	3,070,000	12,320,000
Grove City Discount Drug Mart Plaza	OH	2007	100%	2005	40,848	874,000	3,394,000
Halifax Plaza	PA	2003	100%	1994	51,510	1,412,000	5,799,000
Hamburg Commons	PA	2004	100%	1988-1993	99,580	1,153,000	4,678,000
Hannaford Plaza	MA	2006	100%	1965/2006	102,459	1,874,000	8,453,000

Hilliard Discount Drug Mart Plaza	OH	2007	100%	2003	40,988	1,200,000	3,977,000
Hills & Dales Discount Drug Mart Plaza	OH	2007	100%	1992-2007	33,553	786,000	2,967,000
Jordan Lane	CT	2005	100%	1969/1991	181,730	4,291,000	21,176,000
Kempsville Crossing	VA	2005	100%	1985	94,477	2,207,000	11,000,000
Kenley Village	MD	2005	100%	1988	51,894	726,000	3,512,000
Kings Plaza	MA	2007	100%	1970/1994	168,243	2,413,000	12,604,000
Kingston Plaza	NY	2006	100%	2006	18,337	2,891,000	
LA Fitness Facility	PA	2002	100%	2003	41,000	2,462,000	
Liberty Marketplace	PA	2005	100%	2003	68,200	2,665,000	12,639,000
Lodi Discount Drug Mart Plaza	OH	2005	100%	2003	38,576	704,000	3,393,000
Mason Discount Drug Mart Plaza	OH	2008	100%	2005/2007	52,896	1,298,000	5,022,000
McCormick Place	OH	2005	100%	1995	46,000	847,000	4,022,000
Mechanicsburg Giant	PA	2005	100%	2003	51,500	2,709,000	12,159,000
Metro Square	MD	2008	100%	1999	71,896	3,121,000	12,341,000
Newport Plaza	PA	2003	100%	1996	66,789	1,721,000	7,758,000
Oak Ridge	VA	2006	100%	2000	38,700	960,000	4,254,000
Oakland Commons	CT	2007	100%	1962/1995	89,850	2,504,000	15,662,000
Oakland Mills	MD	2005	100%	1960 s/2004	58,224	1,611,000	6,292,000
Palmyra Shopping Center	PA	2005	100%	1960/1995	112,108	1,488,000	6,566,000
Pickerington Discount Drug Mart Plaza	OH	2005	100%	2002	47,810	1,186,000	5,396,000
Pine Grove Plaza	NJ	2003	100%	2001/2002	79,306	1,622,000	6,489,000

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Cedar Shopping Centers, Inc.
Schedule III
Real Estate and Accumulated Depreciation
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(continued)	Subsequent	Gross amount at which carried at December 31, 2009				
Property	**cost capitalized**	**Land**	**Building and improvements**	**Total**	**Accumulated depreciation (4)**	**Amount of Encumbrance**
Wholly-Owned Stabilized Properties (1):						
Academy Plaza	$ 1,561,000	$ 2,406,000	$ 11,184,000	$ 13,590,000	$ 2,319,000	$ 9,365,000
Annie Land Plaza	12,000	809,000	4,027,000	4,836,000	506,000	(2)
Camp Hill	42,879,000	4,424,000	60,772,000	65,196,000	7,948,000	65,000,000
Carbondale Plaza	4,858,000	1,586,000	12,147,000	13,733,000	1,891,000	(3)
Carmans Plaza	(961,000)	8,416,000	34,966,000	43,382,000	2,942,000	33,345,000
Carll s Corner	31,000	2,964,000	15,394,000	18,358,000	1,231,000	5,908,000
Circle Plaza	32,000	561,000	2,916,000	3,477,000	194,000	(2)
Clyde Discount Drug Mart Plaza	1,128,000	673,000	3,232,000	3,905,000	513,000	1,939,000
Coliseum Marketplace	3,410,000	3,586,000	17,164,000	20,750,000	2,713,000	12,228,000
CVS at Bradford	16,000	291,000	1,482,000	1,773,000	257,000	775,000
CVS at Celina		418,000	1,967,000	2,385,000	288,000	1,429,000
CVS at Erie		399,000	1,783,000	2,182,000	249,000	1,114,000
CVS at Kinderhook	1,930,000	2,502,000	1,106,000	3,608,000	69,000	2,480,000
CVS at Portage Trail	8,000	341,000	1,611,000	1,952,000	245,000	843,000
East Chestnut	3,000	800,000	3,702,000	4,502,000	713,000	1,988,000
Elmhurst Square	235,000	1,371,000	6,229,000	7,600,000	815,000	4,045,000
Enon Discount Drug Mart Plaza	1,161,000	1,135,000	4,356,000	5,491,000	386,000	(2)
Fairfield Plaza	1,889,000	2,202,000	9,394,000	11,596,000	1,355,000	5,106,000
Fairview Plaza	234,000	2,129,000	8,716,000	10,845,000	1,516,000	5,479,000
FirstMerit Bank at Akron	1,000	168,000	736,000	904,000	121,000	(2)
FirstMerit Bank at Cuyahoga Falls	8,000	264,000	1,312,000	1,576,000	176,000	(2)
Gahanna Discount Drug Mart Plaza	1,739,000	1,738,000	6,765,000	8,503,000	868,000	4,998,000
General Booth Plaza	73,000	1,935,000	9,566,000	11,501,000	1,773,000	5,409,000
Gold Star Plaza	83,000	1,644,000	6,602,000	8,246,000	942,000	2,417,000
Golden Triangle	9,526,000	2,320,000	19,239,000	21,559,000	3,561,000	20,999,000
Groton Shopping Center	58,000	3,073,000	12,375,000	15,448,000	1,341,000	11,622,000
	2,014,000	1,241,000	5,041,000	6,282,000	496,000	(2)

Grove City Discount Drug Mart Plaza						
Halifax Plaza	162,000	1,347,000	6,026,000	7,373,000	960,000	3,324,000
Hamburg Commons	5,210,000	1,153,000	9,888,000	11,041,000	1,277,000	5,180,000
Hannaford Plaza	353,000	1,874,000	8,806,000	10,680,000	1,076,000	(2)
Hilliard Discount Drug Mart Plaza	1,110,000	1,307,000	4,980,000	6,287,000	429,000	(2)
Hills & Dales Discount Drug Mart Plaza	105,000	786,000	3,072,000	3,858,000	301,000	(2)
Jordan Lane	545,000	4,291,000	21,721,000	26,012,000	3,345,000	13,080,000
Kempsville Crossing	129,000	2,207,000	11,129,000	13,336,000	2,123,000	6,122,000
Kenley Village	45,000	726,000	3,557,000	4,283,000	953,000	(2)
Kings Plaza	72,000	2,408,000	12,681,000	15,089,000	1,219,000	7,811,000
Kingston Plaza	2,344,000	2,891,000	2,344,000	5,235,000	186,000	3,727,000
LA Fitness Facility	5,176,000	2,462,000	5,176,000	7,638,000	849,000	5,790,000
Liberty Marketplace	238,000	2,695,000	12,847,000	15,542,000	1,746,000	9,373,000
Lodi Discount Drug Mart Plaza	68,000	704,000	3,461,000	4,165,000	633,000	2,363,000
Mason Discount Drug Mart Plaza	2,978,000	1,849,000	7,449,000	9,298,000	668,000	(2)
McCormick Place	44,000	849,000	4,064,000	4,913,000	858,000	2,621,000
Mechanicsburg Giant		2,709,000	12,159,000	14,868,000	1,471,000	9,667,000
Metro Square	10,000	3,121,000	12,351,000	15,472,000	520,000	9,162,000
Newport Plaza	346,000	1,672,000	8,153,000	9,825,000	1,165,000	4,338,000
Oak Ridge	27,000	960,000	4,281,000	5,241,000	437,000	3,459,000
Oakland Commons	15,000	2,504,000	15,677,000	18,181,000	1,375,000	(2)
Oakland Mills	29,000	1,611,000	6,321,000	7,932,000	1,159,000	4,918,000
Palmyra Shopping Center	342,000	1,488,000	6,908,000	8,396,000	1,240,000	(2)
Pickerington Discount Drug Mart Plaza	675,000	1,305,000	5,952,000	7,257,000	969,000	4,150,000
Pine Grove Plaza	18,000	1,622,000	6,507,000	8,129,000	1,107,000	5,797,000

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Cedar Shopping Centers, Inc.
Schedule III
Real Estate and Accumulated Depreciation
Year ended December 31, 2009

(continued)

Property	State	Year acquired	Percent owned	Year built/ Year last renovated	Gross leasable area	Initial cost to the Company	
						Land	Building and Improvements
Wholly-Owned Stabilized Properties (1):							
Polaris Discount Drug Mart Plaza	OH	2005	100%	2001	50,283	1,242,000	5,816,000
Port Richmond Village	PA	2001	100%	1988	154,908	2,942,000	11,769,000
Price Chopper Plaza	MA	2007	100%	1960 s-2004	101,824	3,551,000	18,412,000
Rite Aid at Massillon	OH	2005	100%	1999	10,125	442,000	2,014,000
River View Plaza I, II and III	PA	2003	100%	1991/1998	244,225	9,718,000	40,356,000
Smithfield Plaza	VA	2005-2008	100%	1987/1996	134,664	2,947,000	12,737,000
South Philadelphia	PA	2003	100%	1950/2003	283,415	8,222,000	36,314,000
St. James Square	MD	2005	100%	2000	39,903	688,000	3,838,000
Stadium Plaza	MI	2005	100%	1960 s/2003	77,688	2,341,000	9,175,000
Suffolk Plaza	VA	2005	100%	1984	67,216	1,402,000	7,236,000
Swede Square	PA	2003	100%	1980/2004	98,792	2,268,000	6,232,000
The Brickyard	CT	2004	100%	1990	274,553	6,465,000	29,308,000
The Commons	PA	2004	100%	2003	175,121	3,098,000	14,047,000
The Point	PA	2000	100%	1972/2001	250,697	2,700,000	10,800,000
The Point at Carlisle Plaza	PA	2005	100%	1965/2005	182,859	2,233,000	11,190,000
Timpany Plaza	MA	2007	100%	1970 s-1989	183,775	3,412,000	19,240,000
Trexler Mall	PA	2005	100%	1973/2004	339,363	6,932,000	32,815,000
Ukrop s at Fredericksburg	VA	2005	100%	1997	63,000	3,213,000	12,758,000
Ukrop s at Glen Allen	VA	2005	100%	2000	43,000	6,769,000	683,000
Valley Plaza	MD	2003	100%	1975/1994	190,939	1,950,000	7,766,000
Virginia Center Commons	VA	2005	100%	2002	9,763	992,000	3,860,000
Virginia Little Creek	VA	2005	100%	1996/2001	69,620	1,650,000	8,350,000
Wal-Mart Center	CT	2003	100%	1972/2000	155,842		11,834,000
Washington Center Shoppes	NJ	2001	100%	1979/1995	157,290	2,061,000	7,314,000
West Bridgewater Plaza	MA	2007	100%	1970/2007	133,039	2,823,000	14,901,000
	OH	2005	100%	2005	55,775	1,004,000	3,905,000

Westlake Discount Drug Mart Plaza							
Yorktowne Plaza	MD	2007	100%	1970/2000	158,982	5,940,000	25,505,000
Total Wholly-Owned Stabilized Properties					7,663,534	177,427,000	739,015,000
Properties Owned in Joint Venture: Homburg Joint Venture:							
Aston Center	PA	2007	20%	2005	55,000	4,319,000	17,070,000
Ayr Town Center	PA	2007	20%	2005	55,600	2,442,000	9,748,000
Fieldstone Marketplace	MA	2005	20%	1988/2003	193,970	5,229,000	21,440,000
Meadows Marketplace	PA	2004	20%	2005	91,538	1,914,000	
Parkway Plaza	PA	2007	20%	1998-2002	106,628	4,647,000	19,420,000
Pennsboro Commons	PA	2005	20%	1999	107,384	3,608,000	14,254,000
Scott Town Center	PA	2007	20%	2004	67,933	2,959,000	11,800,000
Spring Meadow Shopping Center	PA	2007	20%	2004	67,950	4,111,000	16,410,000
Stonehedge Square	PA	2006	20%	1990/2006	88,677	2,732,000	11,614,000
					834,680	31,961,000	121,756,000
PCP Joint Venture:							
New London Mall	CT	2009	40%	1967/1997	257,814	14,891,000	24,967,000
San Souci Plaza	MD	2009	40%	1985 - 1997	264,134	14,849,000	18,445,000
					521,948	29,740,000	43,412,000
Joint Ventures (other):							
CVS at Naugatuck	CT	2008	50%	2008	13,225		
Total Consolidated Joint Ventures					1,369,853	61,701,000	165,168,000
Total Stabilized Portfiolio					9,033,387	239,128,000	904,183,000

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Cedar Shopping Centers, Inc.
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(continued)			Gross amount at which carried at December 31, 2009				
Property	**Subsequent cost capitalized**	**Land**	**Building and improvements**	**Total**	**Accumulated depreciation (4)**	**Amount of Encumbrance**
Wholly-Owned Stabilized Properties (1):						
Polaris Discount Drug Mart Plaza	$ 30,000	$ 1,242,000	$ 5,846,000	$ 7,088,000	$ 1,132,000	4,451,000
Port Richmond Village	568,000	2,843,000	12,436,000	15,279,000	2,607,000	14,683,000
Price Chopper Plaza	604,000	4,111,000	18,456,000	22,567,000	1,308,000	(3)
Rite Aid at Massillon	6,000	442,000	2,020,000	2,462,000	280,000	1,437,000
River View Plaza I, II and III	3,714,000	9,718,000	44,070,000	53,788,000	7,600,000	(2)
Smithfield Plaza	215,000	2,919,000	12,980,000	15,899,000	1,347,000	10,405,000
South Philadelphia	2,532,000	8,222,000	38,846,000	47,068,000	7,862,000	(2)
St. James Square	523,000	688,000	4,361,000	5,049,000	815,000	(2)
Stadium Plaza	740,000	2,443,000	9,813,000	12,256,000	1,295,000	(2)
Suffolk Plaza		1,402,000	7,236,000	8,638,000	1,341,000	4,617,000
Swede Square	4,457,000	2,272,000	10,685,000	12,957,000	2,321,000	(2)
The Brickyard	488,000	6,465,000	29,796,000	36,261,000	5,908,000	(2)
The Commons	1,131,000	3,098,000	15,178,000	18,276,000	2,980,000	(2)
The Point	12,355,000	2,996,000	22,859,000	25,855,000	5,355,000	17,298,000
The Point at Carlisle Plaza	211,000	2,233,000	11,401,000	13,634,000	2,220,000	(2)
Timpany Plaza	328,000	3,379,000	19,601,000	22,980,000	1,796,000	8,377,000
Trexler Mall	715,000	6,932,000	33,530,000	40,462,000	4,346,000	21,526,000
Ukrop s at Fredericksburg		3,213,000	12,758,000	15,971,000	1,522,000	(2)
Ukrop s at Glen Allen		6,769,000	683,000	7,452,000	258,000	(2)
Valley Plaza	637,000	1,950,000	8,403,000	10,353,000	1,352,000	(2)
Virginia Center Commons	3,000	992,000	3,863,000	4,855,000	559,000	(2)
Virginia Little Creek	(11,000)	1,639,000	8,350,000	9,989,000	1,424,000	5,348,000
Wal-Mart Center	23,000		11,857,000	11,857,000	1,884,000	5,795,000
Washington Center Shoppes	3,692,000	1,999,000	11,068,000	13,067,000	2,286,000	8,575,000

West Bridgewater Plaza	(606,000)	2,712,000	14,406,000	17,118,000	1,100,000	10,885,000
Westlake Discount Drug Mart Plaza	70,000	1,004,000	3,975,000	4,979,000	451,000	3,215,000
Yorktowne Plaza	(141,000)	5,898,000	25,406,000	31,304,000	2,432,000	20,418,000
Total Wholly-Owned Stabilized Properties	124,253,000	181,518,000	859,177,000	1,040,695,000	125,275,000	434,401,000
Properties Owned in Joint Venture:						
Homburg Joint Venture:						
Aston Center		4,319,000	17,070,000	21,389,000	1,303,000	12,802,000
Ayr Town Center	2,000	2,442,000	9,750,000	12,192,000	840,000	7,225,000
Fieldstone Marketplace	441,000	5,167,000	21,943,000	27,110,000	3,093,000	18,647,000
Meadows Marketplace	11,390,000	1,914,000	11,390,000	13,304,000	1,094,000	10,333,000
Parkway Plaza	15,000	4,647,000	19,435,000	24,082,000	1,800,000	14,300,000
Pennsboro Commons	43,000	3,608,000	14,297,000	17,905,000	2,147,000	10,949,000
Scott Town Center	1,000	2,959,000	11,801,000	14,760,000	1,073,000	8,669,000
Spring Meadow Shopping Center	20,000	4,112,000	16,429,000	20,541,000	1,318,000	12,698,000
Stonehedge Square	57,000	2,698,000	11,705,000	14,403,000	1,464,000	8,700,000
	11,969,000	31,866,000	133,820,000	165,686,000	14,132,000	104,323,000
PCP Joint Venture:						
New London Mall	24,000	14,891,000	24,991,000	39,882,000	918,000	26,009,000
San Souci Plaza	25,000	14,849,000	18,470,000	33,319,000	918,000	27,200,000
	49,000	29,740,000	43,461,000	73,201,000	1,836,000	53,209,000
Joint Ventures (other):						
CVS at Naugatuck	2,825,000		2,825,000	2,825,000	82,000	2,450,000
Total Consolidated	14,843,000	61,606,000	180,106,000	241,712,000	16,050,000	159,982,000

Joint Ventures						
Total Stabilized Portfiolio	139,096,000	243,124,000	1,039,283,000	1,282,407,000	141,325,000	594,383,000

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Cedar Shopping Centers, Inc.
Schedule III
Real Estate and Accumulated Depreciation
Year ended December 31, 2009

(continued)

Property	State	Year acquired	Percent owned	Year built/ Year last renovated	Gross leasable area	Initial cost to the Company Land	Building and Improvements
Redevelopment Properties: (1)							
Dunmore Shopping Center	PA	2005	100%	1962/1997	101,000	565,000	2,203,000
Lake Raystown Plaza	PA	2004	100%	1995	145,727	2,231,000	6,735,000
Shore Mall	NJ	2006	100%	1960/1980	459,098	7,179,000	37,868,000
The Shops at Suffolk Downs	MA	2005	100%	2005	121,829	7,580,000	11,089,000
Townfair Center	PA	2004	100%	2002	138,041	3,022,000	13,786,000
Trexlertown Plaza	PA	2006	100%	1990/2005	241,381	5,262,000	23,867,000
Total Redevelopment Properties					1,207,076	25,839,000	95,548,000
Retenanting Properties: (1)							
Columbia Mall	PA	2005	75%	1988	348,574	2,855,000	15,600,000
Centerville Discount Drug Mart Plaza	OH	2005	100%	2000	49,494	780,000	3,607,000
Fairview Commons	PA	2007	100%	1976/2003	59,578	858,000	3,568,000
Huntingdon Plaza	PA	2004	100%	1972 - 2003	147,355	933,000	4,129,000
Oakhurst Plaza	VA	2006	100%	1980/2001	107,869	4,539,000	18,177,000
Ontario Discount Drug Mart Plaza	OH	2005	100%	2002	38,623	809,000	3,643,000
Shelby Discount Drug Mart Plaza	OH	2005	100%	2002	36,596	671,000	3,264,000
Shoppes at Salem Run	VA	2005	100%	2005	15,100	1,076,000	4,253,000
Total Retenanting Properties					803,189	12,521,000	56,241,000
Total Non-Stabilized Properties					2,010,265	38,360,000	151,789,000
Total Operating Portfolio					11,043,652	277,488,000	1,055,972,000
Ground-Up Developments: (1)							
Crossroads II	PA	2008	60%	2009	133,618	15,383,000	
Heritage Crossing	PA	2008	60%	2009	59,396	5,080,000	
Northside Commons	PA	2008	100%	2009	85,300	3,332,000	
Upland Square	PA	2007	60%	2009	352,456	28,187,000	
Total Ground-Up Developments					630,770	51,982,000	
Total Portfolio					11,674,422	329,470,000	1,055,972,000
Projects Under Development and Land Held For Future							

Expansion and Development:					
Columbia Mall	PA	75%	46.21	1,466,000	
Halifax Commons	PA	100%	4.37	858,000	
Halifax Plaza	PA	100%	12.83	1,107,000	
Liberty Marketplace	PA	100%	15.51	1,564,000	
Oregon Pike	PA	100%	11.20	2,283,000	
Pine Grove Plaza	NJ	100%	2.66	388,000	
Shore Mall	NJ	100%	50.00	2,018,000	
The Brickyard	CT	100%	1.95	1,167,000	
Trexlertown Plaza	PA	100%	37.28	8,087,000	
Trindle Spring	NY	100%	2.10	1,028,000	
Wyoming	MI	100%	12.32	360,000	
Various projects in progress	N/A	100%	0.00		
Total Projects Under Development and Land Held For Future Expansion and Development:			196.41	20,326,000	
Total Carrying Value				349,796,000	1,055,972,000

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Cedar Shopping Centers, Inc.
Schedule III
Real Estate and Accumulated Depreciation
Year ended December 31, 2009

(continued)			Gross amount at which carried at December 31, 2009				
Property	**Subsequent cost capitalized**	**Land**	**Building and improvements**	**Total**	**Accumulated depreciation (4)**	**Amount of Encumbrance**
Redevelopment Properties: (1)						
Dunmore Shopping Center	$ 42,000	$ 565,000	$ 2,245,000	$ 2,810,000	$ 424,000	(3)
Lake Raystown Plaza	6,115,000	2,231,000	12,850,000	15,081,000	2,016,000	(3)
Shore Mall	4,028,000	7,179,000	41,896,000	49,075,000	4,991,000	21,243,000
The Shops at Suffolk Downs	8,180,000	7,580,000	19,269,000	26,849,000	1,503,000	(2) (3)
Townfair Center	(1,574,000)	3,022,000	12,212,000	15,234,000	2,325,000	(3)
Trexlertown Plaza	2,808,000	5,262,000	26,675,000	31,937,000	2,589,000	(3)
Total Redevelopment Properties	19,599,000	25,839,000	115,147,000	140,986,000	13,848,000	21,243,000
Retenanting Properties: (1)						
Columbia Mall	1,346,000	2,855,000	16,946,000	19,801,000	2,335,000	
Centerville Discount Drug Mart Plaza	2,277,000	1,219,000	5,445,000	6,664,000	825,000	2,795,000
Fairview Commons	5,000	858,000	3,573,000	4,431,000	490,000	(2)
Huntingdon Plaza	1,813,000	933,000	5,942,000	6,875,000	727,000	(3)
Oakhurst Plaza	12,000	4,539,000	18,189,000	22,728,000	2,095,000	(2)
Ontario Discount Drug Mart Plaza	27,000	809,000	3,670,000	4,479,000	588,000	2,181,000
Shelby Discount Drug Mart Plaza	12,000	671,000	3,276,000	3,947,000	611,000	2,181,000
Shoppes at Salem Run	12,000	1,076,000	4,265,000	5,341,000	498,000	(2)
Total Retenanting	5,504,000	12,960,000	61,306,000	74,266,000	8,169,000	7,157,000

Properties						
Total Non-Stabilized Properties	25,103,000	38,799,000	176,453,000	215,252,000	22,017,000	28,400,000
Total Operating Portfolio	164,199,000	281,923,000	1,215,736,000	1,497,659,000	163,342,000	622,783,000
Ground-Up Developments: (1)						
Crossroads II	25,123,000	17,671,000	22,835,000	40,506,000	118,000	1,325,000
Heritage Crossing	5,623,000	5,066,000	5,637,000	10,703,000	91,000	(3)
Northside Commons	10,009,000	3,379,000	9,962,000	13,341,000	43,000	(3)
Upland Square	55,956,000	27,454,000	56,689,000	84,143,000	285,000	61,181,000
Total Ground-Up Developments	96,711,000	53,570,000	95,123,000	148,693,000	537,000	62,506,000
Total Portfolio	260,910,000	335,493,000	1,310,859,000	1,646,352,000	163,879,000	685,289,000
Projects Under Development and Land Held For Future Expansion and Development:						
Columbia Mall	402,000	1,465,000	403,000	1,868,000		
Halifax Commons	303,000	872,000	289,000	1,161,000		
Halifax Plaza	1,603,000	1,503,000	1,207,000	2,710,000		
Liberty Marketplace	25,000	1,564,000	25,000	1,589,000		750,000
Oregon Pike	63,000	2,283,000	63,000	2,346,000		750,000
Pine Grove Plaza	71,000	388,000	71,000	459,000		
Shore Mall	149,000	2,018,000	149,000	2,167,000		(6)
The Brickyard	178,000	1,183,000	162,000	1,345,000		
Trexlertown Plaza	2,478,000	8,089,000	2,476,000	10,565,000		(3)
Trindle Spring	380,000	1,148,000	260,000	1,408,000		750,000
Wyoming		360,000		360,000		750,000
Various projects in progress	351,000		351,000	351,000		
Total Projects Under	6,003,000	20,873,000	5,456,000	26,329,000		3,000,000

Development and Land Held For Future Expansion and Development						
Total Carrying Value	$ 266,913,000	$ 356,366,000	$ 1,316,315,000	$ 1,672,681,000	$ 163,879,000	688,289,000
Real estate to be transferred to a joint venture (7)					$ 139,743,000	
Real estate held for sale discontinued operations (7)					$ 21,380,000	
Unconsolidated joint venture (5)					$ 14,113,000	

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Cedar Shopping Centers, Inc.
Schedule III
Real Estate and Accumulated Depreciation
Year ended December 31, 2009
(continued)

The changes in real estate and accumulated depreciation for the three years ended December 31, 2009 are as follows (7)(8):

	2009	2008	2007
Cost			
Balance, beginning of the year	$ 1,536,590,000	$ 1,384,187,000	$ 1,028,845,000
Properties acquired	73,152,000	98,337,000	326,486,000
Improvements and betterments	69,086,000	56,373,000	28,856,000
Write-off fully-depreciated assets	(6,147,000)	(2,307,000)	
Balance, end of the year	$ 1,672,681,000	$ 1,536,590,000	$ 1,384,187,000
Accumulated depreciation			
Balance, beginning of the year	$ 123,807,000	$ 86,326,000	$ 53,178,000
Depreciation expense	46,219,000	39,788,000	33,148,000
Write-off fully-depreciated assets	(6,147,000)	(2,307,000)	
Balance, end of the year	$ 163,879,000	$ 123,807,000	$ 86,326,000
Net book value	$ 1,508,802,000	$ 1,412,783,000	$ 1,297,861,000

(1) Stabilized properties are those properties which are at least 80% leased and not designated as development/redevelopment properties as of December 31, 2009. Eight of the Company s properties are being re-tenanted, are not-stabilized, and are not designated as development/ redevelopment properties as of December 31, 2009.

(2) Properties pledged as collateral under the Company s stabilized property credit facility. The total net book value of such

properties was $323,285,000 at December 31, 2009 (including $368,000 relating to a property treated as real estate held for sale); the total amount outstanding under the secured revolving credit facility at that date was $187,985,000.

(3) Properties pledged as collateral under the Company s development property credit facility. The total net book value of all such properties was $142,567,000 at December 31, 2009; the total amount outstanding the secured development revolving credit facility at that date was $69,700,000.

(4) Depreciation is provided over the estimated useful lives of the buildings and improvements, which range from 3 to 40 years.

(5) The Company has a 76.3% interest in an unconsolidated joint venture, which owns a single-tenant office property located in Philadelphia, PA. and an 20% interest in an unconsolidated joint venture that owns two supermarket shopping center located in Dickson City and Harrisburg, Pa.

(6) The Shore Mall land parcel also collateralizes the mortgage loan payable relating to the Shore Mall shopping center.

(7) Restated to reflect the reclassifications of properties to real estate held for sale and real estate to be

transferred to a joint venture during 2009 and subsquent to December 31, 2009.

(8) Restated to reflect the retroactive valuation adjustments relating to lease renewal options.

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Part IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements

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

2. Financial Statement Schedules

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

3. Exhibits

Item	Title or Description
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
31.1	Section 302 Chief Executive Officer Certification
31.2	Section 302 Chief Financial Officer Certification
32.1	Section 906 Chief Executive Officer Certification
32.2	Section 906 Chief Financial Officer Certification

(b) Exhibits

The response to this portion of Item 15 is included in Item 15(a) (3) above.

(c) The following documents are filed as part of the report:

None.

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SIGNATURES

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

CEDAR SHOPPING CENTERS, INC.

/s/ LAWRENCE E. KREIDER, JR.
Lawrence E. Kreider, Jr.
Chief Financial Officer
(principal financial officer)

August 12, 2010