CEDAR SHOPPING CENTERS INC
Form S-11
August 20, 2003

As filed with the Securities and Exchange Commission on August 20, 2003

File No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-11

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Cedar Shopping Centers, Inc.

(Exact Name of Registrant as Specified in its Governing Instruments)

44 South Bayles Avenue, Port Washington, New York 11050

(516) 767-6492
(Address, Including Zip Code, and Telephone Number, Including Area Code,
of Registrant s Principal Executive Offices)

Leo S. Ullman, Chairman and Chief Executive Officer

44 South Bayles Avenue, Port Washington, New York 11050
(516) 767-6492
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code,
of Agent for Service)

Copies to:

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Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______________

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______________

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o ______________

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Securities Being Registered	Amount Being Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price(2)	Amount Of Registration Fee
Common Stock, par value $0.01 per share			$187,450,000	$15,164.71

(1) Includes shares of common stock which the underwriters have the option to purchase solely to cover over-allotments, if any.
(2) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

[Photos of aerial views of eight shopping centers and facades of certain tenants]

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting any offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated August 20, 2003

PROSPECTUS

Shares

Cedar Shopping Centers, Inc.

Common Stock

Cedar Shopping Centers, Inc. is a real estate investment trust, or REIT, that focuses on the ownership, operation and redevelopment of neighborhood and community shopping centers.

We are offering shares of our common stock. We expect the public offering price to be between $ and $ per share. We will receive all of the net proceeds from the sale of these shares.

Our common stock is traded on the Nasdaq SmallCap Market under the symbol CEDR. On , 2003, the last reported sale price of our common stock on the Nasdaq SmallCap Market was $ per share. On , 2003, we effectuated a -for- reverse stock split. We intend to apply for listing of our common stock on the New York Stock Exchange, Inc. under the symbol [CDR] and expect that the shares of common stock sold in this offering will trade on the NYSE.

In connection with this offering, we will be changing our distribution policy and intend to commence the making of quarterly distributions.

To assist us in complying with certain federal income tax requirements applicable to REITs, our charter and bylaws contain certain restrictions relating to the ownership and transfer of our common stock, including an ownership limit of 9.9% of our total outstanding common stock. See Material Provisions of Maryland Law and of Our Charter and Bylaws for a discussion of these restrictions.

Investing in our common stock involves risks that are described in the Risk Factors section beginning on page 16 of this prospectus. Some risks include:

All of our properties are located in the Northeast, primarily in eastern Pennsylvania, which exposes us to greater economic risks than if we owned properties in several geographic regions.

We have substantial debt obligations that may impede our operating performance, putting us at a competitive disadvantage that may result in losses.

Since 2000, we have incurred net operating losses and if we are not able to achieve and maintain profitability, the market price of our common stock could decrease.

We may not be successful in identifying suitable acquisitions that meet our criteria, which may impede our growth; if we do identify suitable acquisition targets, we may not be able to consummate such transactions on favorable terms.

Adverse market conditions and competition may impede our ability to renew leases or re-let space.

Prior to the consummation of this offering, we were externally managed by entities controlled by our executive officers; we do not have any operating history as a REIT which is self-administered and self-managed.

If we fail to remain qualified as a REIT, our distributions will not be deductible by us, and our income will be subject to taxation, reducing our earnings available for distribution.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters also may purchase up to an additional shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares of common stock will be ready for delivery on or about , 2003.

Merrill Lynch & Co.

The date of this prospectus is , 2003.

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where that offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in Prospectus Summary, Risk Factors, Distribution Policy, Management s Discussion and Analysis of Financial Condition and Results of Operations, Business and Properties, Investment Policies and Policies With Respect to Certain Activities and elsewhere in this prospectus constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as may, will, should, expects, plans, anticipates, believes, estimates, pr potential or the negative of these terms or other comparable terminology.

The forward-looking statements contained in this prospectus reflect our current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in any forward-looking statement. The factors that could cause actual results to differ materially from expected results include changes in economic, business, competitive market and regulatory conditions. For more information regarding risks that may cause our actual results to differ materially from any forward-looking statements, see Risk Factors. We do not intend and disclaim any duty or obligation to update or revise any industry information or forward-looking statements set forth in this prospectus to reflect new information, future events or otherwise.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our common stock. References in this prospectus to we, our, us and our company refer to Cedar Shopping Centers, Inc., a Maryland corporation, together with our consolidated subsidiaries, including Cedar Shopping Centers Partnership, L.P., a Delaware limited partnership of which we are the sole general partner and which we refer to in this prospectus as the operating partnership. All share and per share information set forth in this prospectus has been adjusted to reflect our 2-for-1 stock split which occurred July 7, 2003 and our -for- reverse stock split which occurred on , 2003. You should read the entire prospectus, including Risk Factors and our historical and pro forma consolidated financial statements and related notes appearing elsewhere in this prospectus, before deciding to invest in our common stock. Unless otherwise indicated, this prospectus assumes that the underwriters over-allotment option is not exercised.

Cedar Shopping Centers, Inc.

We are a REIT that will be fully integrated, self-administered and self-managed upon consummation of this offering. We acquire, own, manage, lease and redevelop primarily neighborhood and community shopping centers. Upon consummation of this offering and completion of the pending acquisitions described below, we will have a portfolio of 23 properties totaling approximately 3.6 million square feet of gross leasable area, or GLA, including 17 wholly-owned centers comprising approximately 2.8 million square feet of GLA and six centers owned through joint ventures, comprising approximately 730,000 square feet of GLA.

We currently own 14 properties totaling approximately 2.4 million square feet of GLA. Our portfolio, excluding two properties under development, was approximately 94% leased as of June 30, 2003. We have entered into agreements to acquire nine other shopping centers, totaling approximately 1.2 million square feet of GLA for an aggregate purchase price of $143.4 million. Upon consummation of this offering and completion of our pending acquisitions, our portfolio, excluding three properties under development, will be approximately 92% leased. We intend to close on these pending acquisitions shortly after consummation of this offering.

We conduct our business through Cedar Shopping Centers Partnership, L.P., or the operating partnership, a Delaware limited partnership. Upon consummation of this offering and completion of our pending acquisitions, we will own a % interest in the operating partnership. Prior to the offering, we owned an approximate 30% interest in the operating partnership.

Our principal executive offices are located at 44 South Bayles Avenue, Port Washington, New York 11050, our telephone number is (516) 767-6492 and our website address is www.cedarshoppingcenters.com.

Our Competitive Strengths

We believe that we distinguish ourselves from other owners and operators of community and neighborhood shopping centers on account of the following:

High-Quality Neighborhood and Community Shopping Center Portfolio. Our primary focus is on neighborhood and community shopping centers. We believe supermarket anchors attract customers for several trips per week and provide more stable revenues, especially in uncertain economic environments. As of June 30, 2003, approximately 77% of our centers were supermarket-anchored. After this offering and completion of our pending acquisitions, approximately 79% of our centers will be supermarket-anchored.

Pennsylvania as Core Market. Upon consummation of this offering and completion of our pending acquisitions, approximately 82% of our GLA will be located in eastern

Pennsylvania, a mature and densely populated region. Based upon the 2000 United States Census, the average population within a three-mile radius of our properties is approximately 62,600 people and the average annual household income in such area is $51,400. We believe that we benefit from the limited opportunity for new competing developments near our locations and from the high barriers to entry for our asset class in our core markets.

Regional Asset Clusters. Upon consummation of this offering and completion of our pending acquisitions, we expect to have 13 properties, containing 1,587,200 square feet of GLA, in the Philadelphia area, and nine properties, containing 1,867,500 square feet of GLA, in the Harrisburg area. We believe that our local presence in these areas provides us with improved on-the-ground awareness of property availability, tenanting opportunities, demographic trends and evolving traffic patterns. Furthermore, our local presence enables our management team to employ a hands-on approach to administering our properties and satisfying our tenants. Our local management offices in these regions enable us to efficiently and intensively manage our assets and to develop strategic relationships with regional grocers and retailers.

Redevelopment and Value Enhancement Expertise. We seek to leverage our operating and redevelopment capabilities by acquiring assets that offer redevelopment and value enhancement opportunities. In particular, certain members of our senior management have successfully completed the redevelopment of The Point Shopping Center and Red Lion Shopping Center. At The Point Shopping Center, for example, we completed a total redevelopment in 2000, which increased revenues from $1.9 million in 2000 to $2.9 million in 2002. We are currently redeveloping Camp Hill Mall, Swede Square and Golden Triangle Shopping Center and exploring redevelopment opportunities at South Philadelphia Shopping Plaza, Valley Plaza Shopping Center and Halifax Plaza.

Experienced and Committed Management Team. Our senior management team is comprised of executives with an average of more than 20 years experience in the acquisition, ownership, management, leasing and redevelopment of commercial real estate in the Northeast, including shopping center properties. Senior management is expected to own a % aggregate equity interest in our company on a fully diluted basis after giving effect to this offering.

Strong Relationships with Our Tenants. We have strong relationships with our tenants, including Giant Food. These relationships have led to leasing opportunities with existing tenants that are expanding as well as to acquisition opportunities sourced by tenants.

Varied Tenant Base. We believe that our diversity of tenants and lease expirations enhance our ability to generate stable cash flows over time. Upon consummation of this offering and completion of our pending acquisitions, no single tenant, with the exception of Giant Food, will represent more than 4.5% of our annualized revenues on a pro forma basis for the period ended June 30, 2003. For such period, we had approximately 366 leases with 297 distinct tenants, including national and regional supermarkets, department stores, pharmacies, restaurants and other retailers. Pro forma for this offering and the pending acquisitions, the average lease term for our neighborhood and community shopping centers will be eight years, with no more than 9% of our total base rent expiring in any single year through 2013.

Strategic Joint Ventures. We have had considerable experience in creating strategic joint ventures in order to mitigate acquisition and development risks, secure marquee anchor tenants, and facilitate financing. Our joint venture partners include affiliates of Kimco Realty Corporation, a leading REIT specializing in the acquisition, development and management of neighborhood and community shopping centers.

Our Business and Growth Strategies

Our business and growth strategy includes the following elements:

Internal Growth

Building and benefiting from our strong tenant relationships.

Maximizing cash flow from our properties by continuing to enhance the operating performance of each property.

Enhancing yield and productivity of existing properties through hands-on intensive management.

External Growth

Acquiring neighborhood and community shopping centers.

Acquiring properties that offer value enhancement opportunities.

Identifying acquisition targets through our network of institutional and private real estate investors, lenders, brokers and agents.

Focusing on traffic patterns in identifying acquisitions.

Utilizing management expertise to structure sophisticated acquisition transactions.

Forming strategic joint ventures.

Our Properties

Upon consummation of this offering and completion of our pending acquisitions, we will have a portfolio of 23 properties totaling approximately 3.6 million square feet of GLA.

Property	Year Built/ Renovated	Year Acquired	Percentage Owned (Pro Forma)	GLA	Percent Occupied as of June 30, 2003	Major Tenants	Annualized Base Rent($)(1)	Annualized Base Rent Per Square Foot($)	Percentage of Total Annualized Base Rent(%)
Current Properties									
The Point Shopping Center Harrisburg, PA	1972/ 2000-2001	2000	100	255,000	93%	Burlington Coat Factory Giant Food	2,492,294	9.76	7.87
Port Richmond Village Philadelphia, PA	1988	2001	100	155,000	100%	Thriftway Pep Boys	1,745,077	11.26	5.51
Academy Plaza Philadelphia, PA	1965/1998	2001	100	155,000	100%	Acme Markets	1,681,208	10.85	5.31
Washington Center Shoppes Washington Township, NJ	1979/1995	2001	100	158,000	96%	Acme Markets Powerhouse Gym	1,028,390	6.51	3.25
Loyal Plaza Shopping Center Williamsport, PA	1969/ 1999-2000	2002	25	293,000	92%	K-Mart Giant Food	1,977,741	6.74	6.24
		2002	20	224,300	95%		2,336,880	10.42	7.38

Red Lion Shopping Center Philadelphia, PA	1971/1990 and 1998-2000					Sports Authority Best Buy Staples			
Camp Hill Mall Camp Hill, PA	1958/1986, 1991 and 2003	2002	100	522,000	70%*	Boscov s Giant Food Barnes & Noble	2,753,419	5.28	8.69
LA Fitness Center Fort Washington, PA	N/A	2002	50	41,000	N/A	LA Fitness Center	N/A	N/A	N/A
Halifax Plaza Halifax, PA	1994	2003	30	54,000	100%	Giant Food Rite Aid	521,361	9.62	1.65

Property	Year Built/ Renovated	Year Acquired	Percentage Owned (Pro Forma)	GLA	Percent Occupied as of June 30, 2003	Major Tenants	Annualized Base Rent($)(1)	Annualized Base Rent Per Square Foot($)	Percentage of Total Annualized Base Rent(%)
Newport Plaza Newport, PA	1996	2003	30	67,000	100%	Giant Food Rite Aid	538,692	8.06	1.70
Fairview Plaza New Cumberland, PA	1992	2003	30	69,500	97%	Giant Food	811,991	11.67	2.56
Pine Grove Shopping Center Pemberton Township, NJ	2001-2002	2003	100	79,000	97%	Peebles	814,909	10.28	2.57
Swede Square Center East Norriton, PA	1980/2003	2003	100	102,500	74%*	LA Fitness	906,374	8.84	2.86
Valley Plaza Shopping Center Hagerstown, MD	1973-1975/ 1994	2003	100	191,200	100%	K-Mart Ollie s Tractor Supply Company	861,033	4.50	2.72
Pending Transactions									
South Philadelphia Shopping Plaza Philadelphia, PA	1950/ 1998-2003		(2)	283,000	91%	Shop Rite Bally s Total Fitness Ross	3,590,832	12.68	11.33
Wal-Mart Shopping Center Southington, CT	1972/2000		100	155,000	99%	Wal-Mart Namco	948,582	6.13	2.99
Golden Triangle Shopping Center Lancaster, PA	1960/1985, 1990, 1997 and 2003		100	229,000	47%*	Marshalls Staples	1,098,930	4.80	3.47
Columbus Crossing Shopping Center Philadelphia, PA	2001		(3)	142,200	100%	Super Fresh Old Navy A.C. Moore	2,253,224	15.85	7.11
River View Plaza I Philadelphia, PA	Pre 1900/ 1991, 1995		(3)	117,600	83%	United Artists Sega Gameworks	1,947,174	16.56	6.15
River View Plaza II Philadelphia, PA	1991/1988, 1993 and 1995		(3)	46,600	91%	Staples West Marine	886,056	19.01	2.80
River View Plaza III Philadelphia, PA	1991/1995		(3)	89,400	98%	Pep Boys Athlete s Foot	1,413,756	17.16	4.46
Lake Raystown Plaza Huntingdon, PA	1995		100	84,300	100%	Giant Food Rite Aid Fashion Bug	740,916	8.79	2.34
Huntingdon Plaza Huntingdon, PA	1970		100	102,000	73%(4)	Peebles Auto Zone	334,692	3.28	1.06
Total current properties and pending transactions				3,609,400			31,683,541	8.78	100%

* Properties under redevelopment

(1)

Annualized base rent represents the contractual base rent for leases in place June 30, 2003, calculated on a straight-line basis in accordance with U.S. generally accepted accounting principles, or GAAP. This amount excludes operating expense recoveries that would be applicable to such leases.

(2) We have entered into a lease agreement to obtain operating control of this property, along with an option to acquire this property in ten years. A description of this transaction is set forth below in Business and Properties Pending Transactions.

(3) We have entered into an agreement in principle to acquire this property through a partnership in which we will own 100% of the common equity interest; the seller will retain a preferred interest that will be entitled to a return that approximates the interest payment on a loan that we will make to the seller upon closing of the acquisition. A description of this transaction is set forth below in Business and Properties Pending Transactions

(4) Includes approximately 22,000 square feet under construction that has been leased to Peebles.

Pending Transactions

We intend to acquire all of the properties discussed below shortly after consummation of this offering. Although agreements have been executed or agreements in principle reached, we cannot assure you that any of these transactions will be consummated.

South Philadelphia Shopping Plaza. We have entered into a lease agreement to obtain operating control of South Philadelphia Shopping Plaza in Philadelphia, Pennsylvania, coupled with an option to purchase the property in 10 years, which option we currently intend to exercise. At the time we enter into the lease, we will make a $39.0 million loan to the current owners of the property, which would be repaid if and when we exercise the purchase option. Our payments under the lease will approximate interest payments due under the loan. This property contains approximately 283,000 square feet of GLA and is anchored by a Shop Rite supermarket, Drug Emporium, Bally s Total Fitness, Ross and Strauss Auto Stores.

Wal-Mart Shopping Center. We have entered into an agreement to acquire a Wal-Mart anchored shopping center in Southington, Connecticut for a purchase price of approximately $8.35 million, plus closing costs. This property contains approximately 155,000 square feet of GLA.

Golden Triangle Shopping Center. We have entered into an agreement to acquire Golden Triangle Shopping Center in Lancaster, Pennsylvania for a purchase price of approximately $11.5 million, plus closing costs subject to a $9.9 million first mortgage. This property contains approximately 229,000 square feet of GLA and is anchored by Marshalls and Staples.

Columbus Crossing Shopping Center. We have entered into an agreement in principle to acquire operating control of Columbus Crossing Shopping Center in Philadelphia, Pennsylvania for approximately $23.9 million, plus closing costs. This property contains approximately 142,000 square feet of GLA and is anchored by a Super Fresh supermarket.

River View Plaza I, II and III. We have entered into an agreement in principle to acquire operating control of River View Plaza I, II and III in Philadelphia, Pennsylvania for approximately $49.1 million. River View I contains approximately 118,000 square feet of GLA and is anchored by a United Artists Theatre and Sega Gameworks. River View II contains approximately 47,000 square feet of GLA and is anchored by Staples and West Marine. River View III contains approximately 82,400 square feet of GLA and is anchored by Pep Boys and Athlete s Foot. These centers are being acquired in a single transaction together with the Columbus Crossing Shopping Center.

Lake Raystown Plaza. We have entered into an agreement to purchase the Lake Raystown Plaza shopping center in Huntingdon, Pennsylvania for a purchase price of approximately $7.0 million, plus closing costs. This property contains approximately 84,000 square feet of GLA and is anchored by a Giant Food supermarket.

Huntingdon Plaza. We have entered into an agreement to purchase the Huntingdon Plaza in Huntingdon, Pennsylvania for a purchase price of approximately $4.0 million, plus closing costs. This property contains approximately 102,000 square feet of GLA and is anchored by Peebles, a department store. This center is being acquired in a single transaction together with Lake Raystown Plaza.

In addition, we have entered into (a) an option agreement to acquire an undeveloped 16.5 acre parcel of land located between Harrisburg and Hershey, Pennsylvania for $1.9 million; (b) an agreement in principle to acquire the building occupied by a Giant Food supermarket located at our Loyal Plaza Shopping Center for $4.9 million; and (c) an agreement to acquire the 50% interest in The Point Shopping Center in Harrisburg, Pennsylvania which is not owned by us for a purchase price of approximately $2.4 million, subject to a $19.7 million first mortgage. This property contains approximately 255,000 square feet of GLA.

Summary Risk Factors

You should carefully consider the matters discussed in the section Risk Factors prior to deciding whether to invest in our common stock. Some of these risks include:

All of our properties are located in the Northeast, primarily in eastern Pennsylvania, which exposes us to greater economic risks than if we owned properties in several geographic regions.

After this offering and the pending acquisitions described in this prospectus, we expect to have approximately $181.9 million of consolidated debt, of which our share is $146.4 million after accounting for minority interest, a portion of which will be variable rate debt, which may impede our operating performance and put us at a competitive disadvantage.

Any tenant bankruptcies or leasing delays we encounter, particularly with respect to our anchor tenants, could seriously harm our operating results and financial condition.

Since 2000, we have incurred net operating losses and if we are not able to achieve and maintain profitability, the market price of our common stock could decrease.

We may not be successful in identifying suitable acquisitions that meet our criteria, which may impede our growth; if we do identify suitable acquisition targets, we may not be able to consummate such transactions on favorable terms. Integral to our business strategy is our ability to expand through acquisitions, which requires us to identify suitable acquisition candidates or investment opportunities that meet our criteria and are compatible with our growth strategy.

Future acquisitions of real properties or other assets that we may make may not yield the returns we expect, may result in disruptions to our business, may strain management resources or may result in stockholder dilution.

After this offering and completion of our pending acquisitions, we will own six of our properties through joint ventures and in the future we may co-invest with third parties through joint ventures. Joint venture investments could be adversely affected by our lack of sole decision-making authority and any disputes which may arise between us and our joint venture partners.

Adverse market conditions and competition may impede our ability to renew leases or re-let space as leases expire, which could harm our business and operating results.

Our properties consist of neighborhood and community shopping centers. Our performance therefore is linked to economic conditions in the market for retail space generally.

We have recently experienced and expect to continue to experience rapid growth and may not be able to integrate additional properties into our operations or otherwise manage our growth, which may adversely affect our operating results.

Upon consummation of this offering and completion of our pending acquisitions, we will rely on Giant Food for approximately 10.4% of our total annual revenues.

Prior to the consummation of this offering, we were externally managed by entities controlled by our executive officers; we do not have any operating history as a REIT which is self-administered and self-managed.

Our charter documents contain anti-takeover provisions that would, with some exceptions, prohibit any person from beneficially owning more than 9.9% of our outstanding common stock upon consummation of this offering. These control provisions may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our shares or otherwise benefit our stockholders.

We have not made distributions on our common stock since August 18, 2000. After completion of this offering, we intend to make quarterly distributions; however, there are no assurances of our ability to make distributions in the future.

If we fail to remain qualified as a REIT, our distributions will not be deductible by us, and our income will be subject to taxation, reducing our earnings available for distribution.

Restrictions on Ownership of Our Capital Stock

Due to limitations on the concentration of ownership of REIT stock imposed by the Internal Revenue Code of 1986, or the Code, and to address other concerns relating to concentration of common stock ownership, our charter documents generally prohibit any stockholder from beneficially owning more than 9.9% of the outstanding shares of our common stock.

Our board of directors may, in its sole discretion, waive the ownership limit if our board is presented with evidence satisfactory to it that the ownership will not then or in the future jeopardize our status as a REIT.

Our Tax Status

We elected to be taxed as a REIT under Sections 856 through 860 of the Code, commencing with the taxable year ended December 31, 1986. We are organized in conformity with the requirements for qualification as a REIT under the Code, and our manner of operation enables us to meet the requirements for taxation as a REIT for Federal income tax purposes. To maintain REIT status, we must meet a number of organizational and operational requirements, including a requirement that we currently distribute at least 90% of our REIT taxable income to our stockholders. As a REIT, we generally will not be subject to Federal income tax on REIT taxable income we distribute currently to our stockholders.

If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax at regular corporate rates. Even if we qualify for taxation as a REIT, we may be subject to some federal, state and local taxes on our income and property.

Distribution Policy

We intend to make regular quarterly distributions to our common stockholders. The initial distribution, covering a partial quarter commencing on the closing of this offering and ending on December 31, 2003, is expected to be approximately $ per share. This initial partial distribution is based on a full quarterly distribution of $ per share and represents an annualized distribution of $ per share. This initial expected annual distribution represents an initial annual distribution rate of %, based upon the assumed public offering price of $ per share of our common stock. We estimate that this initial distribution will represent approximately % of our estimated cash available for distribution for the twelve months ending June 30, 2004. See Distribution Policy for information as to how we derived this estimate. We cannot assure you that our estimated distribution will be made or sustained. In addition, we are not estimating the amount of any distribution we might make for any period after the twelve months ending June 30, 2004. Our actual distributions will be affected by a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures.

New Line of Credit

Upon consummation of this offering, we intend to enter into a secured line of credit for $75 million, with a maximum capacity of up to $100 million which we expect will bear interest at LIBOR + 2.25%. Assuming that we enter into this new line of credit, after the offering we will have approximately $65 million available for borrowings under this line of credit. The operating partnership will be the borrower under this line of credit and we will guarantee this line of credit. We intend to use the line of credit principally to fund acquisitions. We also may use this line of credit to fund payments under our existing mortgage indebtedness and for general corporate purposes.

Our Corporate Structure

We were originally incorporated in Iowa on December 10, 1984 and elected to be taxed as a REIT commencing with the taxable year ended December 31, 1986. In June 1998, following a tender offer completed in April 1998 for the purchase of our common stock by Cedar Bay Company, or CBC, we reorganized as a Maryland corporation and established an umbrella partnership REIT structure through the contribution of substantially all of our assets to the operating partnership, a Delaware limited partnership. We conduct our business primarily through the operating partnership. We are the sole general partner and, upon consummation of this offering, we will own a % interest in the operating partnership. After this offering and completion of our pending acquisitions, CBC will own % of our outstanding common stock and units of limited partnership in the operating partnership, or units. CBC presently is the owner of 72% of our outstanding common stock and units on a fully diluted basis. CBC is a New York partnership owned 55% by Duncomb Corp., 40% by Lindsay Management Corp. and 5% by Hicks Corp. Leo S. Ullman, our Chairman of the Board, Chief Executive Officer and President, is an executive officer and director, but not an owner, of each of these entities.

We are a REIT that will be fully integrated, self-administered and self-managed upon consummation of this offering, since we are merging with our advisors in connection with this offering, as discussed below. We are currently an externally advised REIT. With the exception of a few non-management employees at certain of our centers, we have no employees and rely on our external advisors to manage our affairs. Cedar Bay Realty Advisors, Inc., or CBRA, provides us with management, acquisition, leasing, advisory services, accounting systems, professional and support personnel and office facilities. Brentway Management LLC, or Brentway, provides property management, leasing, construction management and loan placement services to our properties. SKR Management Corp., or SKR, provides certain legal services to us and our properties. CBRA, Brentway and SKR are owned by our executive officers. We refer collectively to CBRA, Brentway and SKR as our advisors.

Merger of Our Advisors

Concurrently with this offering, CBRA and SKR will merge into us and Brentway will merge into the operating partnership. The maximum aggregate consideration to be received by CBRA, SKR and Brentway in connection with the merger is $15.0 million in shares of our common stock and units. Each of the principals of our advisors will become our employees and executive officers upon consummation of this offering. As consideration for the merger with CBRA and SKR we will issue shares of our common stock having an aggregate value of up to $8.0 million to the owners of CBRA and shares of our common stock having an aggregate value of up to $2.0 million to the owners of SKR. Each share of common stock issued pursuant to the merger will be valued at $ per share, the midpoint of the estimated price range set forth on the cover of this prospectus; provided that if the offering is priced above the midpoint, then the number of shares to be received will be equal to $10.0 million divided by the public offering price per share. The shares will not be registered, and may only be transferred pursuant to an effective registration statement filed under the Securities Act of 1933 or pursuant to an exemption from such registration.

As consideration for the merger of Brentway into the operating partnership, the operating partnership will issue units having an aggregate value of up to $5.0 million to the owners of Brentway, with each unit valued at $ per share, the midpoint of the estimated price range set forth on the cover of this prospectus; provided that if the offering is priced above the midpoint, then the number of units to be received will be equal to $5.0 million divided by the public offering price per share. Each unit is exchangeable at any time into two shares of our common stock. The units and the shares of common stock into which the units may be exchanged will not be registered, and may only be transferred pursuant to an effective registration statement filed under the Securities Act of 1933 or pursuant to an exemption from such registration.

An independent committee of our board consisting of disinterested directors retained a financial advisor who advised them as to the fairness of the consideration to be paid in connection with the merger of our advisors from a financial perspective. The independent committee and the board have approved the merger. The merger is being submitted to our stockholders for their approval prior to consummation of this offering.

Consequences of the Merger of Our Advisors and this Offering

We will be a REIT that is fully integrated, self-administered and self-managed upon consummation of the merger of our advisors. We intend to conduct our business and hold all of our interests in our properties through the operating partnership, either directly or indirectly through partnerships or other entities holding title to our properties. As the sole general partner of the operating partnership, we have the exclusive power to manage and conduct the business of the partnership, subject to customary exceptions described in the partnership agreement.

The diagram below sets forth our corporate structure after giving effect to the merger of our advisors and this offering.

Benefits to Related Parties

In connection with the merger of our advisors into us and upon consummation of this offering, the following benefits will be received by related parties:

$3.6 million of the proceeds from this offering will be used to redeem the 9% Series A preferred partnership units, or the preferred units, owned by Homburg Invest USA Inc., or Homburg USA, which currently owns 5.7% of our common stock and units on a fully-diluted basis prior to consummation of this offering and has two representatives on our board of directors.

$6.2 million of the proceeds from this offering will be used to purchase the interests owned by Homburg Invest, Inc., or Homburg Invest, in Pine Grove Shopping Center, Swede Square and Wal-Mart Shopping Center.

Homburg Invest will be released from guarantees with regard to $7.4 million of subordinated loans on Valley Plaza Shopping Center and Wal-Mart Shopping Center. Homburg Invest will receive approximately $200,000 in fees from the lender upon repayment of the loans.

$1.1 million and $750,000 (exclusive of accrued interest) of the proceeds from this offering will be used to repay loans we received from Homburg Invest and an affiliate of CBC, respectively, which were used to make a portion of the deposit in connection with the South Philadelphia Shopping Plaza transaction. Homburg Invest will receive approximately $220,000 in exit fees upon repayment of the $1.1 million loan.

$9.0 million of the proceeds from this offering will be used to repurchase all of the units owned by CBC. An independent committee of our board consisting of disinterested directors retained a financial advisor who advised them as to the fairness of the consideration to be paid to CBC.

$2.4 million of the proceeds from this offering will be used to purchase a 50% interest in The Point Shopping Center from certain affiliates of CBC.

$11.5 million, plus closing costs, of the proceeds from this offering will be used to acquire Golden Triangle Shopping Center from certain affiliates of CBC, including assumption of a $9.9 million first mortgage.

$887,000 (exclusive of accrued interest) of the proceeds from this offering will be used to repay a promissory note issued by the operating partnership in favor of CBC, which we used to purchase a 20% interest in Red Lion Shopping Center.

Approximately $1,000,000 of the proceeds from this offering will be used to pay accrued and unpaid fees owed to, or loans made to us by, Mr. Ullman and Brenda J. Walker, who are the owners of the advisors. This includes repayment of a loan by Mr. Ullman to CBRA of $150,000, which was used to pay certain of our obligations.

Mr. Ullman, Ms. Walker, Thomas J. O Keeffe, Stuart H. Widowski, and Thomas B. Richey, our directors and/or officers, who are the owners of and/or officers of CBRA, SKR, and Brentway, will receive an aggregate of up to $13.6 million of shares of our common stock and units of the operating partnership in connection with the merger of our advisors.

Messrs. Ullman, O Keeffe, Widowski and Richey and Ms. Walker will enter into employment agreements with us providing each of them with salary and other benefits.

The Offering

Common stock offered	shares
Shares of common stock outstanding after the offering	shares
Shares of common stock and units outstanding after the offering	shares
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $138.7 million. We intend to use these net proceeds to consummate pending acquisitions, to repurchase or redeem outstanding units, to repurchase interests of joint ventures, to repay outstanding indebtedness, for working capital purposes and for general corporate purposes.
Risk factors	See Risk Factors and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Proposed New York Stock Exchange symbol	[CDR]

The number of shares of common stock to be outstanding after this offering is based on the total number of shares of common stock outstanding as of June 30, 2003, as adjusted to give effect to this offering, the two-for-one stock split effected in July 2003, the merger of our advisors and the concurrent issuance of shares and units, the redemption or repurchase of outstanding units and the -for- reverse stock split that occurred on , 2003. The number of shares of common stock to be outstanding after this offering excludes shares reserved for issuance under our stock option plan, warrants to purchase units of the operating partnership, each of which are exchangeable for two shares of common stock at an exercise price of $ per unit, and shares issuable upon exercise of the underwriters over-allotment option.

The number of units to be outstanding after this offering is , including those issued in connection with the merger of Brentway and the redemption or repurchase of outstanding units. Subject to the limitations in the operating partnership s partnership agreement, the units are exchangeable for shares of our common stock on a two-to-one basis.

Summary Historical and Pro Forma Consolidated Financial and Operating Data

The operating data for the years ended December 31, 2000, 2001 and 2002 and the balance sheet data as of December 31, 2001 and 2002 are derived from our financial statements and notes thereto included in this prospectus and which have been audited by Ernst & Young, LLP, our independent auditors. The balance sheet data as of December 31, 2000 is derived from our financial statements that are not included in this prospectus. The operating data for the six months ended June 30, 2003 and 2002, and the balance sheet as of June 30, 2003 are derived from our unaudited financial statements and notes thereto included elsewhere in this prospectus. The following selected financial data should be read in conjunction with our financial statements and the notes thereto, appearing elsewhere in this prospectus and the information under Management s Discussion and Analysis of Financial Condition and Results of Operations.

The following tables also set forth our selected financial data on a pro forma basis, as if we completed the offering transaction, acquired the properties and the management companies and completed the refinancing transaction and we qualified as a REIT, distributed 90% of our taxable income and, therefore, incurred no income tax expense during the period. The unaudited pro forma operating data for the six months ended June 30, 2003 is presented as if we completed the offering transaction and acquired the properties and the management companies and completed the refinancing transactions on January 1, 2003. The unaudited pro forma operating data for the year ended December 31, 2002 is presented as if we completed the offering transaction and acquired the properties and the management companies and completed the refinancing transactions on January 1, 2002. The unaudited pro forma balance sheets as of June 30, 2003 is presented as if we completed the offering transaction and acquired the properties and the management companies and completed the refinancing transactions on June 30, 2003.

The pro forma information is based upon assumptions that are included in the notes to the pro forma financial statements included elsewhere in this prospectus. The pro forma information is unaudited and is not necessarily indicative of what our financial position and results of operations would have been as of and for the dates or periods indicated, nor does it purport to represent our future financial position and results of operations for future dates or periods.

	Pro forma Six Months Ended June 30, 2003	**Six Months Ended June 30, 2003**	**Six Months Ended June 30, 2002**	**Pro forma Year Ended December 31, 2002**	**Years Ended December 31, 2002**	**2001**	**2000**
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**			
Operating Data:							
Revenues							
Rents	$ 20,705,441	$ 11,203,000	$ 5,151,000	$ 39,783,268	$ 12,964,000	$ 4,817,000	$ 3,037,000
Interest and other income	632,601	219,000	16,000	584,030	25,000	282,000	179,000
Total Revenues	21,338,042	11,422,000	5,167,000	40,367,298	12,989,000	5,099,000	3,216,000
Operating expenses							
Operating, maintenance and management(1)	8,283,258	3,206,000	1,207,000	14,049,499	2,313,000	1,091,000	745,000
Real estate taxes	2,063,033	1,232,000	593,000	4,016,863	1,527,000	494,000	308,000
General and administrative	1,500,000	1,172,000	554,000	3,000,000	2,005,000	731,000	635,000
Depreciation and amortization	3,474,599	1,767,000	1,112,000	6,895,696	2,546,000	991,000	622,000
Interest expense(2)	11,650,098	4,290,000	2,725,000	17,983,854	5,523,000	1,888,000	604,000
Total operating expenses	26,970,988	11,667,000	6,191,000	45,945,912	13,914,000	5,195,000	2,914,000
Operating (loss) income	(5,632,946)	(245,000)	(1,024,000)	(5,578,614)	(925,000)	(96,000)	302,000
Termination fees(3)	(15,000,000)			(15,000,000)			
Minority interests	(423,667)	(422,000)	121,000	(581,617)	(159,000)	(44,000)	8,000
Limited partners interest		449,000	677,000		806,000	75,000	(192,000)
Loss on impairment						(1,342,000)	(204,000)
Gain on sale of properties						1,638,000	91,000
Loss on sale of properties			(49,000)		(49,000)	(296,000)	
Net (loss) income before cumulative effect adjustment	$ (21,056,613)	$ (218,000)	$ (275,000)	$ (21,160,231)	$ (327,000)	$ (65,000)	$ 5,000
Cumulative effect of change in accounting principles (net of limited partner s share of $15,000)						(6,000)	
Distribution to preferred shareholders (net of limited partner s interest of $48,000)		(21,000)					
Net (loss) income before extraordinary items	(21,056,613)	(239,000)	(275,000)	(21,160,231)	(327,000)	(71,000)	5,000

	Pro forma Six Months Ended June 30, 2003	Six Months Ended June 30, 2003	Six Months Ended June 30, 2002	Pro forma Year Ended December 31, 2002	Years Ended December 31, 2002	Years Ended December 31, 2001	Years Ended December 31, 2000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)			
Extraordinary items:							
Early extinguishment of debt (net of limited partner s share of $346,000, $188,000 and $32,000 in 2002, 2001 and 2000, respectively)					(141,000)	(76,000)	(18,000)
Net (loss) income	$(21,056,613)	$ (239,000)	$ (275,000)	$(21,160,231)	$ (468,000)	$ (147,000)	$ (13,000)
Net (loss) earnings per share before cumulative effect adjustment	(1.97)	$ (0.15)	$ (0.20)	(1.99)	$ (0.24)	$ (0.05)	$ 0.00
Cumulative change in accounting principle per share	0.00	0.00	0.00	0.00	0.00	(0.01)	0.00
Net (loss) earnings per share before extraordinary item	(1.97)	(0.15)	(0.20)	(1.99)	(0.24)	(0.06)	0.00
Extraordinary (loss) per share		0.00	0.00		(0.10)	(0.05)	(0.01)
Net (loss) earnings per share	(1.97)	$ (0.15)	$ (0.20)	(1.99)	$ (0.34)	$ (0.11)	$ (0.01)
Dividends to shareholders		$	$		$	$	$ 268,000
Dividends to shareholders per share		$	$		$	$	$ 0.15
Average number of shares outstanding	10,689,000	1,620,000	1,386,000	10,633,000	1,388,000	1,384,000	1,738,000

	Pro forma June 30, 2003	June 30, 2003	December 31, 2002	December 31, 2001	December 31, 2000
	(unaudited)	(unaudited)			
Balance Sheet Data:					
Real estate before accumulated depreciation	$332,651,890	$172,431,000	$123,634,000	$57,622,000	$28,272,000
Real estate after accumulated depreciation	328,735,890	168,515,000	121,238,000	56,948,000	24,095,000
Real estate held for sale				4,402,000	1,850,000
Total assets	342,923,697	182,496,000	133,138,000	68,350,000	35,567,000
Mortgage loans and loan payable(4)	171,826,591	140,333,000	101,001,000	52,110,000	19,416,000
Minority interest	12,656,511	18,915,000	10,238,000	2,235,000	2,291,000
Limited partner s interest in consolidated operating partnership		10,026,000	10,889,000	8,964,000	9,242,000
Shareholders equity	$133,375,437	$ 2,917,000	$ 3,245,000	$ 3,667,000	$ 3,815,000
Other Data:					
Cash flow from operating activities		451,000	1,159,000	1,000,000	989,000
Cash flow from investing activities		(50,563,000)	(41,380,000)	(2,529,000)	(8,850,000)
Cash flow from financing activities		47,400,000	41,803,000	3,451,000	5,886,000

(1) Includes $2,747,500 and $5,495,000 for the pro forma six months ended June 30, 2003 and pro forma year ended December 31, 2002, respectively, attributable to one-time stock compensation charges incurred in connection with this offering.

(2) Includes $6,300,000 for both the pro forma six months ended June 30, 2003 and pro forma year ended December 31, 2002 attributable to one-time defeasance expenses for the mortgages at River View Plaza I, II and III and Washington Center Shoppes.

(3) Reflects one time payment to external advisors as consideration for merger into us; the $5,495,000 payment referred to in footnote 1 above represents merger consideration payable to Mr. Ullman that he is distributing to employees in conjunction with this offering.

(4) Represents consolidated indebtedness. See indebtedness table in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources for our share of pro forma mortgage loans and loans payable.

	Pro forma Six Months Ended June 30, 2003	Pro forma Year Ended December 31, 2002	Pro forma Year Ended June 30, 2003
Other Data:			
Funds from operations(1)(2)(3)	$(17,934,613)	$(15,423,231)	$(14,726,000)

(1) Management believes that funds from operations, or FFO, is a widely recognized and appropriate measure of performance of an equity REIT. Although FFO is a non-GAAP financial measure, management believes it provides useful information to shareholders, potential investors, and management. Management computes FFO in accordance with the standards established by The National Association of Real Estate Investment Trusts, or NAREIT. FFO is defined by NAREIT as net income or loss excluding gains or losses from debt restructuring and sales of properties plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States and is not indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income, as an indicator of the Company s operating performance, or as an alternative to cash flow as a measure of liquidity. As not all companies and analysts calculate FFO in a similar fashion, the Company s calculation of FFO presented herein may not be comparable to similarly titled measures as reported by other companies. For a reconciliation of pro forma FFO to pro forma net (loss) income before limited partner s interest in operating partnership, see Management s Discussion and Analysis of Financial Condition and Results of Operations Funds From Operations.

(2) The calculation of FFO includes the following one-time charges that are added back in the calculation of Pro Forma Cash Flows from Operating Activities for the twelve months ending June 30, 2004, as set forth in the section below captioned Distribution Policy :

$5,200,000 for defeasance of the mortgage debt on River View Plaza I, II and III

$1,100,000 for defeasance of the mortgage debt on Washington Center Shoppes

$5,495,000 for one-time stock compensation charges incurred in connection with this offering

$15,000,000 one time payment to owners of external advisors for merger into us.

(3) The calculation of FFO excludes the following items that are included in the calculation of Pro Forma Cash Flows from Operating Activities for the twelve months ending June 30, 2004, as set forth in the section below captioned Distribution Policy :

$ of capitalized development costs at certain properties being redeveloped

$230,000 on account of seller lease guarantees at South Philadelphia Shopping Plaza and Red Lion Shopping Center

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following information, together with the other information contained in this prospectus, before buying shares of our common stock. In connection with the forward-looking statements that appear in this prospectus, you should also carefully review the cautionary statement referred to under Special Note Regarding Forward-Looking Statements.

Risks Related to Our Properties and Our Business

All of our properties are located in the Northeast, primarily in eastern Pennsylvania, which exposes us to greater economic risks than if we owned properties in several geographic regions.

Any adverse economic or real estate developments in the Northeast resulting from the region s regulatory environment, business climate, fiscal problems or weather, could adversely impact our financial condition, results of operations, cash flow, the per share trading price of our common stock, and our ability to satisfy our debt service obligations and to make distributions to our stockholders. We cannot assure you of the continued growth of the Northeast economy, the national economy or our further growth rate.

After this offering and the pending property acquisitions described in this prospectus, we expect to have approximately $181.9 million of consolidated debt of which our share is $146.4 million, a portion of which will be variable rate debt, which may impede our operating performance and put us at a competitive disadvantage.

Required repayments of debt and related interest can adversely affect our operating performance. Approximately $57.8 million of this consolidated debt will bear interest at a variable rate of which our share is $57.0 million, and, upon completion of this offering and the proposed property acquisitions described in this prospectus, we expect to have approximately $181.9 million of outstanding consolidated indebtedness of which our share is $146.4 million. Failure to hedge effectively against interest rate changes may adversely affect results of operations.

We also intend to incur additional debt in connection with future acquisitions of real estate. We may borrow new funds to acquire properties. In addition, we may incur or increase our mortgage debt by obtaining loans secured by some or all of the real estate properties we acquire. We also may borrow funds if necessary to satisfy the requirement that we distribute to stockholders as distributions at least 90% of our annual REIT taxable income or otherwise as is necessary or advisable to ensure that we maintain our qualification as a REIT for federal income tax purposes.

Our substantial debt may harm our business and operating results by:

- requiring us to use a substantial portion of our funds from operations to pay interest, which reduces the amount available for distributions;

- placing us at a competitive disadvantage compared to our competitors that have less debt;

- making us more vulnerable to economic and industry downturns and reducing our flexibility in responding to changing business and economic conditions; and

- limiting our ability to borrow more money for operations, capital or to finance acquisitions in the future.

In addition to the risks discussed above and those normally associated with debt financing, including the risk that our cash flow will be insufficient to meet required payments of principal and interest, we also are subject to the risk that we will not be able to refinance the existing indebtedness on our properties (which, in most cases, will not have been fully amortized at maturity), or that the terms of any refinancing we could obtain would not be as favorable as the terms of our existing indebtedness. If we are not successful in refinancing this debt when it becomes due, we may be forced to dispose of properties on disadvantageous terms, which might adversely affect our ability to service other debt and to meet our other obligations. In addition to the above risks associated with our debt financing, the terms of certain of our joint venture partnership agreements provide for minimum priority cumulative returns to the limited partners. To the extent that these specified minimum returns are not achieved, our equity interest in these partnerships can be negatively affected.

Any tenant bankruptcies or leasing delays we encounter, particularly with respect to our anchor tenants, could seriously harm our operating results and financial condition.

Substantially all our revenues are derived from rental income from our properties. At any time, our tenants may experience a downturn in their business that may weaken their financial condition or become insolvent. As a result, our tenants may delay lease commencement, fail to make rental payments when due or declare bankruptcy. We are subject to the risk that these tenants may be unable to make their lease payments or may decline to extend a lease upon its expiration. Any tenant bankruptcies, leasing delays or failure to make rental payments when due could result in the termination of the tenant s lease and material losses to us and may harm our operating results.

Our business may be seriously harmed if any anchor tenant decides not to renew its lease or vacates a property and prevents us from re-leasing that property by continuing to pay base rent for the balance of the term. In addition to the loss of rental payments from the anchor tenant, a lease termination by an anchor tenant or a failure by that anchor tenant to occupy the premises could result in lease terminations or reductions in rent by other tenants in the same shopping center whose leases permit cancellation or rent reduction under these circumstances.

Since 2000, we have incurred net operating losses and if we are not able to achieve and maintain profitability, the market price of our common stock could decrease.

Since 2000 we have incurred net operating losses. We had net losses from operations of $147,000 and $468,000 for the years ended December 31, 2001 and 2002 and a net loss from operations of $239,000 for the six months ended June 30, 2003. If we are not able to achieve and maintain profitability, which will depend largely on our ability to substantially increase revenues, reduce fixed operating costs and interest charges on outstanding indebtedness, and limit the growth of overhead and direct expenses, the market price of our common stock could decrease and our business and operations could be negatively impacted.

We may not be successful in identifying suitable acquisitions that meet our criteria, which may impede our growth; if we do identify suitable acquisition targets, we may not be able to consummate such transactions on favorable terms.

Integral to our business strategy is our ability to expand through acquisitions, which requires us to identify suitable acquisition candidates or investment opportunities that meet our criteria and are compatible with our growth strategy. We analyze potential acquisitions on a property-by-property and market-by-market basis. We may not be successful in identifying suitable real estate properties or other assets that meet our acquisition criteria or consummating acquisitions or investments on satisfactory terms. Failure to identify or consummate acquisitions could reduce the number of acquisitions we complete and slow our growth, which could in turn harm our stock price.

We face competition for the acquisition of real estate properties, which may impede our ability to make future acquisitions or may increase the cost of these acquisitions.

We compete with many other entities engaged in real estate investment activities for acquisitions of retail shopping centers, including institutional investors, other REITs and other owner-operators of shopping centers. These competitors may drive up the price we must pay for real estate properties, other assets or other companies we seek to acquire or may succeed in acquiring those companies or assets themselves. In addition, our potential acquisition targets may find our competitors to be more attractive suitors because they may have greater resources, may be willing to pay more, or may have a more compatible operating philosophy. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase. This will result in increased demand for these assets and therefore increased prices paid for them. If we pay higher prices for properties, our profitability will be reduced, and purchasers in this offering may experience a lower return on their investment.

We have recently experienced and expect to continue to experience rapid growth and may not be able to integrate additional properties into our operations or otherwise manage our growth, which may adversely affect our operating results.

We are currently experiencing a period of rapid growth. Since 2000, we have acquired properties containing approximately 2.3 million square feet of GLA for an aggregate purchase price of approximately $117.0 million. We also have entered into agreements to acquire additional properties containing approximately 1.2 million square feet of GLA that we expect to acquire on or shortly after the consummation of this offering for an anticipated aggregate transaction value of approximately $143.4 million. See Our Business and Properties Pending Transactions. As a result of the rapid growth of our portfolio, we cannot assure you that we will be able to adapt our management, administrative, accounting and operational systems or hire and retain sufficient operational staff to integrate these properties into our portfolio and manage any future acquisitions of additional properties without operating disruptions or unanticipated costs. Acquisition of any additional portfolio of properties would generate additional operating expenses that we would be required to pay. As we acquire additional properties, we will be subject to risks associated with managing new properties, including tenant retention and mortgage default. Our failure to successfully integrate any future acquisitions into our portfolio could have a material adverse effect on our results of operations and financial condition and our ability to pay dividends to stockholders.

Our current and future joint venture investments could be adversely affected by our lack of sole decision-making authority, our reliance on joint venture partners financial condition and any disputes that may arise between us and our joint venture partners.

After this offering we will own six of our properties through joint ventures and in the future we may co-invest with third parties through joint ventures. We may not be in a position to exercise sole decision-making authority regarding the properties owned through joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have business interests or goals that are inconsistent with our business interests or goals and may be in a position to take actions contrary to our policies or objectives. Such investments also may have the potential risk of impasses on decisions, such as a sale, because neither we nor the joint venture partner would have full control over the joint venture. Any disputes that may arise between us and joint venture partners may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with joint venture partners might result in subjecting properties owned by the joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of our third-party joint venture partners.

Adverse market conditions and competition may impede our ability to renew leases or re-let space as leases expire, which could harm our business and operating results.

The economic performance and value of our real estate assets is subject to all of the risks associated with owning and operating real estate, including risks related to adverse changes in national, regional and local economic and market conditions. Our properties currently are located primarily in the Northeast. The economic condition of each of our markets may be dependent on one or more industries. An economic downturn in one of these industry sectors may result in an increase in tenant bankruptcies, which may harm our performance in the affected market. Economic and market conditions also may impact the ability of our tenants to make lease payments. If our properties do not generate sufficient income to meet our operating expenses, including future debt service, our income and results of operations would be significantly harmed.

Also, we face competition from similar retail centers within the neighborhood trade areas of each of our centers to renew leases or re-let space as leases expire. In addition, any new competitive properties that are developed within the neighborhood trade areas of our existing properties may result in increased competition for customer traffic and creditworthy tenants. Increased competition for tenants may require us to make capital improvements to properties that we would not have otherwise planned to make. Any unbudgeted capital improvements we undertake may divert away cash that would otherwise be available for distributions to stockholders. Ultimately, to the extent we are unable to renew leases or re-let space as leases expire, it would result in decreased cash flow from tenants and harm our operating results.

Our properties consist of neighborhood and community shopping centers. Our performance therefore is linked to economic conditions in the market for retail space generally.

The market for retail space has been and could be adversely affected by weakness in the national, regional and local economies, the adverse financial condition of some large retailing companies, the ongoing consolidation in the retail sector, the excess amount of retail space in a number of markets, and increasing consumer purchases through catalogues or the Internet. To the extent that any of these conditions occur, they are likely to impact market rents for retail space.

If we have to borrow funds under the new line of credit that we intend to enter into in connection with this offering in order to make principal payments under our mortgage and other indebtedness, the amount that we will have available to borrow under this new line of credit for acquisitions and other opportunities will be reduced, which could slow our growth.

Upon consummation of this offering, we intend to enter into a new secured line of credit for $75 million, with a maximum capacity of up to $100 million, which we expect will bear interest at LIBOR plus 2.25%. Assuming that we enter into this line of credit, after this offering we will have approximately $65 million available for borrowings under the line of credit. Although we generally intend to refinance our mortgage indebtedness upon maturity, we may be required to borrow funds under this line of credit to make these principal payments. If we do, this will reduce the amount available to us under this line of credit to borrow for other purposes, such as for acquisitions and other opportunities, which could slow our growth.

The financial covenants in our loan agreements may restrict our operating or acquisition activities, which may harm our financial condition and operating results.

The mortgages on our properties contain customary negative covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property, to enter into leases or to discontinue insurance coverage. In addition, our outstanding unsecured debt contains customary limitations on our ability to incur indebtedness. Our ability to borrow under our line of credit is subject to compliance with these financial and other covenants. If we breach covenants in our debt agreements, the lender can declare a default and require us to repay the debt immediately and, if the debt is secured, can immediately take possession of the property securing the loan.

Our performance and value are subject to risks associated with real estate assets and with the real estate industry.

Our ability to make expected distributions to our stockholders depends on our ability to generate revenues in excess of expenses, scheduled principal payments on debt and capital expenditure requirements. Events and conditions generally applicable to owners and operators of real property that are beyond our control may decrease cash available for distribution and the value of our properties. These events include:

- local oversupply, increased competition or reduction in demand for space;
- inability to collect rent from tenants;
- vacancies or our inability to rent space on favorable terms;
- inability to finance property development, tenant improvements and acquisitions on favorable terms;
- increased operating costs, including insurance premiums, utilities and real estate taxes;
- costs of complying with changes in governmental regulations;

the relative illiquidity of real estate investments;

changing submarket demographics; and

changing traffic patterns.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases, which would adversely affect our financial condition, results of operations, cash flow, per share trading price of our common stock and ability to satisfy our debt service obligations and to make distributions to our stockholders.

Redevelopment activities may be delayed or otherwise may not perform as expected.

We are in the process of redeveloping certain of our properties and expect to redevelop other properties in the future. In connection with any redevelopment of our properties, we will bear certain risks, including the risks of construction delays or cost overruns that may increase project costs and could make such project uneconomical, the risk that occupancy or rental rates at a completed project will not be sufficient to enable us to pay operating expenses or earn the targeted rate of return on investment, and the risk of incurrence of predevelopment costs in connection with projects that are not pursued to completion. In addition, consents may be required from various tenants in order to redevelop a center. In case of an unsuccessful redevelopment project, our loss could exceed our investment in the project.

We may be restricted from re-leasing space based on existing exclusivity lease provisions with some of our tenants.

In many cases, our tenant leases contain provisions giving the tenant the exclusive right to sell particular types of merchandise or provide specific types of services within the particular retail center, or limit the ability of other tenants within that center to sell that merchandise or provide those services. When re-leasing space after a vacancy by one of these other tenants, these provisions may limit the number and types of prospective tenants for the vacant space. The failure to re-lease or to re-lease on satisfactory terms could harm our operating results.

Potential losses may not be covered by insurance.

We carry comprehensive liability, fire, flood, extended coverage and rental loss insurance covering all of the properties in our portfolio under a blanket policy. We believe the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. We do not carry insurance for generally uninsured losses such as loss from riots, war or acts of God. Some of our policies, such as those covering losses due to terrorism and floods, are insured subject to limitations involving large deductibles or co-payments and policy limits that may not be sufficient to cover losses. If we experience a loss that is uninsured or that exceeds policy limits, we could lose the capital invested in the damaged properties as well as the anticipated future cash flows from those properties. In addition, if the damaged properties are subject to recourse indebtedness, we would continue to be liable for the indebtedness, even if these properties were irreparably damaged.

Future terrorist attacks in the United States could harm the demand for, and the value of, our properties.

Future terrorist attacks in the U.S., such as the attacks that occurred in New York, Pennsylvania and Washington, D.C. on September 11, 2001, and other acts of terrorism or war could harm the demand for and the value of our properties. Terrorist attacks could directly impact the value of our properties through damage, destruction, loss or increased security costs, and the availability of insurance for such acts may be limited or may cost more.

To the extent that our tenants are impacted by future attacks, their ability to continue to honor obligations under their existing leases with us could be adversely affected. Additionally, certain tenants have termination rights in respect of certain casualties. If we receive casualty proceeds, we may not be able to reinvest such proceeds profitably or at all, and we may be forced to recognize taxable gain on the affected property.

Rising operating expenses could reduce our cash flow and funds available for future distributions.

Our properties and any properties we buy in the future are and will be subject to operating risks common to real estate in general, any or all of which may negatively affect us. If any property is not fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, then we could be required to expend funds for that property s operating expenses. The properties will be subject to increases in real estate and other tax rates, utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses.

We rely on Giant Food for 10.4% of our total revenues.

Upon consummation of this offering and completion of our pending acquisitions, seven of our properties will have a Giant Food supermarket as an anchor tenant. Giant Food leases at the Newport Plaza, Halifax Plaza, and Fairview Plaza properties that were purchased in early 2003 represent a substantial majority of the gross leaseable area and income from these properties. Upon consummation of this offering and completion of our pending acquisitions, we expect Giant Food will account for 10.4% of our total revenue. Ahold N.V., a Netherlands corporation and Giant Food s ultimate parent company, generally guarantees the Giant Food leases. Recent published reports indicate there have been accounting irregularities at certain of Ahold s U.S. and foreign operations, which do not necessarily include the supermarket stores or the Giant Food supermarket affiliates. Ahold s debt rating has been downgraded in 2003, which may adversely affect the resulting value of our properties having such tenancies.

We may be unable to collect balances due from any tenants in bankruptcy, which would harm our operating results.

Any bankruptcy filings by or relating to one of our tenants or a lease guarantor would bar all efforts by us to collect pre-bankruptcy debts from that tenant, the lease guarantor or their property, unless we receive an order permitting us to do so from the bankruptcy court. A tenant or lease guarantor bankruptcy could delay our efforts to collect past due balances under the relevant leases, and could ultimately preclude full collection of these sums. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. However, if a lease is rejected by a tenant in bankruptcy, we would have only a general unsecured claim for damages. Any unsecured claim we hold may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. It is possible that we may recover substantially less than the full value of any unsecured claims we hold, which may harm our financial condition.

We could incur significant costs related to government regulation and private litigation over environmental matters.

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

There are two principal environmental matters that affect our Loyal Plaza Shopping Center. These are (a) certain petroleum-impacted soil at the newly-built, free-standing Eckerd drug store building on an outparcel of the property; and (b) a concentration of dry cleaning solvents, tetrachloroethene, PCE, and trichloroethene, or TCE, at levels in excess of amounts permitted by the Pennsylvania Department of Environmental Protection, or the PADEP.

Under loan agreements between the seller and its lender, the seller had maintained an escrow deposit of $450,000 for clean up and testing of environmental contamination at the site. Pursuant to the purchase agreement for the purchase of the property by us, the seller will remain liable for all costs up to and including a satisfactory Release of Liability letter issued by the PADEP with respect to all such contamination at the property. Pursuant to the environmental escrow agreement, the seller increased the environmental escrow deposit to $950,000. Further, in the event that the escrows are insufficient to cover all required testing and remediation, the seller has undertaken to expend any and all monies required to complete such testing and remediation, including monitoring, without limits as to time. While we believe an anticipated Release of Liability letter from the PADEP will operate to relieve us of any further liability for remediation of the site under Pennsylvania environmental statutes, or for any contamination identified in reports submitted to and approved by the PADEP, to protect us from successful citizens suits or other contribution actions, we cannot assure you that we would not incur costs associated with the investigation, remediation or removal of such contamination. Moreover, the presence of such substances, or the failure to properly remediate such substances, may adversely affect our ability to sell or rent such property.

At the South Philadelphia Shopping Plaza, in which we intend to obtain an interest upon consummation of this offering, concentrations of PCE, TCE and cis-1,2-DCE (dry cleaning solvents), at levels in excess of amounts permitted by the PADEP, were found. Pursuant to the agreement we entered into, the existing owner is responsible for all remediation measures as may be required to meet statewide health standards in connection with these contaminants. If the existing owner fails to satisfy its obligations under the agreement we may be liable for significant remediation cost, which could materially adversely affect our financial condition, results of operations and cash flow.

We may incur significant costs complying with the Americans with Disabilities Act and similar laws.

Under the Americans with Disabilities Act of 1990, or the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. Although we believe that our properties substantially comply with present requirements of the ADA, we have not conducted an audit or investigation of all of our properties to determine our compliance. If one or more of our properties is not in compliance with the ADA, then we would be required to incur additional costs to bring the property into compliance. Additional federal, state and local laws also may require modifications to our properties or restrict our ability to renovate our properties. We cannot predict the ultimate amount of the cost of compliance with the ADA or other legislation. If we incur substantial costs to comply with the ADA and any other legislation, our financial condition, results of operations, cash flow, per share trading price of our common stock, and our ability to satisfy our debt service obligations and make distributions to our stockholders could be adversely affected.

We may incur significant costs complying with other regulations.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these various requirements, we might incur governmental fines or private damage awards. We believe that our properties are currently in material compliance with all applicable regulatory requirements. However, we do not know whether existing requirements will change or whether future requirements will require us to make significant unanticipated expenditures that will adversely impact our financial condition, results of operations, cash flow, the per share trading price of our common stock, and our ability to satisfy our debt service obligations and make distributions to our stockholders.

Risks Related to Our Organization and Structure

Prior to consummation of this offering, we were externally managed by entities controlled by our executive officers; we do not have any operating history as a REIT that is self-administered and self-managed.

We will be self-administered and self-managed upon the merger of our advisors into us and our operating partnership and consummation of this offering. We do not have any operating history with internal management and do not know if we will be able to successfully integrate our existing external management through the merger. If we are unable to do so this could increase our operating costs. In addition, the transition from external to internal management may result in additional expenses and increased operating costs in the short term. We cannot assure you that our past performance with external management will be indicative of internal management s ability to function effectively and successfully operate our company.

Our charter and Maryland law contain provisions that may delay, defer or prevent a change of control transaction and depress our stock price.

Our charter contains a 9.9% ownership limit. Our charter, subject to certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT and to limit any person to beneficial ownership of no more than 9.9% of the outstanding shares of our common stock. Our board of directors, in its sole discretion, may exempt a proposed transferee from the ownership limit. However, our board of directors may not grant an exemption from the ownership limit to any proposed transferee whose direct or indirect ownership in excess of 9.9% of the value of our outstanding shares of our common stock could jeopardize our status as a REIT. See Description of Capital Stock Transfer Restrictions. These restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT. The ownership limit may delay or impede a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders. See Description of Capital Stock Transfer Restrictions.

We could authorize and issue stock and units without stockholder approval. Our charter authorizes our board of directors to authorize additional shares of our common stock or preferred stock, issue authorized but unissued shares of our common stock or preferred stock, issue units and to classify or reclassify any unissued shares of our common stock or preferred stock and to set the preferences, rights and other terms of such classified or unclassified shares. See Description of Capital Stock Common Stock and Preferred Stock. Although our board of directors has no such intention at the present time, it could establish a series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Certain provisions of Maryland law could inhibit changes in control. Certain provisions of the Maryland General Corporation Law, or MGCL, may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

business combination provisions that, subject to limitations, prohibit certain business combinations between us and an interested stockholder (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes special appraisal rights and special stockholder voting requirements on these combinations; and

control share provisions that provide that our control shares (defined as shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a control share acquisition (defined as the direct or indirect acquisition of ownership or control of control shares) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

We have opted out of these provisions of the MGCL. However, our board of directors may, by resolution, elect to opt in to the business combination provisions of the MGCL and we may, by amendment to our bylaws, opt in to the control share provisions of the MGCL in the future.

If we fail to remain qualified as a REIT, our distributions will not be deductible by us, and our income will be subject to taxation, reducing our earnings available for distribution.

We operate in a manner so as to qualify as a REIT for federal income tax purposes. Although we do not intend to request a ruling from the Internal Revenue Service, or the IRS, as to our REIT status, we will receive the opinion of Stroock & Stroock & Lavan LLP with respect to our qualification as a REIT. This opinion will be issued in connection with this offering of our common stock. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court. The opinion of Stroock & Stroock & Lavan LLP represents only the view of our counsel based on our counsel s review and analysis of existing law and on certain representations as to factual matters and covenants made by us and our manager, including representations relating to the values of our assets and the sources of our income. Counsel has no obligation to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Stroock & Stroock & Lavan LLP and our continued qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Stroock & Stroock & Lavan LLP. Our ability to satisfy the asset tests depends upon our analysis of the fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis. Accordingly, there can be no assurance that the IRS will not contend that our interests in subsidiaries will not cause a violation of the REIT requirements. If we were to fail to qualify as a REIT in any taxable year, we would be subject to federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and distributions to stockholders would not be deductible by us in computing our taxable income.

Any such corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our stockholders, which in turn could have an adverse impact on the value of, and trading prices for, our stock. Unless entitled to relief under certain provisions of the Code, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. See Material United States Federal Income Tax Considerations for a discussion of material federal income tax consequences relating to us and our stock.

REIT distribution requirements could adversely affect our liquidity.

We generally must distribute annually at least 90% of our net taxable income, excluding any net capital gain, in order for corporate income tax not to apply to earnings that we distribute. We intend to make distributions to our stockholders to comply with the requirements of the Code. However, differences in timing between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement of the Code. Certain of our assets generate substantial mismatches between taxable income and available cash. Such assets include operating real estate that has been financed through financing structures that require some or all of available cash flows to be used to service borrowings. As a result, the requirement to distribute a substantial portion of our net taxable income could cause us to: (a) sell assets in adverse market conditions, (b) borrow on unfavorable terms or (c) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt in order to comply with REIT requirements.

Further, amounts distributed will not be available to fund investment activities. If we fail to obtain debt or equity capital in the future, it could limit our ability to grow, which could have a material adverse effect on the value of our common stock.

Dividends payable by REITs do not qualify for the reduced tax rates under recently enacted tax legislation.

Recently enacted tax legislation reduces the maximum tax rate for dividends payable to individuals from 38.6% to 15% (through 2008). Dividends payable by REITs, however, are generally not eligible for the reduced rates. Although this legislation does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock.

In addition, the relative attractiveness of investments in real estate companies or real estate in general may be adversely affected by the newly favorable tax treatment given to corporate dividends, which could affect the value of our real estate assets negatively.

Our success depends on key personnel whose continued service is not guaranteed.

We depend on the efforts of key personnel, particularly Mr. Ullman, our chairman, chief executive officer and president, Mr. O Keeffe, our chief financial officer, Ms. Walker, our vice president, who is in charge of our property management activity, and Mr. Richey, our vice president and director of construction and maintenance services. The loss of their services could materially and adversely affect our operations because of diminished relationships with lenders, existing and prospective tenants and industry personnel.

Risks Related to this Offering

The market price for our common stock after this offering may be lower than the offering price and our stock price may fluctuate significantly after this offering.

The price at which the shares of our common stock may sell in the public market after this offering may be lower than the price at which they are sold by the underwriters. The stock market in general has recently experienced extreme price and volume fluctuations. Fluctuations in our stock price may not be correlated in a predictable way to our performance or our operating results. Our stock price may fluctuate as a result of factors that are beyond our control or unrelated to our operating results.

Shares of our common stock have been thinly traded in the past.

As of June 30, 2003, there were 1,426,672 shares of common stock issued and outstanding. Although a trading market for the common stock exists, the trading volume has not been significant and there can be no assurance that an active trading market for the common stock will be sustained in the future. The average daily volume of shares traded during 2002 was less than 1,000 shares. As a result of the thin trading market or float for our stock, the market price for our common stock may fluctuate significantly more than the stock market as a whole. Without a large float, our common stock is less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our common stock may be more volatile. In addition, in the absence of an active public trading market, an investor may be unable to liquidate his investment in us. Trading of a relatively small volume of our common stock may have a greater impact on the trading price for our stock than would be the case if our public float were larger. We cannot predict the prices at which our common stock will trade in the future.

You should not rely on the underwriters lock-up agreements to limit the number of shares sold into the market by our affiliates.

The holders of approximately % of the shares of our common stock to be outstanding after this offering have agreed with our underwriters to be bound by 180-day lock-up agreements that prohibit these holders from selling or transferring their stock except in specified limited circumstances. The lock-up agreements signed by our stockholders are only contractual agreements and Merrill Lynch, on behalf of the underwriters, can waive the restrictions of the lock-up agreements at an earlier time without prior notice or announcement and allow stockholders to sell their shares. If the restrictions of the lock-up agreement are waived, approximately million shares will be available for sale into the market, subject only to applicable securities rules and regulations, which would likely reduce the market price for our common stock.

If you purchase shares of common stock in this offering, you will experience immediate dilution.

We expect the public offering price of our common stock to be higher than the book value per share of our outstanding common stock. This means that investors who purchase shares will pay a price per share that exceeds the book value of our assets after subtracting our liabilities. Moreover, to the extent that outstanding options to purchase our common stock are exercised or options reserved for issuance are issued and exercised, each person purchasing common stock in this offering will experience further dilution.

Estimated initial cash available for distribution may not be sufficient to make distributions at expected levels.

Our estimated initial annual distributions represent % of our estimated initial cash available for distribution for the twelve months ending June 30, 2004, as calculated in Distribution Policy. We expect that the percentage of our distributions representing a return of capital will decrease substantially thereafter. Accordingly, we may be unable to pay our estimated initial annual distribution to stockholders out of cash available for distribution as calculated in Distribution Policy. If sufficient cash is not available for distribution from our operations, we may have to fund distributions from working capital or to borrow to provide funds for such distribution or to reduce the amount of such distribution. In the event the underwriters over-allotment option is exercised, pending investment of the proceeds therefrom, our ability to pay such distribution out of cash from our operations may be further adversely affected.

Market interest rates may have an effect on the value of our common stock.

One of the factors that will influence the price of our common stock will be the dividend yield on the common stock (as a percentage of the price of our common stock) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of our common stock to expect a higher dividend yield and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our common stock to go down.

Future sales of shares of our common stock could lower the price of our shares.

We may, in the future, sell additional shares of our common stock in subsequent public offerings. Additionally, shares of our common stock underlying options will be available for future sale upon exercise of those options. Any sales of a substantial number of our shares in the public market, or the perception that such sales might occur, may cause the market price of our shares to decline.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of the shares of common stock offered hereby will be approximately $152,378,000, or approximately $161,520,638 million if the underwriters exercise their over-allotment option in full, based upon the public offering price per share of $16.00, and after deducting the underwriting discount and the estimated offering expenses payable by us. We will contribute the net proceeds of this offering to the operating partnership.

The table below assumes that this offering, the merger of our advisors and the pending transactions will be consummated and all payments by us set forth below will occur on , 2003. Exact payment amounts may differ from estimates due to amortization of principal, accrual of additional prepayment fees and incurrence of additional transaction expenses. This table identifies sources of funds arising from this offering and our line of credit with specific uses for the convenience of the reader; however, sources of funds from this offering and our line of credit may be commingled and have not been designated for particular purposes.

	Amount
Sources:	
Proceeds from this offering	152,378,471
Assumed mortgages:	
Golden Triangle Shopping Center	9,880,000
Columbus Crossing Shopping Center	17,500,000
New mortgages:	
Huntingdon Plaza	2,400,000
Wal Mart Shopping Center Senior loan	5,443,750
Wal Mart Shopping Center Subordinated loan	3,921,250
Columbus Crossing Shopping Center	1,000,000
Lake Raystown Plaza	5,600,000
Washington Center Shoppes	8,800,000
Hudson Realty Financing	2,350,000
Loan Christopher Weil & Co.	1,000,000
Draw on the line of credit	10,000,000
Total Sources	220,273,471
Uses:	
Redeem Preferred Units	3,600,000
Repurchase of CBC Limited Partnership Units	9,000,000
Funding of Pending Transactions:	
Giant at Loyal Plaza Shopping Center	5,400,000
River View Plaza I, II and III	49,500,000
South Philadelphia Shopping Plaza	38,250,000
Columbus Crossing Shopping Center	26,500,000
Golden Triangle Shopping Center	11,980,000
Huntingdon Plaza	4,500,000
Lake Raystown Plaza	7,500,000
Wal-Mart Shopping Center	9,365,000
Wal-Mart Shopping Center Subordinated Loan	2,931,250

	Amount
Purchase of Joint Ventures:	
Swede Square	3,188,000
Pine Grove Shopping Center	2,175,000
The Point Shopping Center	2,400,000
Repayment of Outstanding Indebtedness:	
Repayment of Hudson Realty Financing	8,000,000
Repayment of Citizens Bank of Pennsylvania	1,000,000
Repayment of BFV Interim Finance	3,500,000
Repayment of loans from related parties	750,000
Repayment of loans to Homburg Invest	1,320,000
Repayment of loan to CBC affiliate	887,000
Repayment of accrued fees and loans	1,000,000
Repayment of advisory fees	450,000
Pay-off of Washington Center Shoppes mortgage	5,863,159
Payment of defeasance fees related to River View Plaza I, II and III	5,200,000
Payment of defeasance fees related to Washington Center Shoppes mortgage	1,100,000
Repayment of Christopher Weil & Co. Loan	1,200,000
Fees and expenses	13,714,062
Total Uses	220,273,471

PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is listed and traded on the Nasdaq SmallCap Market under the symbol CEDR. The following table sets forth, for the periods indicated, the high and low bid prices of our common stock with respect to the periods indicated. Prices for shares of our common stock reflect quotations between dealers without adjustment for retail mark-ups, mark-downs or commissions and do not necessarily represent actual transactions. The shares of our common stock are thinly traded and as such, the quoted price at any time may not have reflected the actual price at which our common stock was bought or sold. The quoted price has varied significantly from actual transactions depending on the size of the inside bid and asked quotations and the quantity of shares actually being traded.

	High	Low
Year ended December 31, 2001		
1st quarter	$1.66	$1.66
2nd quarter	1.75	1.70
3rd quarter	3.97	2.30
4th quarter	2.13	2.13
Year ended December 31, 2002		
1st quarter	$2.40	$2.13
2nd quarter	4.43	2.35
3rd quarter	3.20	1.78
4th quarter	2.00	1.31
Year ending December 31, 2003		
1st quarter	$2.71	$2.00
2nd quarter	2.62	2.08
3rd quarter (through August 18, 2003)	4.51	2.00

No distributions to stockholders were made during these periods.

On , 2003, the closing sale price of our common stock, as reported on the Nasdaq SmallCap Market, was $ per share. As of , 2003, there were record holders of our common stock. This figure does not reflect the beneficial ownership of shares held in nominee name.

On , 2003, we effectuated a -for- reverse stock split.

We intend to apply for listing of our common stock on the New York Stock Exchange under the symbol [CDR].

DISTRIBUTION POLICY

After this offering, we intend to make regular quarterly distributions to our common stockholders. The initial distribution, covering the partial three month period commencing on the closing of this offering and ending on December 31, 2003, is expected to be approximately $ per share. This initial partial distribution is based on a full quarterly distribution of $ per share and represents an annualized distribution of $ per share. This initial expected annual distribution represents an initial annual distribution rate of %, based upon an assumed public offering price of $ per share of our common stock. You should read the following discussion and the information set forth in the table and footnotes below together with Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and related notes beginning on page F-1 of this prospectus.

Our intended initial distribution has been established based on our estimate of the cash flow that will be available to us for distributions for the twelve months ending June 30, 2004. This estimate is based on estimated cash flows provided by our operations for the twelve months ended June 30, 2003, as adjusted for those adjustments described in the table and footnotes below. In estimating our cash available for distribution for the twelve months ending June 30, 2004, we have made certain assumptions as reflected in the table below, including .

We believe that our estimate of cash available for distributions constitutes a reasonable basis for setting our initial distribution. Any distributions we make will be at the discretion of our board of directors. We cannot assure you that our estimated distribution will be made or sustained. Our actual results of operations may differ materially from our current expectations. Our actual results of operations will be affected by a number of factors, including the revenue we receive from our properties, our operating expenses, interest expense, the ability of our tenants to meet their obligations and unanticipated expenditures. For more information regarding risk factors that could materially adversely affect our actual results of operations, please see Risk Factors. In addition, variations in the net proceeds from this offering as a result of a change in the public offering price or the exercise of the underwriters over-allotment option may affect our cash available for distributions and available reserves, which may affect our ability to make the contemplated distribution.

The following table describes the calculation of our pro forma funds from operations for the twelve months ended June 30, 2003 and the adjustments to pro forma funds from operations for the twelve months ended June 30, 2003 used in estimating initial cash available for distribution for the twelve months ending June 30, 2004.

	Amount
Pro Forma Income Before Allocation to Minority Interests for the twelve months ended December 31, 2002	$(20,578,614)
Add: Pro Forma Income Before Allocation to Minority Interests for the six months ended June 30, 2003	(20,632,946)
Less: Pro Forma Income Before Allocation to Minority Interests for the six months ended June 30, 2002	21,254,146
Pro Forma Income Before Minority Interests for the twelve months ended June 30, 2003	(19,957,414)
Add: Real estate depreciation and amortization	6,572,044
Less: Amounts distributable to minority interest	(1,340,539)

	Amount
Pro Forma Funds from Operations for the twelve months ended June 30, 2003(1)	(14,725,909)
Add: Amortization of deferred debt financing costs, net of allocation to minority partners(2)	452,465
Add: Non-recurring compensation expense(3)	5,495,000
Add: One-time defeasance costs related to River View Plaza I, II and III and Washington Center Shoppes	6,300,000
Add: One time payment to owners of external advisors for merger into us	15,000,000
Add: Amortization of acquired lease obligations, net of allocation to minority partners(2)	561,232
Less: Straight line rents, net of allocation to minority partners(4)	(988,410)
Pro Forma Cash Flows from Operating Activities for the twelve months ended June 30, 2004	12,094,378
Add: New leases and net increases in renewals, net of allocation to minority partners(5)	3,227,646
Less: Provisions for lease expirations, assuming no renewals, net of allocation to minority partners(6)	(1,458,432)
Add: Seller lease payment guarantees, net of minority interest(7)	230,000
Add: Expenses to be Capitalized as Development Costs(8)	
Estimated Cash Flows from Operating Activities for the twelve months ended June 30, 2004	14,093,592
Estimated cash flows used in investing activities:	
Less: Non-revenue enhancing capital expenditures, net of allocation to minority partners(9)	
Less: Tenant improvements and leasing commissions, net of allocation to minority partners(10)	
Estimated cash flows from investing activities	
Estimated cash flows used in financing activities:	
Less: Scheduled mortgage loan principal payments, net of allocation to minority partners(11)	(1,215,977)
Estimated Cash Available for Distribution for the twelve months ended June 30, 2004	$
Estimated annual distribution per share(12)	$
Payout Ratio(13)	

(1) FFO is defined by NAREIT as net income or loss excluding gains or losses from debt restructuring and sales of properties plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States and is not indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income, as an indicator of our operating performance or as an alternative to cash flow as a measure of liquidity. We believe that FFO is an appropriate measure of performance of an equity REIT. As all companies and analysts do not calculate FFO in a similar fashion, our calculation of FFO presented herein may

not be comparable to similarly titled measures as reported by other companies.

(2) Represents non-cash item for the year ended June 30, 2003.

(3) Represents one-time stock compensation grant given to senior management by Leo S. Ullman from stock received for the advisors.

(4) Represents the effect of adjusting straight-line rental revenue included in pro forma net income on the accrual basis under generally accepted accounting principles to amounts currently being paid or due from tenants.

(5) Represents contractual rental income from new leases and net increases in contractual rental income from renewals that were not in effect for the entire year ended June 30, 2003, and new leases and net increases in contractual rental income from renewals that went into effect between July 1, 2003 and August 15, 2003.

(6) Represents contractual rental income under leases expiring between July 1, 2003 and June 30, 2004 unless a renewal lease has been entered into by August 15, 2003.

(7) Represents guaranteed lease payments made by sellers for space which has not been rented by new tenants.

(8) Represents expenses to be capitalized as project costs with respect to certain properties that will be undergoing redevelopment during the June 30, 2004 fiscal year.

(9) Represents an assumed capital expenditure per square foot for the twelve month pro forma period ending June 30, 2004 of $ multiplied by the total company-owned GLA upon consummation of the offering of 3.6 million square feet.

(10) Represents assumed recurring tenant improvements and leasing commissions for the year ending June 30, 2004 of $ per foot multiplied by square feet scheduled to expire during the twelve month period ending June 30, 2004.

(11) Represents scheduled payments of mortgage loan principal due during the year ending June 30, 2004.

(12) Based on a total of shares of common stock and units expected to be outstanding after this offering.

(13) Calculated as estimated initial annual distribution to stockholders per share/unit divided by our share of estimated cash available for distribution for the year ending June 30, 2004.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2003, on an actual and as adjusted basis to reflect the merger of our advisors, this offering and the use of the net proceeds from this offering as described in Use of Proceeds . You should read this table in conjunction with Use of Proceeds, Selected Historical and Pro Forma Consolidated Financial and Operating Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements, and the notes to our financial statements appearing elsewhere in this prospectus.

	Actual	As Adjusted
	(Dollars in thousands)	
Debt:		
Mortgage loans payable	$130,566	$171,827
Line of credit		10,000
Loans payable	9,767	
Accounts payable and accrued expenses	2,380	1,380
Security deposits	427	427
Deferred liabilities	6,581	12,341
Prepaid rents	917	917
Total debt	150,638	196,892
Minority Interests	18,915	12,657
Limited partner s interest in consolidated operating partnership	7,026	
Series A preferred 9% convertible, redeemable units	3,000	
Shareholders equity:		
Common stock, $.01 par value, 50,000,000 shares authorized; 1,427,000 and 11,900,000 shares issued and outstanding, respectively	14	119
Accumulated other comprehensive loss	(276)	(276)
Additional paid-in-capital	3,179	133,533
Total shareholders equity	2,917	133,376
Total capitalization	$182,496	$342,925

DILUTION

Purchasers of our common stock offered in this prospectus will experience an immediate and substantial dilution of the net tangible book value of their common stock from the public offering price. At June 30, 2003, we had a combined net tangible book value of approximately $228,347, or $0.02 per share of our common stock held by existing stockholders, assuming the exchange of units into shares of our common stock on a two-to-one basis. After giving effect to the sale of the shares of our common stock offered hereby, the deduction of underwriting discounts and commissions and estimated offering and related expenses, the receipt by us of the net proceeds from this offering, and the use of these funds by us as described in our pro forma financial statements included elsewhere in this prospectus, the pro forma net tangible book value at June 30, 2003 attributable to the common stockholders would have been $(8,205,972), or $(0.69) per share of our common stock. This amount represents an immediate increase in net tangible book value of $11.65 per share to existing stockholders and an immediate dilution in pro forma net tangible book value of $5.02 per share from the public offering price of $16.00 per share of our common stock to new public investors. The following table illustrates this per share dilution(1):

Assumed public offering price per share		$16.00
Net tangible book value per share before the merger and this offering(2)		0.02
Decrease in pro forma net tangible book value per share attributable to the merger, property acquisitions and refinancing but before this offering(3)	(0.69)	
Increase in pro forma net tangible book value per share attributable to this offering(4)	11.65	
Net increase in pro forma net tangible book value per share attributable to the merger and this offering	10.96	
Pro forma net tangible book value per share after the merger and this offering		10.98
Dilution in pro forma net tangible book value per share to new investors		5.02

(1) The number of shares and units reflected in the calculations below assumes that the public offering price of our common stock is within the range of prices set forth on the cover page of this prospectus. We may choose to not consummate this offering at prices below the bottom of the range. We do not currently anticipate changing the number of shares or units if we price above the range of prices set forth on the cover page of the prospectus.

(2) Net tangible book value per share of our common stock before this offering and related transactions is determined by dividing net tangible book value based on June 30, 2003 net book value of the tangible assets (consisting of total assets less intangible assets, which are comprised of deferred loan and lease costs, net of liabilities to be assumed, excluding our acquired lease obligations) by the number of shares of our common stock held by continuing investors after this offering, assuming the exchange in full of the units to be issued to the continuing investors.

(3) Decrease in net tangible book value per share of our common stock attributable to the transactions provided for herein, but before this offering, is determined by dividing the difference between the June 30, 2003 pro forma net tangible book value, excluding net offering proceeds, and our June 30, 2003 net tangible book value by the number of shares of our common stock held by continuing investors after this offering, assuming the exchange in full of the units to be issued to the continuing investors.

(4) Represents increase in net tangible book value per share of our common stock attributable to this offering, adjusted to spread the negative net tangible book value existing before this offering among investors in this offering. This amount is calculated after deducting underwriters discounts and commissions, financial advisory fees and estimated expenses of this offering.

SELECTED FINANCIAL DATA

The operating data for the years ended December 31, 2000, 2001 and 2002 and the balance sheet data as of December 31, 2001 and 2002 are derived from our financial statements and notes thereto included in this prospectus and which have been audited by Ernst & Young, LLP, our independent auditors. Operating data for the years ended December 31, 1998, 1999 and 2000 and the balance sheet data as of December 31, 1998, 1999 and 2000 are derived from our financial statements that are not included in this prospectus. The operating data for the six months ended June 30, 2003 and 2002, and the balance sheet as of June 30, 2003 are derived from our unaudited financial statements and notes thereto included elsewhere in this prospectus. The following selected financial data should be read in conjunction with our financial statements and the notes thereto, appearing elsewhere in this prospectus and the information under Management s Discussion and Analysis of Financial Condition and Results of Operations.

	Six Months Ended June 30,		Years Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(unaudited)	(unaudited)					
Statement of Operating Data:							
Revenues							
Rents	$11,203,000	$ 5,151,000	$12,964,000	$ 4,817,000	$3,037,000	$2,489,000	$2,505,000
Interest	219,000	16,000	25,000	282,000	179,000	26,000	60,000
Total Revenues	11,422,000	5,167,000	12,989,000	5,099,000	3,216,000	2,515,000	2,565,000
Operating Expenses							
Operating, maintenance and management	3,206,000	1,207,000	2,313,000	1,091,000	745,000	587,000	560,000
Real estate taxes	1,232,000	593,00	1,527,000	494,000	308,000	259,000	263,000
General and administrative	1,172,000	554,000	2,005,000	731,000	635,000	669,000	861,000
Depreciation and amortization	1,767,000	1,112,000	2,546,000	991,000	622,000	493,000	480,000
Interest expense	4,290,000	2,725,000	5,523,000	1,888,000	604,000	128,000	130,000
Total Operating Expenses	11,667,000	6,191,000	13,914,000	5,195,000	2,914,000	2,136,000	2,294,000
Operating (loss) income	(245,000)	(1,024,000)	(925,000)	(96,000)	302,000	379,000	271,000
Minority interests	(422,000)	121,000	(159,000)	(44,000)	8,000		
Limited partners interest	449,000	677,000	806,000	75,000	(192,000)	(315,000)	(90,000)
Loss on impairment				(1,342,000)	(204,000)		
Gain on sale of properties				1,638,000	91,000		
Loss on sale of properties		(49,000)	(49,000)	(296,000)			
Net (loss) income before cumulative effect adjustment	$ (218,000)	$ (275,000)	$ (327,000)	$ (65,000)	$ 5,000	$ 64,000	$ 181,000
Cumulative effect of change in accounting principles (net of				(6,000)			

limited partner s share of $15,000)							

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	Six Months Ended June 30,		Years Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(unaudited)	(unaudited)					
Distribution to preferred shareholder (net of limited partner s interest of $48,000)	(21,000)						
Net (loss) income before extraordinary items	(239,000)	(275,000)	(327,000)	(71,000)	5,000	64,000	181,000
Extraordinary items:							
Early extinguishment of debt (net of limited partner s share of $346,000, $188,000 and $32,000 in 2002, 2001 and 2000, respectively)			(141,000)	(76,000)	(18,000)		
Net (loss) income	$ (239,000)	$ (275,000)	$ (468,000)	$ (147,000)	$ (13,000)	$ 64,000	$ 181,000
Net (loss) earnings per share before cumulative effect adjustment	$ (0.15)	$ (0.20)	$ (0.24)	$ (0.05)	$ 0.00	$ 0.05	$ 0.06
Cumulative change in accounting principle per share	0.00	0.00	0.00	(0.01)	0.00	0.00	0.00
Net (loss) earnings per share before extraordinary item	(0.15)	(0.20)	(0.24)	(0.06)	0.00	0.05	0.06
Extraordinary (loss) per share	0.00	0.00	(0.10)	(0.05)	(0.01)	0.00	0.00
Net (loss) earnings per share	$ (0.15)	$ (0.20)	$ (0.34)	$ (0.11)	$ (0.01)	$ 0.05	$ 0.06
Dividends to shareholders	$	$	$	$	$ 268,000	$ 257,000	$ 558,000
Dividends to shareholders per share	$	$	$	$	$ 0.15	$ 0.22	$ 0.20
Average number of shares outstanding	1,620,000	1,386,000	1,388,000	1,384,000	1,738,000	1,188,000	2,788,000

	Six Months Ended June 30,	Years Ended December 31,				
	2003	2002	2001	2000	1999	1998
	(unaudited)					
Balance Sheet Data:						
Real estate before accumulated depreciation	$172,431,000	$123,634,000	$57,622,000	$28,272,000	$19,186,000	$18,904,000
Real estate after accumulated depreciation	168,515,000	121,238,000	56,948,000	24,095,000	13,995,000	14,206,000
Real estate held for sale			4,402,000	1,850,000		
Total assets	182,496,000	133,138,000	68,350,000	35,567,000	16,693,000	15,323,000
Mortgage loans and loan payable	140,333,000	101,001,000	52,110,000	19,416,000	1,347,000	1,375,000
Minority interest	18,915,000	10,238,000	2,235,000	2,291,000		
Limited partner s interest in consolidated operating partnership	10,026,000	10,889,000	8,964,000	9,242,000	9,561,000	10,309,000
Shareholders equity	$ 2,917,000	$ 3,245,000	$ 3,667,000	$ 3,815,000	$ 5,243,000	$ 3,290,000
Other Data:						
Cash flows from operating activities	451,000	1,159,000	1,000,000	989,000	1,105,000	771,000
Cash flows from investing activities	(50,563,000)	(41,380,000)	(2,529,000)	(8,850,000)	(282,000)	424,000
Cash flows from financing activities	47,402,000	41,803,000	3,451,000	5,886,000	797,000	(924,000)

Unaudited Summary Selected Pro Forma Financial Data

The following tables also set forth our selected financial data on a pro forma basis, as if we completed the offering transaction, acquired the properties and the management companies and completed the refinancing transaction and we qualified as a REIT, distributed 90% of our taxable income and, therefore, incurred no income tax expense during the period. The unaudited pro forma operating data for the six months ended June 30, 2003 is presented as if we completed the offering transaction and acquired the properties and the management companies and completed the refinancing transactions on January 1, 2003. The unaudited pro forma operating data for the year ended December 31, 2002 is presented as if we completed the offering transaction and acquired the properties and the management companies and completed the refinancing transactions on January 1, 2002. The unaudited pro forma balance sheets as of June 30, 2003 is presented as if we completed the offering transaction and acquired the properties and the management companies and completed the refinancing transactions on June 30, 2003.

The pro forma information is based upon assumptions that are included in the notes to the pro forma financial statements included elsewhere in this prospectus. The pro forma information is unaudited and is not necessarily indicative of what our financial position and results of operations would have been as of and for the dates or periods indicated, nor does it purport to represent our future financial position and results of operations for future dates or periods.

	Pro forma Six Months Ended June 30, 2003	Pro forma Twelve Months Ended December 31, 2002
	(Unaudited)	(Unaudited)
Statement of Operating Data:		
Revenues		
Rents	20,705,441	39,783,268
Interest and other income	632,601	584,030
Total Revenues	21,338,042	40,367,298
Operating Expenses:		
Operating, maintenance and management	8,283,258	14,049,499
Real estate taxes	2,063,033	4,016,863
General and administrative	1,500,000	3,000,000
Depreciation and amortization	3,474,599	6,895,696
Interest expense	11,650,098	17,983,854
Total Operating Expenses	26,970,988	45,945,942
Operating (loss) income	(5,632,946)	(5,578,614)
Termination fees	(15,000,000)	(15,000,000)
Minority interests	(423,667)	(581,617)
Limited partners interest		
Loss on impairment		
Gain on sale of properties		
Loss on sale of properties		
Net (loss) income	(21,056,613)	(21,160,231)
Basic and dilutive net income per share	$(1.97)	$(1.99)

	Pro forma June 30, 2003
	(Unaudited)
Balance Sheet Data:	
Real estate before accumulated depreciation	332,610,890
Real estate after accumulated depreciation	328,735,890
Real estate held for sale	
Total assets	342,923,697
Mortgage loans and loan payable	171,826,591
Minority interest	12,656,511
Limited partner s interest in consolidated operating partnership	
Shareholders equity	133,375,437

	Pro forma Six Months Ended June 30, 2003	Pro forma Year Ended June 30, 2003	Pro forma Year Ended December 31, 2002
Other Data:			
Funds from operations(1)(2)(3)	(17,934,613)	(14,726,000)	(15,423,231)
Total properties-square feet	3,609,400	3,609,400	3,609,400
Properties-percent leased(4)	92%	92%	92%

(1) Management believes that FFO is a widely recognized and appropriate measure of performance of an equity REIT. Although FFO is a non-GAAP financial measure, management believes it provides useful information to shareholders, potential investors, and management. Management computes FFO in accordance with the standards established by NAREIT. FFO is defined by NAREIT as net income or loss excluding gains or losses from debt restructuring and sales of properties plus real estate depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States and is not indicative of cash available to fund cash needs. FFO should not be considered as an alternative to net income, as an indicator of our operating performance, or as an alternative to cash flow as a measure of liquidity. As not all companies and analysts calculate FFO in a similar fashion, our calculation of FFO presented herein may not be comparable to similarly titled measures as reported by other companies.

(2) The calculation of FFO includes the following one-time charges that are added back in the calculation of Pro Forma Cash Flows from Operating Activities for the twelve months ending June 30, 2004, as set forth in the section captioned Distribution Policy :

$5,200,000 for defeasance of the mortgage debt on River View Plaza I, II and III

$1,100,000 for defeasance of the mortgage debt on Washington Center Shoppes

$5,495,000 for one-time stock compensation charges incurred in connection with this offering

$15,000,000 one time payment to owners of external advisors for merger into us.

(3) The calculation of FFO excludes the following items that are included in the calculation of Pro Forma Cash Flows from Operating Activities for the twelve months ending June 30, 2004, as set forth in the section below captioned Distribution Policy :

$ of capitalized development costs at certain properties being redeveloped

$230,000 on account of seller lease guarantees at South Philadelphia Shopping Plaza and Red Lion Shopping Center

(4) Excludes three properties currently being re-developed.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are a REIT that will be fully integrated, self-administered and self-managed upon consummation of this offering. We acquire, own, manage, lease and redevelop neighborhood and community shopping centers. Upon consummation of this offering and completion of the pending acquisitions described herein, we will have a portfolio of 23 properties totaling approximately 3.6 million square feet of gross leasable area, or GLA, including 17 wholly-owned centers comprising approximately 2.8 million square feet of GLA and six centers owned through joint ventures, comprising 730,000 square feet of GLA.

We currently own 14 properties totaling approximately 2.4 million square feet of GLA. Our portfolio, excluding two properties under development, was approximately 94% leased as of June 30, 2003. We have entered into agreements to acquire nine other shopping centers, totaling approximately 1.2 million square feet of GLA for an aggregate purchase price of $143.4 million. Upon consummation of this offering and completion of our pending acquisitions, our portfolio, excluding three properties under development, will be approximately 92% leased. We intend to close on these pending acquisitions shortly after consummation of this offering.

We were originally incorporated in Iowa on December 10, 1984 and elected to be taxed as a REIT commencing with the taxable year ended December 31, 1986. In June 1998, following a tender offer completed in April 1998 for the purchase of our common stock by CBC, we reorganized as a Maryland corporation and established an umbrella partnership REIT structure through the contribution of substantially all of our assets to a Delaware limited partnership, the operating partnership. We conduct our business through the operating partnership. Upon consummation of this offering we will own a % interest in the operating partnership. We are presently the sole general partner and own an approximate 30% interest in the operating partnership.

We derive substantially all of our revenues from rents and reimbursement payments received from tenants under existing leases on each of our properties. Our operating results therefore depend materially on the ability of our tenants to make required payments. We believe that the nature of the properties we primarily own and in which we invest, neighborhood and community shopping centers, provides a more stable revenue flow in uncertain economic times, as they are more resistant to economic down cycles. This is because consumers still need to purchase food and other goods found at supermarkets, even in difficult economic times.

In the future, we intend to focus on increasing our internal growth and pursuing targeted acquisitions of neighborhood and community shopping centers. We currently expect to incur additional debt in connection with any future acquisitions of real estate.

Summary of Critical Accounting Policies

Basis of Presentation and Consolidation Policy

The financial statements are prepared on an accrual basis in accordance with GAAP. The accompanying interim unaudited financial statements have been prepared by the Company s management pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with GAAP may have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading. The unaudited financial statements as of June 30, 2003, and for the three and six month periods ended June 30, 2003 and 2002, include, in the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial information set forth herein. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the year ending

December 31, 2003. These financial statements should be read in conjunction with the Company s audited financial statements and the notes thereto included in the Company s Form 10-K for the year ended December 31, 2002. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities, the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The operating partnership is the entity through which we conduct substantially all of our business and owns (either directly or through subsidiaries) substantially all of our assets. We own an approximate 30% economic interest in, and are the sole general partner of, the operating partnership. As of June 30, 2003, our consolidated financial statements include the accounts and operations of us and the operating partnership. The operating partnership has a 50% partnership interest in The Point Shopping Center; a 20% general partnership interest in Red Lion Shopping Center; a 25% general partnership interest in Loyal Plaza Shopping Center; a 30% general partnership interest in the three Giant supermarket-anchored shopping centers, Fairview Plaza, Halifax Plaza, and Newport Plaza; a 15% interest in Pine Grove Plaza Shopping Center; and a 15% general partnership interest in Swede Square.

Upon the merger of our advisors and consummation of this offering, we will have a % general partnership interest in the operating partnership and the operating partnership will have a 100% interest in The Point Shopping Center, Pine Grove Shopping Center and Swede Square, a 20% general partnership interest in the Red Lion Shopping Center and a 25% general partnership interest in Loyal Plaza Shopping Center.

Revenue Recognition

Rental income with scheduled rent increases is recognized using the straight-line method over the term of the leases. The aggregate excess of rental revenue recognized on a straight-line basis over cash received under applicable lease provisions is included in deferred rent receivable. Leases generally contain provisions under which the tenants reimburse us for a portion of property operating expenses and real estate taxes incurred by us. In addition, certain of our 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. We defer recognition of contingent rental income until those specified targets are met.

We must make estimates as to the collectibility of our accounts receivable related to minimum rent, deferred rent, expense reimbursements and other revenue. We analyze accounts receivable and historical bad debts, tenant credit worthiness, current economic trends and changes in our tenant s payment patterns when evaluating the adequacy of the allowance for doubtful accounts receivable. These estimates have a direct impact on our net income, because a higher bad debt allowance would result in lower net income.

Real Estate Investments

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

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

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

On July 1, 2001 and January 1, 2002, we adopted SFAS No. 141 Business Combinations and SFAS No. 142, Goodwill And Other Intangibles , respectively. As part of the acquisition of real estate assets, the fair value of the real estate acquired is allocated to the acquired tangible assets, consisting of land, building and building improvements, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, other value of in-place leases and value of tenant relationships, based in each case on their fair value.

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

In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above-market and below-market in-place lease values are recorded based on the present value (using an interest rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place leases and (ii) management s estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining non-cancelable term or the lease. The capitalized above-market lease values (included in deferred leasing costs in the accompanying combined balance sheet) are amortized as a reduction of rental income over the remaining non-cancelable terms of the respective leases. The capitalized below-market lease values (presented as acquired lease obligations in the accompanying combined balance sheet) are amortized as an increase to rental income over the remaining initial terms in the respective leases.

The aggregate value of other acquired intangible assets, consisting of in-place leases and tenant relationships, is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates over (ii) the estimated fair value of the property as if vacant, determined as set forth above. This aggregate value is allocated between in-place lease values and tenant relationships based on management s evaluation of the specific characteristics of each tenant s lease; however, the value of tenant relationships has not been separated from in-place lease value for the additional interests in real estate entities acquired by the Predecessor because such value and its consequence to amortization expense is immaterial for these particular acquisitions. Should future acquisitions of properties result in allocating material amounts to the value of tenant relationships, an amount would be separately allocated and amortized over the estimated life of the relationship. The value of in-place leases exclusive of the value of above-market and below-market in-place leases is amortized to expense over the remaining non-cancelable periods of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be written off.

Hedging Activities

From time to time, we use derivative financial instruments to limit our exposure to changes in interest rates related to variable rate borrowings. Derivative instruments are carried on the consolidated financial statements at their estimated fair value and a change in the value of a derivative is reported as other comprehensive income or loss. If interest rate assumptions and other factors used to estimate a derivative s fair value or methodologies used to determine a derivative s effectiveness were different, amounts included in the determination of net income or other comprehensive income or loss could be affected.

Stock Option Plans and Warrants

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

SFAS 123, as amended by SFAS 148, establishes financial accounting and reporting standards for stock-based employee compensation plans, including all arrangements by which employees receive shares of stock or other equity instruments of the employer or the employer incurs liabilities to employees in amounts based on the price of the employer s stock. SFAS 123 defines a fair value based method of accounting for an employee stock option or similar equity instrument and encourages all entities to adopt that method of accounting for all of their employee stock compensation plans. However, it also allows an entity to continue to measure compensation cost using the intrinsic value based method of accounting prescribed by APB Opinion No. 25 (Opinion No. 25), Accounting for Stock Issued to Employees. We have elected to continue using Opinion No. 25 and to make pro forma disclosures of net income and earnings per share as if the fair value method of accounting defined in SFAS 123 had been applied.

Recent Accounting Pronouncements

In November 2002, the FASB issued Interpretation No. 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, or FIN 45. FIN 45 significantly changes the current practice in the accounting for, and disclosure of, guarantees. Guarantees and indemnification agreements meeting the characteristics described in FIN 45 are required to be initially recorded as a liability at fair value. FIN 45 also requires a guarantor to make significant new disclosures for virtually all guarantees even if the likelihood of the guarantor having to make payment under the guarantee is remote. The disclosure requirements within FIN 45 are effective for financial statements for annual or interim periods ending after December 15, 2002. The initial recognition and initial measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. We adopted FIN 45 on January 1, 2003. The result of this adoption did not have a material effect on our results of operations or financial position.

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities. The interpretation clarifies the application of existing accounting pronouncements to certain entities in which the equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The provisions of the interpretation are immediately effective for all variable interest entities created after January 31, 2003. We have evaluated the effects of the issuance of the interpretation on the accounting for our ownership interest in our joint venture partnerships created after January 31, 2003 and have concluded that all five of our joint ventures should be included in the consolidated financial statements. We are currently in the process of evaluating the impact that this interpretation will have on our financial statements for all joint ventures created before January 31, 2003.

In May 2003, the FASB issued SFAS No. 150 (SFAS 150) Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. This statement, which establishes standards for the classification and measurements of certain financial instruments with characteristics of both liabilities and equity, is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period starting after June 15, 2003. It is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of the statement and still existing at the beginning of the interim period of adoption. Management does not believe that the implementation of SFAS 150 will have a material impact on our condition, results of operations or cash flows.

Results of Operations

Comparison of Three Months Ended June 30, 2003 to Three Months Ended June 30, 2002

Differences in results of operations between the second quarter of 2003 and the second quarter of 2002 were driven largely by our acquisition and disposition activities. Net income (loss) before the loss on sale of properties, and income allocated to minority interest and limited partner, increased approximately $1,144,000 from a net loss of $921,000 in the second quarter of 2002 to net income of $223,000 in the second quarter of 2003. Net loss attributable to common shareholders decreased approximately $207,000 from a net loss of $227,000 in the second quarter of 2002 to a net loss of $40,000 in the second quarter of 2003. Net loss per share decreased $0.15 from a net loss per share of $0.16 in the second quarter of 2002 to a net loss per share of $0.02 in the second quarter of 2003.

Results of operations for properties consolidated for financial reporting purposes and held throughout both the second quarter of 2002 and the second quarter of 2003 included four properties. As of June 30, 2002 and 2003, we owned ten and 14 properties, respectively.

Property-Specific Revenue and Expenses

Quarter Ended