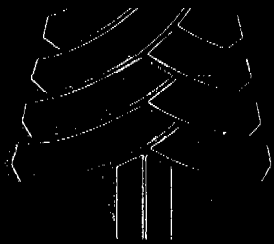


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Capitol Research Division
SNL Financial
1-800-969-4121



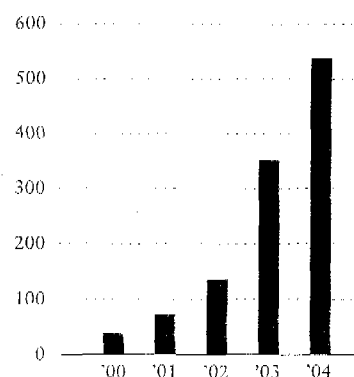
CEDAR SHOPPING CENTERS, INC.
2004 ANNUAL REPORT



Cedar Company History

- The Company was organized in 1984 as "Cedar Income Fund, Ltd." in Cedar Rapids, Iowa. It elected to be taxed as a real estate investment trust ("REIT") in 1986. Its shares were traded on the NASDAQ (SmallCap) Market.
- In April 1998, Cedar Bay Company, an investing client of real estate management companies owned by Mr. Ullman, now the Company's CEO, acquired control of the Company through a tender offer for the Company's shares.
- In June 1998, the Company was reorganized as a Maryland corporation and included in an umbrella partnership ("UPREIT") structure; the Company was renamed Cedar Shopping Centers, Inc.
- The various management company operations controlled by Mr. Ullman were merged into the Company and the Company arranged a public offering of common stock in October 2003, raising \$162.9 million to complete certain acquisitions and to pay off certain debt.
- The Company's assets, which in 1998 consisted of four properties, all but one being office properties located in diverse parts of the U.S., were subsequently refocused into primarily grocery-anchored shopping centers in the Northeast; assets were increased from \$36 million in 2000 to more than \$500 million in 2004.
- In conjunction with the October 2003 offering, the Company's stock was listed on the New York Stock Exchange under the symbol "CDR".
- During 2004, the Company raised an additional approximate \$56.7 million through issuance of an 8⁷/₈% Series A Cumulative Redeemable Preferred Stock in July 2004, and approximately \$38.2 million through an issue of 2.875 million shares of common stock through a marketed offering in December 2004.
- As of December 31, 2004, the Company owned 31 properties aggregating approximately 4.9 million sq. ft. of GLA.

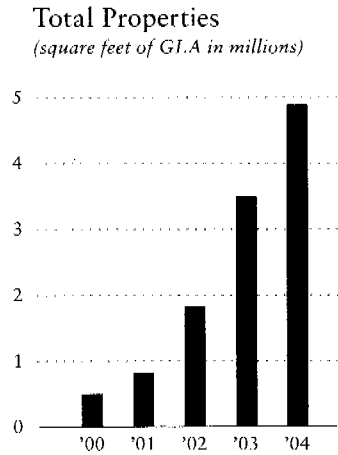
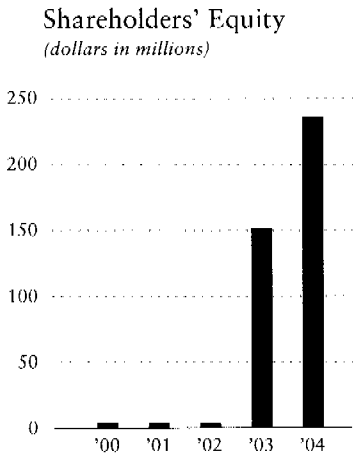
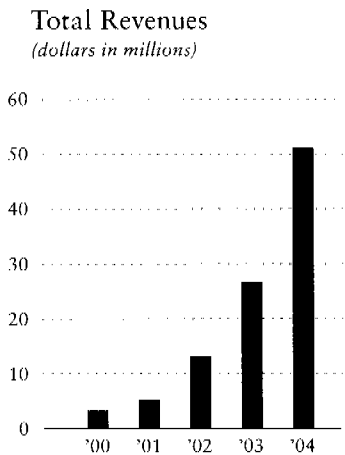
Total Assets
(dollars in millions)



Remarkable Growth

At or for the years ended December 31,	2004	2003	2002	2001	2000
Revenues	\$ 51,144,000	\$ 26,679,000	\$ 12,989,000	\$ 5,099,000	\$ 3,216,000
Net income (loss) applicable to common shareholders	\$ 5,702,000	\$ (21,351,000)	\$ (468,000)	\$ (147,000)	\$ (13,000)
Per common share (basic and diluted)	\$ 0.34	\$ (7.09)	\$ (2.03)	\$ (0.64)	\$ (0.04)
Dividends to common shareholders	\$ 13,750,000	\$ —	\$ —	\$ 268,000	\$ 257,000
Per common share	\$ 0.835	\$ —	\$ —	\$ 1.16	\$ 0.89
Total assets	\$ 537,160,000	\$ 349,647,000	\$ 133,138,000	\$ 68,350,000	\$ 35,567,000
Mortgages and other loans payable	\$ 248,630,000	\$ 162,458,000	\$ 101,001,000	\$ 52,110,000	\$ 19,416,000
Shareholders' equity	\$ 235,754,000	\$ 151,148,000	\$ 3,245,000	\$ 3,667,000	\$ 3,815,000
Ownership interests:					
Average common shares outstanding	16,681,000	3,010,000	231,000	231,000	290,000
Average Operating Partnership Units outstanding	450,000	547,000	568,000	568,000	568,000
Total	17,131,000	3,557,000	799,000	799,000	858,000
Funds from (used in) operations*	\$ 15,625,000	\$ (20,588,000)	\$ (451,000)	\$ 153,000	\$ 754,000
Per common share/OP Unit	\$ 0.91	\$ (5.79)	\$ (0.56)	\$ 0.19	\$ 0.88
Square feet of GLA	4,887,000	3,499,000	1,806,000	807,000	484,000
Percent leased (including development/redevelopment properties)	88%	88%	92%	92%	83%

*See page 35 of the Annual Report on Form 10-K for a discussion of funds from operations ("FFO"), a non-GAAP measure of performance, and a reconciliation of FFO to net income.



letter to our shareholders

Delivering Value and Growth

Dear Shareholders:

2004 was Cedar Shopping Centers' first full year as a New York Stock Exchange (NYSE)-listed company. We are pleased to report that 2004 was also a year in which Cedar (the "Company") achieved excellent growth in line with management plans. Importantly, our progress created value for our shareholders.

Last year in this letter, I reported that Cedar was entering a critical new phase and would be seeking growth through enhanced operating performance and accretive acquisitions. Through diligent and effective efforts of management and staff, and with the thoughtful support of our fine Board of Directors, we have delivered on our plans and believe we can continue to deliver improved results in 2005 and beyond.

Though complex in practice, Cedar's business is conceptually simple. We strive to do two things well: first, to manage existing properties in ways that generate increased income; secondly, to use our cash flow and credit to purchase or develop additional properties that generate higher returns than our cost of capital. When well executed, achievement of these twin goals generally translates into (a) attractive current income and dividend payments, and (b) associated long-term share price

growth. We are keenly aware that these two measures of company performance are of paramount importance to shareholders. In Cedar's case, the Company's achievements in 2004 paid off well: combining cash dividends at an annual rate of \$0.90 per share/OP unit with growth in share price from \$12.42 to \$14.30 at year-end, produced a full year total return of more than 22%. Measured by the accepted "yardsticks" of the REIT industry, Cedar certainly produced exemplary asset growth and yield, and remains an excellent value as measured by share price as a multiple of adjusted funds from operations ("AFFO").

Cedar began 2004 owning 22 shopping center properties. During the year, the Company acquired nine additional properties, raising our portfolio at year-end to 31 properties. Early in 2005, the Company acquired two additional properties in Maryland, and announced agreements to acquire what will now be 25 drug store-anchored properties principally in eastern Ohio. By growing revenues, these new properties will enhance the Company's ability to increase funds from operations ("FFO") and potentially to pay increased dividends in the future. Given the current outlook (i.e., assuming no major changes in our market sector environment), we have reconfirmed our belief that the Company will generate FFO in a range of \$1.10-\$1.20 per share/OP unit in 2005. It should be

noted that the 2005 outlook is back-loaded, as a result of redevelopment properties expected to come on-line in the fourth quarter, with a run rate expected to be in the range of \$0.30 to \$0.35 per share/OP unit during the fourth quarter.

Key achievements during 2004 included:

- Increasing gross assets to \$537 million and revenues to \$51 million.
- Producing FFO of \$0.91 per share/OP unit, as targeted.
- Raising new capital in July through a 2.35 million share, 8 $\frac{1}{4}$ % redeemable preferred stock offering, with net proceeds of \$56.7 million.
- Renegotiating our credit facility to benefit from a reduction of 0.75 basis points on the interest rate (to 150 over LIBOR at the lowest bracket), introducing an accordion feature to expand the facility potentially to \$200 million and eliminating a number of restrictions on the Company's operations.
- Raising additional equity capital of \$38.2 million in net proceeds in December through a common stock offering of 2.875 million new common shares.
- Acquiring three redevelopment properties and one development property, adding 470,000 square feet to the Company's property under development or redevelopment.

- Acquiring nine new properties that, including development and redevelopment properties, added 1.4 million square feet to the Company's total property portfolio of approximately five million square feet.
- Maintaining a strong balance sheet with a year-end pro-rata share of outstanding debt to total market capitalization of 38%.
- Paying our common shareholders and OP unit holders total dividends of \$14.1 million or \$0.835 per share/OP unit (at an annual rate of \$.90 per share/OP unit), as we had planned and indicated early in the business year.
- Implementing effective new reporting systems and internal control functions, meeting requirements of the Sarbanes-Oxley Act and the NYSE on a highly cost-effective basis.

Cedar is pursuing future growth and profitability via three operating strategies:

1. *Achieving increased revenue through redevelopment of existing sites and ground-up development on new sites.* Cedar staff use their specialized knowledge and construction skills creatively and effectively to bring new and revamped properties into the Company's revenue stream. In this regard, we note

the completion of Phase I of the Camp Hill redevelopment, the redevelopment achievements at our properties in Lancaster, Carbondale and Hamburg, and the commencement of construction on our Hershey development property.

2. *Seeking accretive acquisitions.*

Franklin Village, Brickyard, the two new Hagerstown properties (St. James Square and Kenley Village), and the new drug store-anchored portfolio are all examples of acquisitions we expect to add materially to our FFO per share during 2005. The combination of reasonable acquisition costs, careful financing, and attractive properties support our expectation of accretive earnings.

3. *Maintaining a strong balance sheet.*

We are highly sensitive to the need to balance intelligent growth with a strong balance sheet. We have thus added incrementally to our equity while using these proceeds initially to pay down our credit facility, enabling use of that facility to support additional acquisitions. Separately, we have been able to place attractive fixed-rate long-term debt on some of our properties. We continue to believe it prudent to keep our overall debt at a level of less than 50% of total capitalization.

The famous English satirist Lewis Carroll once wrote: "If you don't know where you are going, any road will take you there." At Cedar, we try to choose our paths carefully, and in the process, "to know where we are going" while en route. We believe our skilled and experienced management and staff will continue to produce profitable growth using similar methodologies to those we have employed in the past. Last year, I suggested that the Company expected to implement further growth despite heightened competition, declining cap rates, higher acquisition prices and higher expected interest rates. In 2005, it is our intent again to grow effectively amidst a similarly challenging market environment. In short, to echo my thoughts at the time of our NYSE listing, we are still excited to be here and remain excited about our business prospects.

For the Board of Directors,



Leo S. Ullman
Chairman
April 5, 2005

Portfolio Strategies



In considering properties for the Company's portfolio, we have kept in mind the important rule for our business: we will manage the business for the long run benefit of our shareholders.

In this context, we have focused first on creating a platform of well-located, stable and mature properties, primarily supermarket-anchored, as well as other properties which meet the central consideration of providing convenience shopping. We have thus focused on "bread and butter" shopping center and drug store-anchored properties with generally a large number of rooftops within a five-mile radius, strong middle-class demographics, mature communities with substantial barriers to entry and stable traffic patterns with good access.

In addition to our desire to continue to build a platform of such properties, at yields which exceed our costs of capital, and which generally provide promise of suitable future growth, we also expect development and redevelopment properties to represent an important aspect of our business for many years to come. We have extraordinary capacity and ability to develop and redevelop our shopping center properties, which we have demonstrated during recent years and which constitutes, at this time, a critical aspect of at least

seven of our properties with total projected development and redevelopment costs exceeding \$60 million.

There can be no assurances that such pipeline of development and redevelopment properties will constitute a similar percentage of our portfolio, nor can we be sure when we might be able to find and develop/redevelop such properties in coming years. However, we believe, based on our relationships with tenants, owners, brokers and others in our business, such opportunities will indeed be available to us in coming years.

We also like to purchase properties, where appropriate, with issues relating to deferred maintenance and below-market rents for tenants whose leases may expire within the next few years or whose businesses may be challenged by developments in their respective markets. Thus, for example, Valley Plaza in Hagerstown, Maryland, represents a property with a small number of tenants, most of whom are paying \$5 or less per sq. ft. in a market which we believe to be in the \$12 per sq. ft. range. We would be hopeful that at some early opportunity, which we cannot now predict, that property and other properties with similar attributes would offer additional added-value opportunities.

Finally, we expect to acquire extremely well-located institutional-quality shopping center properties which fit well within our geographic and product focus, but to which we could not otherwise aspire because of the aggressive cap rates compared to our higher costs of capital, by entering into certain joint venture arrangements. Those arrangements, which we would contemplate entering into with large, highly reputable asset managers, would generally contemplate ownership by us of, say, 20% of such properties, with our partner owning 80%. We would be the controlling managing partner for such properties, and for which we would receive acquisition, management, leasing, construction, financing, refinancing and disposition fees, as well as a "promote" provision, increasing our percentage from 20% to 40%, for example, if we are able to generate an agreed minimum internal rate of return on invested funds for such joint venture partner.



hershey, pennsylvania

Meadows Marketplace

LOCATION

This property, which is located at the intersection of Hay Shed Road and State Route 39 (also known as Hershey Road) in Hershey, Pennsylvania, has a great deal of new upscale residential construction, and is fast becoming a major connecting road between Harrisburg and Hershey.

DESCRIPTION

The Center, on which construction has commenced, and which is expected to be completed during the last quarter of 2005, will feature a 65,300 sq. ft. prototype Giant Foods supermarket, plus approximately 26,000 sq. ft. of ancillary retail and a +/-4,000 sq. ft. pad site.

The Giant supermarket has been “upsized” from an originally planned 55,000 sq. ft. store.



camp hill, pennsylvania

Camp Hill Shopping Center

LOCATION

The property is located at the intersection of Routes 11, 15 and 581 in Camp Hill, Pennsylvania. The property is located on the Beltway encircling greater Harrisburg and is on the opposite side of the river from downtown Harrisburg.

DESCRIPTION

This property, acquired in November 2002, is undergoing a major redevelopment, approximately 80% of which is expected to be completed during 2005. The property was originally a multi-tenant-anchored enclosed mall, measuring approximately 528,000 sq. ft., situated on approximately 44.3 acres of land.

The redevelopment, which is expected to cost between \$32 and \$34 million when completed in 2006, involves, among other things, the elimination of the entire

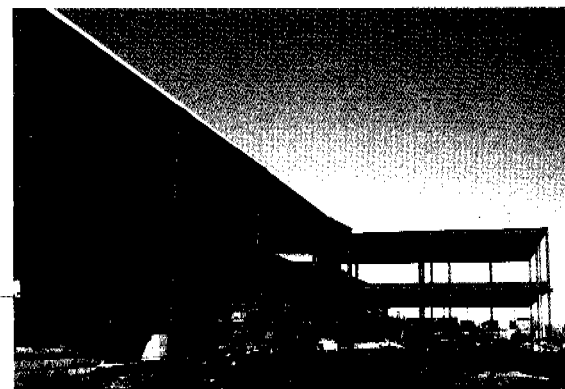
interior mall space, the repositioning of all tenants to face the "front" of the center, construction of many new tenant spaces and demolition of the former Montgomery Ward store, a former theater, a former tire, battery and accessory building, and a diner. The Montgomery Ward store will be replaced by a 92,000 sq. ft. Giant Foods supermarket, which will also have nearly 30,000 sq. ft. of mezzanine space inside the store. The store is expected to be completed and open for business during the fourth quarter of 2005. The new Giant store will replace an existing +/-40,000 sq. ft. Giant supermarket. When Giant moves into its new store, we expect to demolish that store and construct a new fitness facility of 41-46,000 sq. ft.

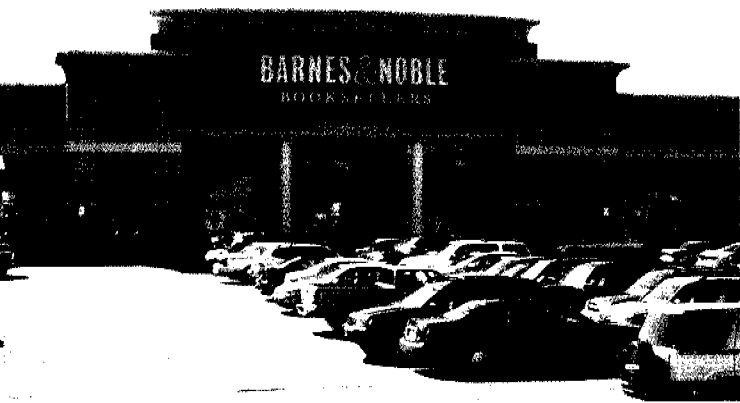
The former tire, battery and accessory building and theater will be replaced by

a 40,000 sq. ft. medical office building for the Orthopedics Institute of PA, which is also expected to be completed and in occupancy during the fourth quarter of 2005.

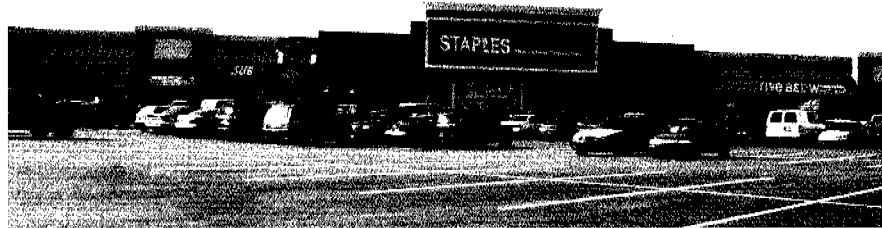
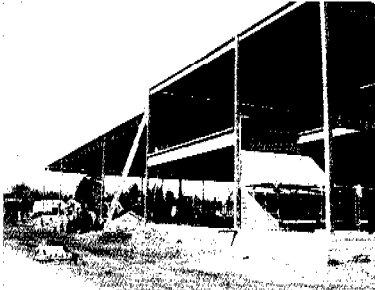
The diner has been replaced by a bank (which was previously located inside the mall) on an outparcel.

New tenants include Staples, Pier 1 Imports, Five Below and a Hallmark store. Other tenants include a 167,597 sq. ft. Boscov's store (expected to be expanded to include an electronics store), Barnes & Noble, Panera Bread and others.





With a completion date scheduled for 2006, the Camp Hill redevelopment will be our most ambitious renovation project to date.

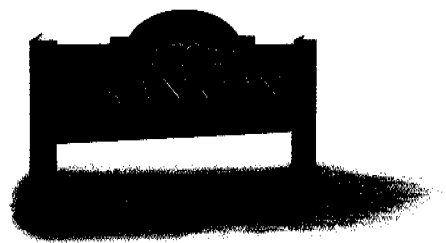


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REDEVELOPMENT OF CAMP HILL SHOPPING CENTER

- Acquired in November 2002 for \$18 million
- Redevelopment budget of \$32-34 million
- Repositioning enclosed mall into multi-anchored, multi-use shopping center with a supersize grocer, plus medical, health and fitness facilities
- Projected initial stabilization in 2005 and completion in 2006





franklin, massachusetts

Franklin Village

LOCATION

This property is located at the intersection of Routes 140 and 495 (a Boston Beltway) in Franklin, Massachusetts. It is approximately 15 miles south of the intersection of Route 495 and the Massachusetts Turnpike, and a distance of approximately 30 miles from Boston.

DESCRIPTION

The property, which is owned in fee, is a multi-tenant retail center measuring approximately 268,000 sq. ft. of retail GLA and approximately 36,000 sq. ft. of office space, primarily in a separate

office building, situated on approximately 33.3 acres of land, with approximately 1,442 parking spaces.

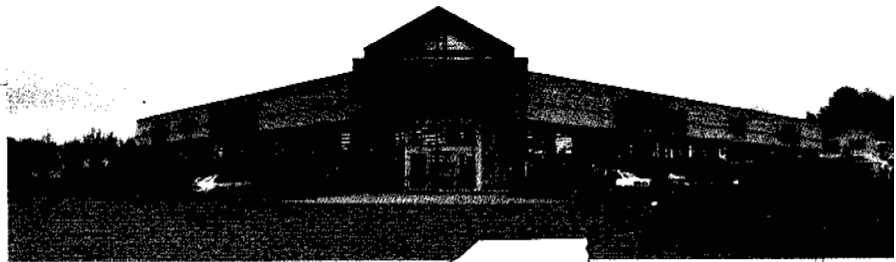
The principal tenants include a Super Stop & Shop, currently expanding to 75,000 sq. ft., Marshalls and a large number of other creditworthy tenants.

The demographics of the surrounding area feature estimated median household income of more than \$88,000 within a five-mile radius.

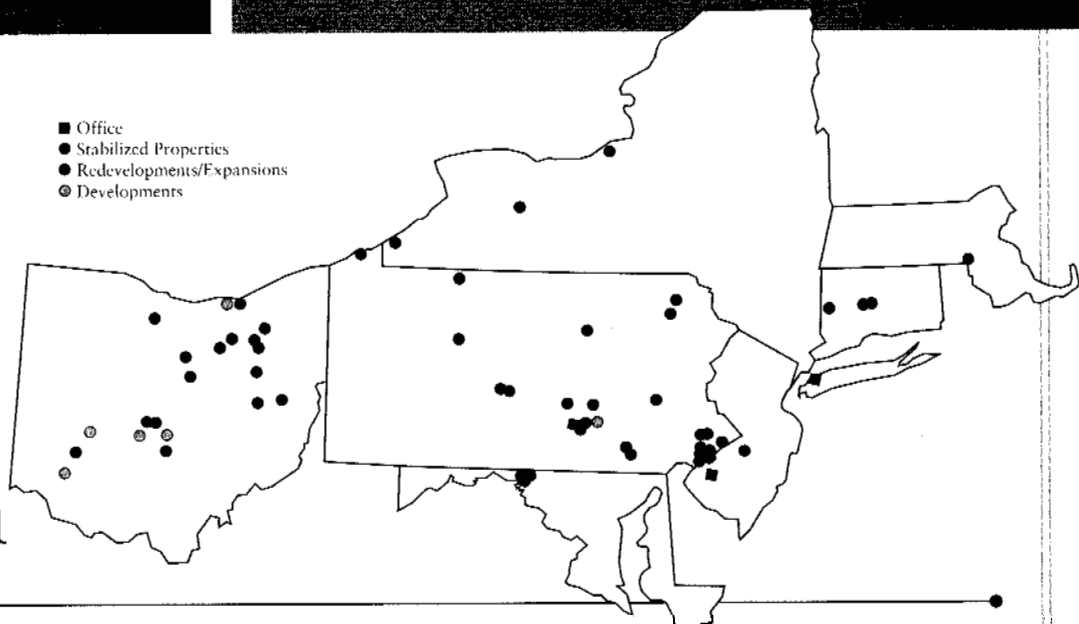
We expect to enter into a joint venture with a highly reputable asset manager with respect to ownership of this property where Cedar would be expected to own not less than 20% of the equity while continuing to manage and control the property.

The property was purchased in November 2004 at a purchase price of approximately \$72.6 million. Cedar arranged first mortgage financing for a 7-year interest-only loan at 4.81%.





- Office
- Stabilized Properties
- Redevelopments/Expansions
- ⊙ Developments



ohio portfolio

Expansion

In February and April of 2005, we announced an agreement to acquire a portfolio of what will now be 25 primarily drug store-anchored properties in Ohio and the Northeast for approximately \$88 million. This purchase will be funded by new first mortgages on a number of properties, aggregating approximately \$37 million, at an interest rate of 90-125 basis points over 10-year Treasuries, for a 10-year loan with a 30-year amortization schedule. Approximately \$16 million of existing first mortgage financing, with an average interest rate of approximately 7.35%, will be assumed by our Company. Another \$16 million will be paid to sellers in the form of Operating Partnership units of our Company at a price of \$13.53 per unit. The balance of approximately \$19 million will be drawn down

from our floating-rate credit facility. We also undertook to purchase up to six additional drug store-anchored properties of which four are in construction, when they reach 80% occupancy and stabilization, at an estimated additional purchase price of approximately \$40 million. Those properties are expected to be completed within the next two years.

Eleven of those properties are anchored by Discount Drug Mart stores, each approximately 25,000 sq. ft. and most less than four years old. An additional ten properties are single-tenant, net-leased properties, including six CVS drug stores, a Staples, a Family Dollar, a McDonald's and a Waffle House.

Six of the Discount Drug Mart properties are located in the suburban Columbus area, with another concentration

in the Akron/Canton area. The sole Connecticut property in the portfolio is a multi-tenant property featuring a TJ Maxx, Staples, Olympia Sports and other tenants.

Our Company also has a right of first refusal on other properties owned by the selling developer, plus a purchase option with respect to other newly developed properties within Ohio, New York, Pennsylvania and Connecticut during the next two years.

Cedar, in early 2005, announced an agreement to acquire approximately 25 primarily drug store-anchored properties in Ohio and the Northeast for \$88 million.

our portfolio

This Is Cedar



As of December 31, 2004, the Company owned 31 properties in five states, aggregating approximately 4.9 million sq. ft. of GLA. The book value of the properties as of that date was approximately \$505 million.

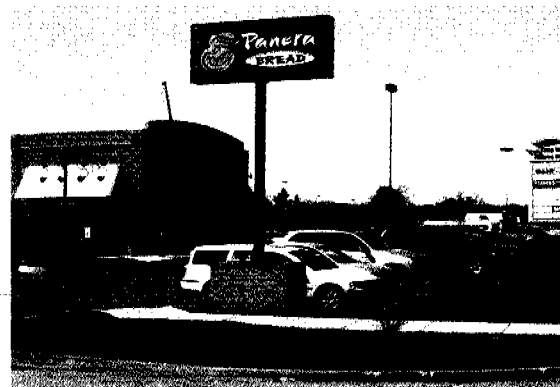
In March of 2005, we acquired two additional properties in Hagerstown, Maryland, aggregating approximately 92,000 sq. ft., each anchored by a Food Lion Supermarket, with a long-term lease. The purchase price for the two

properties was approximately \$8.3 million. Upon completion of the purchase of the Ohio primarily drug store-anchored properties, the Company will have approximately 60 properties, with an aggregate of approximately 5.7 million sq. ft. of GLA.

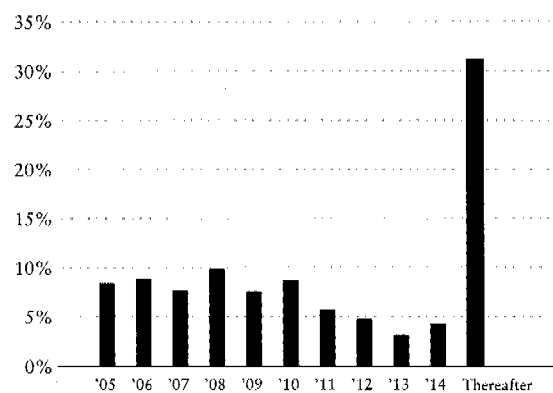
As indicated on the adjacent map, our properties extend west and east from Ohio to the Boston area and from northern Pennsylvania and southern New York state to northern Maryland.

With the exception of Giant Foods and Stop & Shop, both affiliates of the Ahold group of the Netherlands, no tenant represents more than 3.8% of the Company's annualized base rent. The lease roll-over schedule for the Company is such that less than 10% of the Company's leases expire or "roll-over" during each of the next ten years.

With \$528 million in 2004, we increased our total assets by \$186.7 million over the course of one year.



Percentage Annualized Expiring Base Rents



As of December 31, 2004, Cedar had 31 properties aggregating 4.9 million sq. ft.



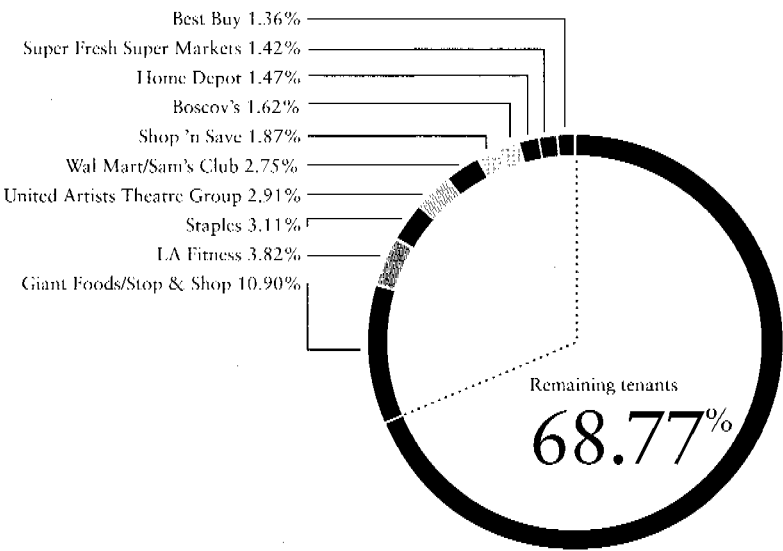
OUR PROPERTIES

Academy Plaza
Brickyard Plaza
Camp Hill S.C.
Carbondale Plaza
Columbus Crossing
The Commons at DuBois
Fairview Plaza
Franklin Village Plaza
Golden Triangle S.C.
Halifax Plaza

Hamburg Commons
Huntingdon Plaza
L. A. Fitness Facility
Lake Raystown S.C.
Loyal Plaza
Meadows Marketplace
Newport Plaza
Pine Grove Plaza
The Point S.C.
Port Richmond Village

Red Lion S.C.
Riverview Plaza I, II, III
South Philadelphia S.C.
Sunset Crossing S.C.
Swede Square S.C.
Townfair Center
Valley Plaza S.C.
Wal-Mart S.C.
Washington Center S.C.

Percent of Total Annualized Base Rents by Tenant



cedar shopping centers



Corporate Information

DIRECTORS

Leo S. Ullman
Chairman of the Board

James J. Burns
Director

Senior Vice President and
Chief Financial Officer
Wellsford Real Properties, Inc.
New York, NY

Richard Homburg
Director
Chairman
Homburg Uni-Corp Group

President
Homburg Invest Inc.
(Toronto Stock Exchange)

Former Chairman
Uni-Invest N.V.
(Amsterdam Stock Exchange)

Hans der Kinderen
Director

Retired Director of Investments
Rabobank Pension Fund
The Netherlands

Everett B. Miller, III
Director

Vice President
Alternative Investments
YMCA Retirement Fund
New York, NY

Brenda J. Walker
Director

Roger M. Widmann
Director

Retired Investment Banker
New York, NY

OFFICERS

Leo S. Ullman
President and CEO

Thomas J. O'Keeffe
Chief Financial Officer

Brenda J. Walker
Vice President

Thomas B. Richey
Vice President
Development and Construction

Nancy Mozzachio
Vice President—Leasing

Michael Winters
Vice President—Acquisitions

Stuart H. Widowski
Secretary

CORPORATE AND TAX COUNSEL

Stroock & Stroock & Lavan, LLP
New York, NY

AUDITORS

Ernst & Young LLP
New York, NY

TRANSFER AGENT

American Stock Transfer
& Trust Company
New York, NY

OTHER INFORMATION

The Company has included as exhibits to its Annual Report on Form 10-K for the fiscal year ended December 31, 2004, filed with the Securities and Exchange Commission, certifications of the Chief Executive Officer and Chief Financial Officer of the Company certifying the quality of the Company's public disclosure, and the Company has submitted to the New York Stock Exchange a certificate of the Chief Executive Officer of the Company certifying that he is not aware of any violation by the Company of New York Stock Exchange corporate governance listing standards as of the date of such certification.

CEDAR SHOPPING CENTERS, INC.

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