

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-

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**Form S-11**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

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**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)*

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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.     \_\_\_\_\_

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.     \_\_\_\_\_

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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.  \_\_\_\_\_

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

**CALCULATION OF REGISTRATION FEE**

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

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- (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.**

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

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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**

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**Shares**

**Cedar Shopping Centers, Inc.**

**Common Stock**

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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.

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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.

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	<u>Per Share</u>	<u>Total</u>
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.

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**Merrill Lynch & Co.**

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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, 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](http://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(%)
<b>Current Properties</b>									
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					