

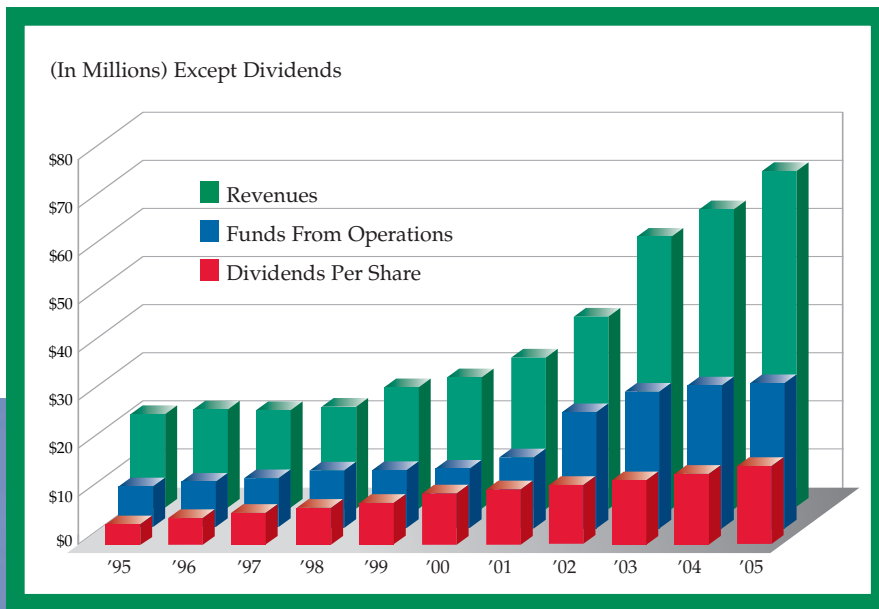


URSTADT BIDDLE PROPERTIES INC.

2005 ANNUAL REPORT

STOCK PRICES ARE ONLY OPINIONS — BUT DIVIDENDS ARE ALWAYS FACTS

36 Years of Uninterrupted Dividends



OVER THE LAST TEN YEARS:

REVENUES AND FUNDS FROM OPERATIONS
INCREASED AN AVERAGE OF MORE THAN
13% EACH YEAR

DIVIDENDS PER SHARE INCREASED AN
AVERAGE OF 4% EACH YEAR





Urstadt Biddle Properties Inc. (UBP) is a self-administered publicly held real estate investment trust providing investors with a means of participating in the ownership of income-producing properties. UBPs core properties consist of neighborhood and community shopping centers in the suburban areas of the northeastern United States with a primary concentration in Fairfield County, Connecticut and Westchester and Putnam Counties, New York. Non-core assets consist of a retail building, industrial properties and mortgages.

Class A Common Shares, Common Shares, Series C Preferred Shares and Series D Preferred Shares of the Company trade on the New York Stock Exchange under the symbols "UBA", "UBP", "UBPPRC" and "UBPPRD."

2005 ANNUAL REPORT CONTENTS

Selected Financial Data.....	1
Letter to Stockholders.....	2
Portfolio Review.....	5
Core Properties.....	10
Investment Portfolio.....	12
Financials.....	13
Directors and Officers.....	Back Cover

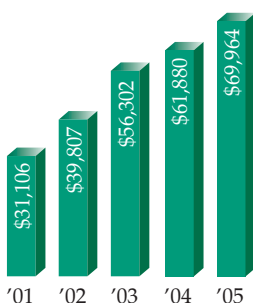
SELECTED FINANCIAL DATA

(In thousands, except per share data)

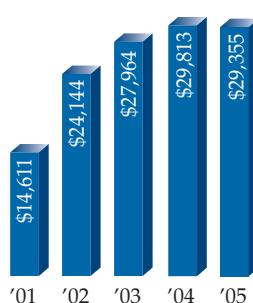
Year Ended October 31,	2005	2004	2003	2002	2001
Balance Sheet Data:					
Total Assets	\$464,439	\$394,917	\$392,639	\$353,562	\$218,292
Mortgage Notes Payable	\$111,786	\$107,443	\$104,588	\$106,429	\$47,115
Redeemable Preferred Stock	\$52,747	\$52,747	\$52,747	\$14,341	\$33,462
Operating Data:					
Total Revenues	\$69,964	\$61,880	\$56,302	\$39,807	\$31,106
Total Operating Expenses and Minority Interest	\$46,468	\$39,911	\$37,531	\$26,602	\$22,502
Income from Continuing Operations before Discontinued Operations	\$23,496	\$21,969	\$18,771	\$13,205	\$8,604
Per Share Data:					
Net Income from Continuing Operations—Diluted:					
Class A Common Stock	\$.66	\$.71	\$.66	\$.80	\$.89
Common Stock	\$.60	\$.64	\$.60	\$.71	\$.80
Cash Dividends on:					
Class A Common Stock	\$.88	\$.86	\$.84	\$.82	\$.80
Common Stock	\$.80	\$.78	\$.76	\$.74	\$.72
Total	\$1.68	\$1.64	\$1.60	\$1.56	\$1.52
Other Data:					
Net Cash Flow Provided by (Used in):					
Operating Activities	\$35,505	\$30,744	\$31,176	\$18,532	\$21,308
Investing Activities	\$(61,348)	\$(2,416)	\$(69,818)	\$(64,960)	\$(11,394)
Financing Activities	\$26,397	\$(24,837)	\$14,749	\$59,023	\$22,040
Funds from Operations (<i>Note</i>)	\$29,355	\$29,813	\$27,964	\$24,144	\$14,611
Cash Dividends (as a percentage of Funds from Operations)	76%	72%	74%	62%	60%

Note: The Company considers Funds from Operations (FFO) to be an additional financial measure of operating performance of an equity REIT. The Company reports FFO in addition to net income applicable to common shareholders and net cash provided by operating activities. Although FFO is a non-GAAP financial measure, the Company believes it provides useful information to shareholders, potential investors and management because it primarily excludes the assumption that the value of real estate assets diminishes predictably over time and industry analysts have accepted it as a performance measure. FFO is helpful as it excludes various items included in net income that are not indicative of the Company's operating performance such as gains (or losses) from sales of property. The Company computes FFO in accordance with standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO is defined by NAREIT as net income or loss, excluding gains (or losses) from debt restructuring and sales of properties plus depreciation and amortization, and after adjustments for unconsolidated joint ventures. FFO does not represent cash generated from operating activities in accordance with GAAP 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. Since all companies do not 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.

Total Revenues
(In thousands)



Funds From Operations
(In thousands)



**Combined Dividends
Paid on Common and
Class A Common Shares**
(Per share)



We can best call the Company's performance for 2005 as "happily mixed."

On the "happy" side, our portfolio and balance sheet have been described by stock analysts who follow our Company as "rock solid" and "fortress-like." They were enhanced by the purchase of two quality shopping centers totaling \$80 million and the sale of one non-core office building and an older center for a total of \$19 million. In addition, we raised more capital through the sale of \$61 million of perpetual preferred stock. All this enabled us to increase our dividend for the 12th consecutive year and maintain our record of having paid 144 consecutive quarterly dividends, an achievement

unequaled by any publicly traded retail REIT.

On the "mixed" side, although our net income applicable to Common and Class A Common stockholders increased from \$18.5 million in 2004 to \$24.0 million (including gains on sales of properties of \$7.0 million) in 2005, our Funds From Operations ("FFO") dropped from \$29.8 million in 2004 to \$29.4 million in 2005. It should be noted that even though FFO decreased, the dividend is still well protected by a payout rate of 76% of FFO.

The drop in FFO reflects the high initial cost of complying with Section 404 of the Sarbanes-Oxley Act of 2002. This new burden raised the cost of our total

On the "happy" side, our portfolio and balance sheet have been described by stock analysts who follow our Company as "rock solid" and "fortress-like."

*Charles J. Urstadt
Chairman*

audit and financial consulting fees by almost \$700,000 and is equal to about \$0.03 per share. In addition to the direct costs, a great deal of time had to be spent on this new burden by our in-house staff which detracted from our basic mission of investing in and managing real estate.

The other significant contributor to the decrease in FFO was the short-term dilutive effect of investing a portion of the proceeds from our recent preferred stock sale in relatively low yielding liquid investments. However, we are working on a number of opportunities in which we can more profitably invest our available cash.

We are happy to report that Ernst & Young, our independent

registered public accounting firm, agreed that we have maintained, in all material respects, effective internal control over financial reporting. We also believe that the cost to the Company of complying with the Sarbanes-Oxley law will be less in the future as part of this cost was for the upfront documentation of the Company's internal control processes. Looking to next year, the Securities and Exchange Commission is evaluating the effect of Section 404 compliance for smaller public companies and hopefully will provide some relief.

It remains difficult to make acquisitions in this market. The returns that investors are willing to accept continues to fall and

We are determined to remain disciplined in our efforts and will invest when we believe we can further our strategic objectives and believe the acquisition makes economic sense for the Company, keeping in mind our long-term time horizon.

*Willing L. Biddle
President*

thus prices have continued to rise. We are still fully committed to our fellow shareholders to make wise acquisitions that will, in the long term, give us an acceptable return on our investment commensurate with the risk associated with owning real estate.

As to the future—our properties are doing well. We have very high quality shopping centers in strong markets and we expect them to continue to perform well. Leasing remains very satisfactory with 98% of the square footage of the portfolio leased. Rents are increasing and we expect this trend

to continue as demand for our retail space is strong and the economy in our region is in good shape.

We were saddened this year by the passing of George Conklin, one of our founding directors, who served as Director Emeritus since 1993. George was an outstanding business leader and a constant source of gracious wit and wisdom to all of us on your Board of Directors. He will be greatly missed.

We give our personal thanks to our fellow shareholders for their support and to our directors, our officers and staff for their hard work and dedication to the Company.

Sincerely yours,



Charles J. Urstadt
Chairman



Willing L. Biddle
President

January 13, 2006



**Urstadt Biddle Properties
Executive Offices**
Greenwich, Connecticut

Our strategy is to concentrate our portfolio of properties in a geographic area close to our headquarters and primarily in one property type—grocery-anchored shopping centers. Our focus is on well-located neighborhood shopping centers leased to retailers who deliver basic services and products to consumers.

Acquisitions and Dispositions

Despite a difficult acquisitions environment, in 2005 the Company purchased two shopping centers totaling 469,000 square feet for an aggregate cost of \$80 million inclusive of \$8.5 million of assumed debt. Our primary acquisition market of Fairfield County in Connecticut, and Westchester and Putnam Counties

in New York continues to be one of the most competitive in the country. This is for good reason as the market is very affluent and retail vacancies are low. Prices have risen and resulting capitalization rates have fallen to levels unprecedented in recent memory. We are determined to remain disciplined in our efforts and will invest when we believe we can further our strategic objectives and

believe the acquisition makes economic sense for the Company, keeping in mind our long-term time horizon. We believe both of this year's acquisitions met our criteria.

In January, we purchased the 269,000 square foot The Dock shopping center and adjacent 192 slip marina in Stratford, Fairfield County for \$50.2 million. This property contains 29 acres and consists of two shopping centers, one anchored by a 60,000 square foot Super Stop & Shop supermarket and the other anchored by Staples and Petco. We have commenced a redevelopment of this property which presently has a large vacant anchor tenant space formerly occupied by Bradlees Department Store. We believe we can add additional retail space to the property and are in discussions with numerous retailers and restaurants.

In June, we purchased Staples Plaza, a 200,000 square foot community shopping center located in Yorktown, Westchester County. The property is shadow anchored by BJ's Wholesale Club (not owned by the Company) and contains Bed Bath & Beyond, Staples and AC Moore as primary tenants. We feel the property has an attractive tenant base with a stable cash flow and additional upside due to further development potential.



The Dock, Stratford, Connecticut



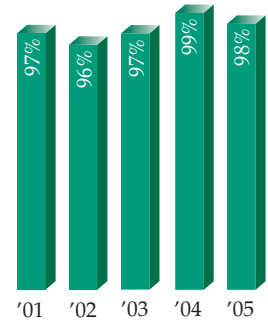
Staples Plaza, Yorktown, New York

In July, we repurchased for \$2.1 million all outstanding partnership interests we did not own in the Arcadian Shopping Center in Ossining, NY. We purchased this property in 1998 in a partnership and now control 100% of the property. The only remaining properties that we own in partnership are the Ridgeway Shopping Center and The Shoppes at Eastchester, where

we are the general partner of these limited partnerships and manage the properties.

In June, we sold our remaining non-core office building, the Giffels Building in Michigan for \$9.2 million. Our other remaining non-core assets include two warehouse properties net leased to DaimlerChrysler and a fully leased shopping center with surplus land in Tempe, AZ.

Percentage of Core Properties Leased Rate at Year End



Renovation plans for the Arcadian Shopping Center, Ossining, New York



Shaw's, Darien, Connecticut (before and after renovation)



Leasing

Our core portfolio continues to perform well. Although the percentage of our portfolio leased fell slightly from 99% at the beginning of the year to 98% at year end, we leased or renewed over 222,000 square feet, or 7% of the core portfolio during the year. We continue to have strong internal growth within the portfolio. We increased our contract rental rates on renewals by an average of 6% over expiring rates this year. For new

leases on previously vacant space, rental rates on average were over 10% higher than the previous tenants lease rates.

At the Goodwives Shopping Center in Darien, CT, Shaw's Supermarket demolished its outdated store, rebuilt the store at its cost from the ground up and reopened for business in the fall. The property is once again very vibrant and all the remaining satellite stores of the property have been leased. At the Arcadian

Shopping Center in Ossining, NY, approvals to build a new 65,000 square foot Super Stop & Shop supermarket and 8,000 square feet of additional retail space are progressing well to permit construction to commence this summer. At Somers Commons, Somers, New York, New York Sports Club opened for business in February and has brought many new customers to the property. At the Ridgeway Shopping Center in Stamford, CT, we made substantial

Daffy's & Common Areas, Westchester Pavilion, White Plains, NY (renovated)



Airport Plaza, Danbury, Connecticut (façade renovated)



Biltmore Shopping Center, Rye Brook, New York (before)



improvements to previously vacant office space to pave the way for a new 42,700 square foot LA Fitness health club which is now under construction and expects to open this summer. At the Westchester Pavilion in White Plains, NY, we leased 27,000 square feet to Daffy's, a regional discount junior department store. Daffy's opened in August and in connection with the Daffy's renovation, we renovated the common areas of this property. In December, we completed the façade renovation of the Airport Plaza Shopping Center in Danbury, CT making this property much more attractive and visible from the regional mall located

across the road. Our core portfolio tenant base is diverse with over 470 different tenants.

Outlook

We expect demand for space in our properties to remain strong in 2006. Although Wal-Mart is a tremendous threat to the profitability of supermarkets across the country, our properties are relatively insulated from this direct threat because opportunities for Wal-Mart to enter the market are limited. In addition, the affluent customer base surrounding our properties places a premium on convenience and generally would be reluctant to drive long distances to visit a Wal-Mart. In 2006, we

anticipate completing major projects such as the redevelopment of The Dock, the construction of the new Stop & Shop in Ossining, NY and the façade renovation of the Biltmore Shopping Center in Rye Brook, NY. We expect competition to remain intense to purchase properties in our market and we will continue to diligently search for profitable acquisitions that meet our criteria.

URSTADT BIDDLE PROPERTIES INC.



*Carmel ShopRite Center
Carmel, New York*



*Danbury Square
Danbury, Connecticut*



*Arcadian Shopping Center
Ossining, New York*



*Towne Centre Shopping Center
Somers, New York*



*Heritage 202 Center
Somers, New York*



*Staples Plaza
Yorktown, New York*



*Chilmark Shopping Center
Briarcliff Manor, New York*



*Somers Commons
Somers, New York*



*25 Valley Drive
Greenwich, Connecticut*



*Westchester Pavilion
White Plains, New York*



*7 Riversville Road
Greenwich, Connecticut*



*530 Old Post Road
Greenwich, Connecticut*



*Ridgeway Shopping Center
Stamford, Connecticut*



*Biltmore Shopping Center
Rye Brook, New York*



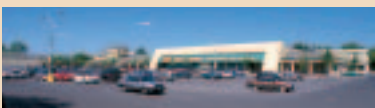
*3 "Street Retail" Properties
Rye, New York*



**URSTADT BIDDLE
PROPERTIES**
Greenwich, Connecticut



*Eastchester Mall
Eastchester, New York*



*Valley Ridge Shopping Center
Wayne, New Jersey*



*Five Town Plaza
Springfield, Massachusetts*



*Newington Park
Newington, New Hampshire*



*Airport Plaza
Danbury, Connecticut*



*Townline Square
Meriden, Connecticut*



*Ridgefield Center,
Ridgefield, Connecticut*



*Orange Meadows Shopping Center
Orange, Connecticut*



*Goodwives Shopping Center
Darien, Connecticut*



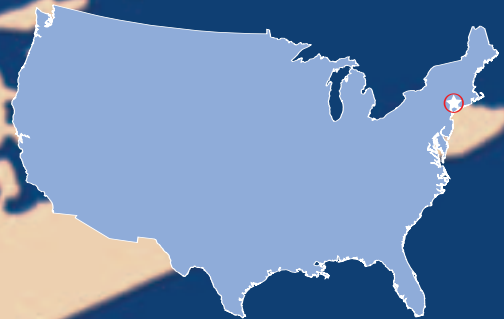
*Greens Farms Plaza
Westport, Connecticut*



*The Dock
Stratford, Connecticut*



CORE PROPERTIES



FINANCIALS

CONTENTS

Consolidated Balance Sheets at October 31, 2005 and 2004	14
Consolidated Statements of Income for each of the three years in the period ended October 31, 2005	15
Consolidated Statements of Cash Flows for each of the three years in the period ended October 31, 2005	16
Consolidated Statements of Stockholders' Equity for each of the three years in the period ended October 31, 2005	17
Notes to Consolidated Financial Statements	18
Report of Independent Registered Public Accounting Firm	28
Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Management's Report on Internal Control over Financial Reporting	37
Report of Independent Registered Public Accounting Firm	38
Tax Status	39
Market Price Ranges and Certifications	40

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	October 31,	
	2005	2004
ASSETS		
Real Estate Investments:		
Core properties—at cost	\$468,444	\$381,937
Non-core properties—at cost	6,383	20,621
	<u>474,827</u>	<u>402,558</u>
Less: accumulated depreciation	(65,253)	(61,389)
	<u>409,574</u>	<u>341,169</u>
Mortgage notes receivable	2,024	2,109
	<u>411,598</u>	<u>343,278</u>
Property held for sale	—	4,002
Cash and cash equivalents	26,494	25,940
Restricted cash	1,200	1,184
Marketable securities	2,453	2,681
Tenant receivables	14,442	11,249
Prepaid expenses and other assets	4,526	3,303
Deferred charges, net of accumulated amortization	3,726	3,280
Total Assets	<u>\$464,439</u>	<u>\$394,917</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	\$111,786	\$107,443
Accounts payable and accrued expenses	3,991	1,515
Deferred compensation—officers	1,051	501
Other liabilities	4,699	3,617
Total Liabilities	<u>121,527</u>	<u>113,076</u>
Minority interests	5,318	7,320
Redeemable Preferred Stock, par value \$.01 per share; 20,000,000 shares authorized;		
8.99% Series B Senior Cumulative Preferred Stock, (liquidation preference of \$100 per share); 150,000 shares issued and outstanding	14,341	14,341
8.50% Series C Senior Cumulative Preferred Stock, (liquidation preference of \$100 per share); 400,000 shares issued and outstanding	38,406	38,406
Total Preferred Stock	<u>52,747</u>	<u>52,747</u>
Commitments and Contingencies		
Stockholders' Equity:		
7.5% Series D Senior Cumulative Preferred Stock (liquidation preference of \$25 per share); 2,450,000 and 0 shares issued and outstanding	61,250	—
Excess stock, par value \$.01 per share; 10,000,000 shares authorized; none issued and outstanding	—	—
Common stock, par value \$.01 per share; 30,000,000 shares authorized; 7,429,331 and 7,189,991 shares issued and outstanding	74	72
Class A Common stock, par value \$.01 per share; 40,000,000 shares authorized; 18,705,800 and 18,649,008 shares issued and outstanding	187	186
Additional paid in capital	267,365	264,680
Cumulative distributions in excess of net income	(35,007)	(36,581)
Accumulated other comprehensive income	499	472
Unamortized restricted stock compensation and officer note receivable	(9,521)	(7,055)
Total Stockholders' Equity	<u>284,847</u>	<u>221,774</u>
Total Liabilities and Stockholders' Equity	<u>\$464,439</u>	<u>\$394,917</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	Year Ended October 31,		
	2005	2004	2003
Revenues			
Base rents	\$52,149	\$46,824	\$43,045
Recoveries from tenants	16,506	13,654	12,143
Lease termination income	253	577	80
Interest and other	1,056	825	1,034
	<u>69,964</u>	<u>61,880</u>	<u>56,302</u>
Operating Expenses			
Property operating	10,915	9,242	9,001
Property taxes	9,245	8,025	7,056
Interest	8,502	8,113	8,094
Depreciation and amortization	12,054	10,541	9,676
General and administrative expenses	5,155	3,416	3,154
Directors' fees and expenses	258	207	185
	<u>46,129</u>	<u>39,544</u>	<u>37,166</u>
Operating Income before Minority Interests and Discontinued Operations	23,835	22,336	19,136
Minority Interests	(339)	(367)	(365)
Income from Continuing Operations before Discontinued Operations	23,496	21,969	18,771
Discontinued Operations:			
Income from discontinued operations	469	1,346	1,599
Gains on sales of properties	7,020	—	—
Income from Discontinued Operations	<u>7,489</u>	<u>1,346</u>	<u>1,599</u>
Net Income	30,985	23,315	20,370
Preferred Stock Dividends	(7,009)	(4,749)	(2,794)
Net Income Applicable to Common and Class A Common Stockholders	<u>\$23,976</u>	<u>\$18,566</u>	<u>\$17,576</u>
Basic Earnings Per Share:			
Per Common Share:			
Income from continuing operations	\$.62	\$.65	\$.61
Income from discontinued operations	\$.28	\$.05	\$.06
Net Income Applicable to Common Stockholders	<u>\$.90</u>	<u>\$.70</u>	<u>\$.67</u>
Per Class A Common Share:			
Income from continuing operations	\$.68	\$.71	\$.67
Income from discontinued operations	\$.31	\$.06	\$.07
Net Income Applicable to Class A Common Stockholders	<u>\$.99</u>	<u>\$.77</u>	<u>\$.74</u>
Diluted Earnings Per Share:			
Per Common Share:			
Income from continuing operations	\$.60	\$.64	\$.60
Income from discontinued operations	\$.27	\$.05	\$.06
Net Income Applicable to Common Stockholders	<u>\$.87</u>	<u>\$.69</u>	<u>\$.66</u>
Per Class A Common Share:			
Income from continuing operations	\$.66	\$.71	\$.66
Income from discontinued operations	\$.30	\$.05	\$.07
Net Income Applicable to Class A Common Stockholders	<u>\$.96</u>	<u>\$.76</u>	<u>\$.73</u>
Dividends per share:			
Common	\$.80	\$.78	\$.76
Class A Common	<u>\$.88</u>	<u>\$.86</u>	<u>\$.84</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended October 31,		
	2005	2004	2003
Cash Flows from Operating Activities:			
Net income	\$ 30,985	\$ 23,315	\$ 20,370
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization from discontinued operations	345	706	712
Depreciation and amortization from continuing operations	12,054	10,541	9,676
Amortization of compensation expense	1,617	1,322	1,105
Increase in value of deferred compensation arrangement	305	—	—
Gains on sale of properties	(7,020)	—	—
Minority interests	339	367	365
Increase in restricted cash	(16)	(86)	(2)
Increase in tenant receivables	(2,918)	(2,708)	(3,120)
(Decrease) increase in accounts payable and accrued expenses	(151)	(1,226)	243
(Decrease) increase in other assets and other liabilities, net	(35)	(1,487)	1,827
Net Cash Flow Provided by Operating Activities	<u>35,505</u>	<u>30,744</u>	<u>31,176</u>
Cash Flows from Investing Activities:			
Sales of marketable securities	255	7,323	15,613
Acquisitions of real estate investments	(71,710)	(6,625)	(83,485)
Acquisition of limited partner interests in consolidated joint venture	(2,078)	—	—
Improvements to properties and deferred charges	(5,319)	(2,822)	(2,844)
Net proceeds from sales of properties	17,758	—	—
Distributions to limited partners of consolidated joint ventures	(339)	(367)	(365)
Payments received on mortgage notes and other receivables	85	75	1,263
Net Cash Flow Used in Investing Activities	<u>(61,348)</u>	<u>(2,416)</u>	<u>(69,818)</u>
Cash Flows from Financing Activities:			
Proceeds from revolving credit line borrowings	19,500	—	—
Repayments on revolving credit line borrowings	(19,500)	—	—
Net proceeds from issuance of preferred stock	59,380	—	38,406
Sales of additional shares of Common and Class A Common Stock	1,287	3,141	1,366
Payments on mortgage notes payable	(4,173)	(1,826)	(1,841)
Dividends paid—Common and Class A Common Stock	(22,402)	(21,536)	(20,700)
Dividends paid—Preferred Stock	(7,009)	(4,749)	(2,794)
Repurchase of shares of Common and Class A Common Stock	(686)	—	—
Repayments of notes receivable from officers	—	133	312
Net Cash Flow Provided by (Used in) Financing Activities	<u>26,397</u>	<u>(24,837)</u>	<u>14,749</u>
Net Increase (Decrease) in Cash and Cash Equivalents	554	3,491	(23,893)
Cash and Cash Equivalents at Beginning of Year	<u>25,940</u>	<u>22,449</u>	<u>46,342</u>
Cash and Cash Equivalents at End of Year	<u>\$ 26,494</u>	<u>\$ 25,940</u>	<u>\$ 22,449</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except shares and per share data)

	7.5% Series D		Common Stock		Class A		Additional Paid In Capital	Cumulative Distributions In Excess of Net Income	Accumulated Other Comprehensive Income	Unamortized Restricted Stock Compensation and Notes Receivable	Total Stock- holders' Equity
	Preferred Stock		Common Stock		Common Stock						
	Issued	Amount	Issued	Amount	Issued	Amount					
Balances—October 31, 2002	—	\$ —	6,578,572	\$66	18,449,472	\$185	\$254,266	\$ (30,487)	\$ —	\$ (4,013)	\$220,017
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—	—	17,576	—	—	17,576
Cash dividends paid:											
Common stock (\$.76 per share)	—	—	—	—	—	—	—	(5,135)	—	—	(5,135)
Class A common stock (\$.84 per share)	—	—	—	—	—	—	—	(15,565)	—	—	(15,565)
Issuance of shares under dividend reinvestment plan	—	—	61,699	1	18,704	—	1,051	—	—	—	1,052
Shares issued under restricted stock plan	—	—	159,500	1	56,200	—	2,665	—	—	(2,666)	—
Amortization of restricted stock compensation	—	—	—	—	—	—	—	—	—	1,105	1,105
Exercise of stock options	—	—	18,000	—	24,077	—	314	—	—	—	314
Repayment of notes receivable from officers	—	—	—	—	—	—	—	—	—	312	312
Balances—October 31, 2003	—	—	6,817,771	68	18,548,453	185	258,296	(33,611)	—	(5,262)	219,676
Comprehensive Income:											
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—	—	18,566	—	—	18,566
Unrealized gains in marketable securities	—	—	—	—	—	—	—	—	472	—	472
Total Comprehensive Income	—	—	—	—	—	—	—	—	—	—	19,038
Cash dividends paid:											
Common stock (\$.78 per share)	—	—	—	—	—	—	—	(5,516)	—	—	(5,516)
Class A common stock (\$.86 per share)	—	—	—	—	—	—	—	(16,020)	—	—	(16,020)
Issuance of shares under dividend reinvestment plan	—	—	181,720	2	18,306	—	2,843	—	—	—	2,845
Shares issued under restricted stock plan	—	—	175,500	2	58,625	1	3,245	—	—	(3,248)	—
Amortization of restricted stock compensation	—	—	—	—	—	—	—	—	—	1,322	1,322
Exercise of stock options	—	—	15,000	—	23,624	—	296	—	—	—	296
Repayment of notes receivable from officers	—	—	—	—	—	—	—	—	—	133	133
Balances—October 31, 2004	—	—	7,189,991	72	18,649,008	186	264,680	(36,581)	472	(7,055)	221,774
Comprehensive Income:											
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—	—	23,976	—	—	23,976
Change in unrealized gains in marketable securities	—	—	—	—	—	—	—	—	27	—	27
Total Comprehensive Income	—	—	—	—	—	—	—	—	—	—	24,003
Cash dividends paid:											
Common stock (\$.80 per share)	—	—	—	—	—	—	—	(5,918)	—	—	(5,918)
Class A common stock (\$.88 per share)	—	—	—	—	—	—	—	(16,484)	—	—	(16,484)
Issuance of shares under dividend reinvestment plan	—	—	59,390	—	15,767	—	1,186	—	—	—	1,186
Shares issued under restricted stock plan	—	—	175,800	2	75,675	1	4,080	—	—	(4,083)	—
Amortization of restricted stock compensation and other adjustment	—	—	—	—	—	—	(125)	—	—	1,617	1,492
Exercise of stock options	—	—	7,750	—	6,750	—	100	—	—	—	100
Repurchases of Common and Class A Common shares	—	—	(3,600)	—	(41,400)	—	(686)	—	—	—	(686)
Issuance of Series D Preferred Stock	2,450,000	61,250	—	—	—	—	(1,870)	—	—	—	59,380
Balances—October 31, 2005	<u>2,450,000</u>	<u>\$61,250</u>	<u>7,429,331</u>	<u>\$74</u>	<u>18,705,800</u>	<u>\$187</u>	<u>\$267,365</u>	<u>\$(35,007)</u>	<u>\$499</u>	<u>\$(9,521)</u>	<u>\$284,847</u>

The accompanying notes to consolidated financial statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Urstadt Biddle Properties Inc. ("Company"), a real estate investment trust ("REIT"), is engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers in the northeastern part of the United States. Other assets include office and retail buildings and industrial properties. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At October 31, 2005, the Company owned or had interests in 34 properties containing a total of 3.7 million square feet of leasable area.

Principles of Consolidation and Use of Estimates

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and joint ventures in which the Company has the ability to control the affairs of the venture. The Company believes it has the ability to control the affairs of its consolidated joint ventures because as the sole general partner, the Company has the exclusive right to exercise all management powers over the business and affairs of the respective joint ventures. In addition, the limited partners have no important rights as defined in the AICPA's Statement of Position ("SOP") 78-9 "Accounting for Investments in Real Estate Ventures." The joint ventures are consolidated into the consolidated financial statements of the Company. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States ("GAAP"). 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 periods covered by the financial statements. Actual results could differ from these estimates.

Reclassifications

Certain prior period amounts have been reclassified (including the presentation of discontinued operations) to conform to the current year presentation.

Federal Income Taxes

The Company has elected to be treated as a REIT under Sections 856-860 of the Internal Revenue Code (Code). Under those sections, a REIT, that among other things, distributes at least 90% of real estate trust taxable income and meets certain other qualifications prescribed by the Code will not be taxed on that portion of its taxable income that is distributed. The Company believes it qualifies as a REIT

and has distributed all of its taxable income for the fiscal years through 2005 in accordance with the provisions of the Code. Accordingly, no provision has been made for Federal income taxes in the accompanying consolidated financial statements.

Real Estate Investments

All capitalizable costs related to the improvement or replacement of real estate properties are capitalized. Additions, renovations and improvements that enhance and/or extend the useful life of a property are also capitalized. Expenditures for ordinary maintenance, repairs and improvements that do not materially prolong the normal useful life of an asset are charged to operations as incurred.

Upon the acquisition of real estate, the Company assesses the fair value of acquired tangible assets such as land, buildings and tenant improvements, intangible assets such as above and below-market leases, acquired in-place leases and other identified intangible assets and assumed liabilities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141 "Business Combinations." The Company allocates the purchase price to the acquired assets and assumed liabilities based on their relative fair values. The Company assesses and considers fair value based on estimated cash flow projections that utilize appropriate discount and/or capitalization rates as well as available market information. The fair value of the tangible assets of an acquired property considers the value of the property as if it were vacant.

Above and below-market leases acquired are recorded at their fair value. The capitalized above-market lease values are amortized as a reduction of rental revenue over the remaining term of the respective leases and the capitalized below-market lease values are amortized as an increase to rental revenue over the remaining term of the respective leases.

The value of in-place leases is based on the Company's evaluation of the specific characteristics of each tenant's lease. Factors considered include estimates of carrying costs during expected lease-up periods, current market conditions, and costs to execute similar leases. The value of in-place leases are amortized to depreciation and amortization expense over the remaining term of the respective leases. If a tenant vacates its space prior to its contractual expiration date, any unamortized balance of their related intangible asset is expensed.

Depreciation and Amortization

The Company uses the straight-line method for depreciation and amortization. Core and non-core properties are depreciated over the estimated useful lives of the properties, which range from 30 to 40 years. Property improvements are depreciated over the estimated useful lives that range from 10 to 20 years. Furniture and fixtures are depreciated over the estimated useful lives that range from 3 to 10 years. Tenant improvements are amortized over the shorter of the life of the related leases or their useful life.

Property Held for Sale

The Company has adopted the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"). SFAS No. 144 requires, among other things, that the assets and liabilities and the results of operations of the Company's properties that have been sold or otherwise qualify as held for sale be classified as discontinued operations and presented separately in the Company's consolidated financial statements. The Company classifies properties held for sale that are under contract for sale and are expected to be sold within the next twelve months as Property Held for Sale in the accompanying consolidated balance sheets.

Deferred Charges

Deferred charges consist principally of leasing commissions (which are amortized ratably over the life of the tenant leases) and financing fees (which are amortized over the terms of the respective agreements). Deferred charges in the accompanying consolidated balance sheets are shown at cost, net of accumulated amortization of \$2,292,000 and \$1,886,000 as of October 31, 2005 and 2004, respectively.

Asset Impairment

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to aggregate future net cash flows, (undiscounted and without interest), expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amounts of the assets exceed the fair value.

Revenue Recognition

Revenues from operating leases include revenues from core properties and non-core properties. Rental income is generally recognized based on the terms of leases entered into with tenants. In those instances in which the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition will commence when the improvements are substantially completed and possession or control of the space is turned over to the tenant. When the Company determines that the tenant allowances are lease incentives, the Company commences revenue recognition when possession or control of the space is turned over to the tenant for tenant work to begin. Minimum rental income from leases with scheduled rent increases is recognized on a straight-line basis over the lease term. At October 31, 2005 and 2004, approximately \$8,051,000 and \$7,199,000 has been recognized as straight-line rents receivable (representing the current net cumulative rents recognized prior to when billed and collectible as provided by the terms of the leases), all of which is included in tenant receivables in the accompanying consolidated financial statements. Percentage rent is recognized when a

specific tenant's sales breakpoint is achieved. Property operating expense recoveries from tenants of common area maintenance, real estate taxes, and other recoverable costs are recognized in the period the related expenses are incurred. Lease incentives are amortized as a reduction of rental revenue over the respective tenant lease terms. Lease termination amounts received by the Company from its tenants are recognized as income in the period received. Interest income is recognized as it is earned. Gains or losses on disposition of properties are recorded when the criteria for recognizing such gains or losses under generally accepted accounting principles have been met.

The Company provides an allowance for doubtful accounts against the portion of tenant receivables (including an allowance for future tenant credit losses of approximately 10% of the deferred straight-line rents receivable) which is estimated to be uncollectible. Such allowances are reviewed periodically. At October 31, 2005 and 2004, tenant receivables in the accompanying consolidated balance sheets are shown net of allowances for doubtful accounts of \$1,409,000 and \$2,047,000, respectively.

Cash Equivalents

Cash and cash equivalents consist of cash in banks and short-term investments with original maturities of less than ninety days.

Restricted Cash

Restricted cash consists of those tenant security deposits and replacement and other reserves required by agreement with certain of the Company's mortgage lenders for property level capital requirements which are required to be held in separate bank accounts.

Marketable Securities

Marketable securities consist of short-term investments and marketable equity securities. Short-term investments (consisting of investments with original maturities of greater than three months when purchased) and marketable equity securities are carried at fair value. The Company has classified marketable securities as available for sale. Unrealized gains and losses on available for sale securities are recorded as other comprehensive income in Stockholders' Equity. At October 31, 2005 and 2004, other comprehensive income consists of net unrealized gains of \$499,000 and \$472,000, respectively. Unrealized gains included in other comprehensive income will be reclassified into earnings as gains are realized. For the year ended October 31, 2005, gains on sales of marketable securities amounted to \$70,000 (none in fiscal 2004 and 2003).

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, tenant receivables, prepaid expenses and other assets, accounts payable and accrued expenses and other liabilities are reasonable estimates of their fair values because of the short-term nature of these instruments.

The estimated fair value of mortgage notes receivable collateralized by real property is based on discounting the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

future cash flows at a year-end risk adjusted lending rate that the Company would utilize for loans of similar risk and duration. At October 31, 2005 and 2004, the estimated aggregate fair value of the mortgage notes receivable was \$1,962,000 and \$2,016,000, respectively.

The estimated fair value of mortgage notes payable was \$114,500,000 and \$115,000,000 at October 31, 2005 and 2004, respectively. The estimated fair value of mortgage notes payable is based on discounting the future cash flows at a year-end risk adjusted borrowing rate currently available to the Company for issuance of debt with similar terms and remaining maturities.

Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since October 31, 2005 and current estimates of fair value may differ significantly from the amounts presented herein.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, and tenant receivables. The Company places its cash and cash equivalents in excess of insured amounts with high quality financial institutions. The Company performs ongoing credit evaluations of its tenants and may require certain tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the terminal value of a tenant's lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost rent and the costs associated with retenanting the space. There is no dependence upon any single tenant.

Stock Plans

The Company accounts for its stock plans in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Compensation expense for restricted stock awards is determined on the grant date based on the market price of the shares awarded and is recognized over the explicit vesting periods. Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), allows entities to continue to apply the provisions of APB No. 25 and provide the required disclosures for employee stock grants made as if the fair-value-based method defined in SFAS No. 123 had been applied. The Company has elected, for all periods presented, to apply the provisions of APB No. 25 and provide the disclosures required by SFAS No. 123, as amended by SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." Beginning in the first quarter of fiscal 2006, the Company will apply the provisions of SFAS No. 123R, "Share-Based Payments"

(SFAS No. 123R"). Upon adoption of SFAS No. 123R, the Company will change its policy for recognizing compensation expense for restricted stock awards over the explicit vesting periods to the earlier of the explicit vesting period of the award or the date an employee first becomes eligible for retirement. Had compensation cost for restricted stock awards been determined based on the date an employee first becomes eligible for retirement consistent with the provisions of SFAS No. 123R, the Company's net income in each of the three years ended October 31, 2005 would have been lower by \$732,000, \$718,000, and \$476,000, respectively.

Earnings Per Share

The Company calculates basic and diluted earnings per share in accordance with SFAS No. 128, "Earnings Per Share." Basic earnings per share ("EPS") excludes the impact of dilutive shares and is computed by dividing net income applicable to Common and Class A Common stockholders by the weighted number of Common shares and Class A Common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue Common shares or Class A Common shares were exercised or converted into Common shares or Class A Common shares and then shared in the earnings of the Company. Since the cash dividends declared on the Company's Class A Common stock are higher than the dividends declared on the Common Stock, basic and diluted EPS have been calculated using the "two-class" method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to the weighted average of the dividends declared, outstanding shares per class and participation rights in undistributed earnings.

The following table sets forth the reconciliation between basic and diluted EPS (in thousands):

	Year Ended October 31,		
	2005	2004	2003
Numerator			
Net income applicable to common stockholders—basic	\$ 5,902	\$ 4,488	\$ 4,171
Effect of dilutive securities:			
Operating partnership units	281	192	151
Net income applicable to common stockholders—diluted	<u>\$ 6,183</u>	<u>\$ 4,680</u>	<u>\$ 4,322</u>
Denominator			
Denominator for basic EPS—weighted average common shares	6,566	6,414	6,259
Effect of dilutive securities:			
Stock options and awards	446	351	252
Operating partnership units	55	55	55
Denominator for diluted EPS—weighted average common equivalent shares	<u>7,067</u>	<u>6,820</u>	<u>6,566</u>
Numerator			
Net income applicable to Class A common stockholders—basic	\$18,074	\$14,078	\$13,405
Effect of dilutive securities:			
Operating partnership units	58	175	215
Net income applicable to Class A common stockholders—diluted	<u>\$18,132</u>	<u>\$14,253</u>	<u>\$13,620</u>
Denominator			
Denominator for basic EPS—weighted average Class A common shares	18,280	18,248	18,200
Effect of dilutive securities:			
Stock options and awards	314	278	210
Operating partnership units	246	310	310
Denominator for diluted EPS—weighted average Class A common equivalent shares	<u>18,840</u>	<u>18,836</u>	<u>18,720</u>

Segment Reporting

The Company operates in one industry segment, ownership of commercial real estate properties which are located principally in the northeastern United States. The Company does not distinguish its property operations for purposes of measuring performance. Accordingly, the Company believes it has a single reportable segment for disclosure purposes.

Recently Issued Accounting Pronouncements

In May 2003, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 150 “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity” (“SFAS No. 150”). SFAS No. 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. The FASB deferred the classification and measurement provisions of SFAS No. 150 that apply to certain mandatory redeemable non-controlling interests. This deferral is expected to remain in effect while these provisions are further evaluated by the FASB. The Company has one finite life joint venture which contains a mandatory

redeemable non-controlling interest. At October 31, 2005, the estimated fair value of the minority interest was approximately \$3.2 million. The joint venture has a termination date of December 31, 2007.

In December 2004, the FASB issued SFAS No. 153 “Exchange of Non-monetary Assets—an amendment of APB Opinion No. 29” (“SFAS No. 153”). The guidance in APB Opinion No. 29, “Accounting for Nonmonetary Transactions” (APB No. 29), is based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. SFAS No. 153 amends APB No. 29 to eliminate an exception for non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The impact of adopting this Statement is not expected to have a material effect on the Company’s financial position or results of operations.

Emerging Issues Task Force (“EITF”) Issue 04-5, “Investor’s Accounting for an Investment in a Limited Partnership when the Investor is the Sole General Partner and the Limited Partners Have Certain Rights” (“EITF 04-5”), was ratified by the FASB in June 2005. At issue is what rights held by the limited partners (such as substantive kick-out rights or substantive participating rights) preclude consolidation in circumstances in which the sole general partner would consolidate the limited partnership in accordance with GAAP. The assessment of limited partners’ rights and their impact on the presumption of control of the limited partnership by the sole general partner should be made when an investor becomes the sole general partner and should be reassessed if (i) there is a change to the terms or in the exercisability of the rights of the limited partners, (ii) the sole general partner increases or decreases its ownership of limited partnership interests, or (iii) there is an increase or decrease in the number of outstanding limited partnership interests. This issue was effective June 29, 2005 for new or modified arrangements and no later than for fiscal years beginning after December 15, 2005 for unmodified existing arrangements. The adoption of this pronouncement did not have a material effect on its operations or financial position.

In May 2005, the FASB issued SFAS No. 154 “Accounting Changes and Error Corrections” (“SFAS No. 154”), which replaces Accounting Principles Board Opinion No. 20, “Accounting Changes” and SFAS No. 3, “Reporting Accounting Changes in Interim Financial Statements.” SFAS No. 154 changes the requirements for the accounting for and reporting of a change in accounting principles. It requires retrospective application to prior periods’ financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects of the change or the cumulative effect of the change. This Statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) REAL ESTATE INVESTMENTS

The Company's investments in real estate, net of depreciation, were composed of the following at October 31, 2005 and 2004 (in thousands):

	Core Properties	Non-Core Properties	Mortgage Notes Receivables	2005 Totals	2004 Totals
Retail	\$398,718	\$1,878	\$2,024	\$402,620	\$326,607
Office	7,550	—	—	7,550	15,023
Industrial	—	1,124	—	1,124	1,344
Undeveloped Land	304	—	—	304	304
	<u>\$406,572</u>	<u>\$3,002</u>	<u>\$2,024</u>	<u>\$411,598</u>	<u>\$343,278</u>

The Company's investments at October 31, 2005 consisted of equity interests in 34 properties, which are located in various regions throughout the United States and two mortgage notes receivable secured by retail properties. The Company's primary investment focus is neighborhood and community shopping centers located in the northeastern United States. These properties are considered core properties of the Company. The remaining properties are located outside of the northeastern United States and are considered non-core properties. Since a significant concentration of the Company's properties are in the northeast, market changes in this region could have an effect on the Company's leasing efforts and ultimately its overall results of operations. The following is a summary of the geographic locations of the Company's investments at October 31, 2005 and 2004 (in thousands):

	2005	2004
Northeast	<u>\$407,184</u>	\$331,139
Midwest	696	8,089
Southwest	3,718	4,050
	<u>\$411,598</u>	<u>\$343,278</u>

(3) CORE PROPERTIES

The components of core properties were as follows (in thousands):

	2005	2004
Land	\$ 87,066	\$ 70,983
Buildings and improvements	381,378	310,954
	<u>468,444</u>	<u>381,937</u>
Accumulated depreciation	(61,872)	(51,451)
	<u>\$406,572</u>	<u>\$330,486</u>

Space at the Company's core properties is generally leased to various individual tenants under short and intermediate-term leases which are accounted for as operating leases.

Minimum rental payments on non-cancelable operating leases become due as follows: 2006—\$48,323,000; 2007—\$46,389,000; 2008—\$41,247,000; 2009—\$35,864,000; 2010—\$31,535,000 and thereafter—\$142,700,000.

Certain of the Company's leases provide for the payment of additional rent based on a percentage of the tenant's revenues. Such additional percentage rents are

included in operating lease income and were less than 1% of consolidated revenues in each of the three years ended October 31, 2005.

Owned Properties

On January 7, 2005, the Company acquired The Dock Shopping Center ("The Dock"), a 269,000 square foot shopping center located in Stratford, Connecticut for \$51.1 million (including closing costs of approximately \$800,000). The acquisition was funded with available cash and borrowings of \$17.5 million under the Company's secured line of credit.

On June 30, 2005, the Company acquired Staples Plaza ("Staples Plaza") a 200,000 square foot shopping center located in Yorktown, New York for a purchase price of \$28.5 million, including the assumption of a first mortgage loan and closing costs of approximately \$113,000. The Company recorded the assumption of the mortgage loan at its estimated fair value which approximated \$8.5 million. The assumption of the mortgage loan represents a non-cash financing activity and is therefore not included in the accompanying 2005 consolidated statement of cash flows.

In fiscal 2004, the Company purchased four retail properties ("Rye Properties") totaling 40,000 square feet of leasable space for total consideration of \$11.0 million subject to mortgage loans totaling \$4.7 million which encumbered three of the properties. The assumption of the mortgage loans represent non-cash financing activities and are therefore not included in the accompanying 2004 consolidated statement of cash flows. The Company evaluated the carrying amount of the assumed mortgage loans and adjusted such amounts by \$218,000 to reflect their estimated fair values at the date of acquisition.

In fiscal 2003, the Company acquired the Westchester Pavilion in White Plains, New York, for \$39.9 million, seven retail building units in Somers Commons in Somers, New York, for \$21.65 million, Orange Meadows Shopping Center in Orange, Connecticut, for \$11.3 million, and Greens Farms Plaza, in Westport, Connecticut, for \$10.1 million.

Upon the acquisition of real estate properties, the fair value of the real estate purchased is allocated to the acquired tangible assets (consisting of land, buildings and building improvements) and identified intangible assets and liabilities (consisting of above-market and below-market leases and in-place leases) in accordance with SFAS No. 141 "Business Combinations." The Company utilizes methods similar to those used by independent appraisers in estimating the fair value of acquired assets and liabilities. The fair value of the tangible assets of an acquired property considers the value of the property "as-if-vacant." The fair value reflects the depreciated replacement cost of the asset. In allocating purchase price to identified intangible assets and liabilities of an acquired property, the value of above-market and below-market leases are estimated based on the differences between (i) contractual rentals and the estimated market rents over the applicable lease term discounted back to the date of

acquisition utilizing a discount rate adjusted for the credit risk associated with the respective tenants and (ii) the estimated cost of acquiring such leases giving effect to the Company's history of providing tenant improvements and paying leasing commissions, offset by a vacancy period during which such space would be leased. The aggregate value of in-place leases 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. The above-market and below-market lease intangibles are amortized to rental income over the remaining non-cancelable terms of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to the lease would be immediately recognized in operations.

During fiscal 2005, the Company completed its evaluation of the acquired leases at the Rye Properties and The Dock. As a result of its evaluations, the Company has allocated \$435,000 to a liability and \$22,000 to an asset associated with the net fair value assigned to the acquired leases at the Rye Properties, and \$103,000 to an asset associated with the net fair value assigned to the acquired leases at The Dock. The Company is currently in the process of analyzing the fair value of the acquired in-place leases of Staples Plaza and consequently, no value has yet been assigned to the leases. Accordingly, the purchase price allocation is preliminary and may be subject to change.

In fiscal 2005, the Company incurred costs of approximately \$7.9 million (including \$2.6 million which was unpaid at October 31, 2005) related to capital improvements to its properties and leasing costs.

Consolidated Joint Ventures

The Company is the general partner in a partnership that owns the Eastchester Mall in Eastchester, New York. The limited partner contributed the property in exchange for Common, Class A Common and Preferred LP Units (partnership units) and is entitled to preferential distributions of cash flow from the property. The limited partner may exchange its Common and Class A Common LP units with the Company in exchange for shares of the Company's Common Stock, and Class A Common stock at any time on or prior to October 2007. However, the Company, at its option, may elect to redeem the partnership units for cash. The limited partner may also put its Preferred LP units to the Company for a fixed cash amount at any time prior to October 2007. The Company also has an option to redeem all of the partnership units for cash after October 2008. At October 31, 2005 there were 54,553 each of Common LP units, Class A Common LP units and Preferred LP units outstanding.

The Company is the general partner in a partnership that owns the Ridgeway Shopping Center in Stamford, Connecticut. The partners are entitled to receive an annual cash preference payable from available cash of the partnership. Any unpaid preferences accumulate and are paid

from future available cash, if any. The limited partners' cash preferences are paid after the general partner's preferences are satisfied. The balance of available cash, if any, is distributed in accordance with the respective partners' interests. Upon liquidation, proceeds from the sale of partnership assets are to be distributed in accordance with the respective partners' interests. The partners are not obligated to make any additional capital contributions to the partnership. The Company has retained an affiliate of one of the limited partners to provide management and leasing services to the property at an annual fee of \$125,000 for a period of five years ending in June 2007.

The limited partner interests are reflected in the accompanying consolidated financial statements as Minority Interests.

The Company was the sole general partner in a limited partnership that owned the Arcadian Shopping Center in Briarcliff Manor, New York. In July 2005, a wholly-owned subsidiary of the Company acquired the remaining limited partner interests in the partnership for a purchase price of \$2.1 million. The Company now controls 100% of the property.

(4) NON-CORE PROPERTIES

At October 31, 2005, the non-core properties consist of two distribution and service properties and one retail property located outside of the Northeast region of the United States. The Board of Directors has authorized management, subject to its approval of any contract for sale, to sell the non-core properties of the Company over a period of several years in furtherance of the Company's objectives to focus on northeast properties.

The components of non-core properties were as follows (in thousands):

	2005	2004
Land	\$ 943	\$ 1,943
Buildings and improvements	5,440	18,678
	<u>6,383</u>	<u>20,621</u>
Accumulated depreciation	(3,381)	(9,938)
	<u>\$ 3,002</u>	<u>\$10,683</u>

Minimum rental payments on non-cancelable operating leases of the non-core properties become due as follows:

2006—\$1,977,000; 2007—\$2,011,000; 2008—\$1,852,000; 2009—\$1,567,000; 2010—\$1,567,000 and thereafter—\$2,126,000.

(5) DISCONTINUED OPERATIONS

In November 2004, the Company sold its retail property in Farmingdale, New York for a sales price of \$9.75 million that was under contract for sale and classified as held for sale at October 31, 2004. The Company recorded a gain on the sale of \$5.6 million in fiscal 2005.

In June 2005, the Company sold its office building in Southfield, Michigan for a sales price of \$9.2 million and recorded a gain on sale of \$1.4 million in fiscal 2005.

The operating results for the two properties sold in fiscal 2005 have been reclassified as discontinued operations in the accompanying consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revenues from discontinued operations were \$1.7 million, \$4.1 million and \$4.1 million for the years ended October 31, 2005, 2004, and 2003, respectively.

(6) MORTGAGE NOTES RECEIVABLE

Mortgage notes receivable consist of two fixed rate mortgages with contractual interest rates of 9% which are secured by commercial property. The mortgage notes receivable are due in 2013. Interest is recognized on the effective yield method. The mortgage notes are recorded at a discounted amount which reflected market interest rates at the time of acceptance of the notes. At October 31, 2005 and 2004, the unamortized discounts were \$303,000 and \$349,000, respectively.

At October 31, 2005, principal payments on the mortgage notes receivable become due as follows: 2006—\$142,000; 2007—\$156,000; 2008—\$170,000; 2009—\$186,000; 2010—\$204,000 and thereafter—\$1,469,000.

(7) MORTGAGE NOTES PAYABLE AND BANK LINES OF CREDIT

At October 31, 2005, mortgage notes payable are due in installments over various periods to fiscal 2012 at effective rates of interest ranging from 5.75% to 8.125% and are collateralized by real estate investments having a net carrying value of \$192,471,000.

Combined aggregate principal maturities of mortgage notes payable during the next five years and thereafter are as follows: (in thousands)

	Scheduled Amortization	Principal Repayments	Total
2006	\$2,553	\$ 4,933	\$ 7,486
2007	2,516	9,112	11,628
2008	1,270	59,986	61,256
2009	648	17,107	17,755
2010	344	5,155	5,499
Thereafter	429	7,733	8,162
	<u>\$7,760</u>	<u>\$104,026</u>	<u>\$111,786</u>

At October 31, 2005, the Company had a secured revolving credit facility with a commercial bank (the "Secured Credit Facility") which provides for borrowings of up to \$30 million. The Secured Credit Facility expires in April 2008 and is collateralized by first mortgage liens on two of the Company's properties. Interest on outstanding borrowings is at prime + ½% or LIBOR + 1.5%. The Secured Credit Facility requires the Company to maintain certain debt service coverage ratios during its term. The Company pays an annual fee of 0.25% on the unused portion of the Secured Credit Facility. The Secured Credit Facility is available to fund acquisitions, capital expenditures, mortgage repayments, working capital and other general corporate purposes.

The Company also has a \$30 million unsecured line of credit ("Unsecured credit line") arrangement with the same bank. The Unsecured credit line expires in January 2006 and is available to finance the acquisition of real estate, refinance outstanding indebtedness and for working capital needs. The Company is in the process of

extending the Unsecured credit line for an additional one year period. The Unsecured credit line is an uncommitted bank arrangement and extensions of credit are at the bank's discretion and subject to the bank's satisfaction of certain conditions that must be met by the Company. Outstanding borrowings bear interest at the Prime + ½% or LIBOR + 2.5%. The Company pays an annual fee of 0.25% on unused amounts.

Interest paid in the years ended October 31, 2005, 2004 and 2003 was \$8,502,000, \$8,113,000 and \$8,094,000, respectively.

(8) REDEEMABLE PREFERRED STOCK

The 8.99% Series B Senior Cumulative Preferred Stock ("Series B Preferred Stock") and 8.50% Series C Senior Cumulative Preferred Stock ("Series C Preferred Stock") have no stated maturity, are not subject to any sinking fund or mandatory redemption and are not convertible into other securities or property of the Company. Commencing May 2008 (Series B Preferred Stock) and May 2010 (Series C Preferred Stock), the Company, at its option, may redeem the preferred stock issues, in whole or in part, at a redemption price of \$100 per share, plus all accrued dividends. Upon a change in control of the Company (as defined), each holder of Series B Preferred Stock and Series C Preferred Stock has the right, at such holder's option, to require the Company to repurchase all or any part of such holder's stock for cash at a repurchase price of \$100 per share, plus all accrued and unpaid dividends.

As the holders of the Series B Preferred Stock and Series C Preferred Stock only have a contingent right to require the Company to repurchase all or part of such holders shares upon a change of control of the Company (as defined), the Series B Preferred Stock and Series C Preferred Stock are classified as redeemable equity instruments as a change in control is not certain to occur.

The Series B Preferred Stock and Series C Preferred Stock contain covenants which require the Company to maintain certain financial coverages relating to fixed charge and capitalization ratios. Shares of both Preferred Stock series are non-voting; however, under certain circumstances (relating to non-payment of dividends or failure to comply with the financial covenants) the preferred stockholders will be entitled to elect two directors. The Company was in compliance with such covenants at October 31, 2005 and 2004.

(9) STOCKHOLDERS' EQUITY

In fiscal 2005, the Board of Directors of the Company approved a stock repurchase program for the repurchase of up to 500,000 shares of Common Stock and Class A common stock in the aggregate. As of October 31, 2005, the Company repurchased 3,600 shares of Common Stock and 41,400 shares of Class A Common Stock at an aggregate repurchase cost of \$686,000.

In April 2005, the Company sold 1,000,000 shares of a new 7.5% Series D Senior Cumulative Preferred Stock ("Series D Preferred Stock") issue in a public offering at a price of \$25.00 per share. The net proceeds to the

Company (after deducting underwriting fees and expenses) were \$24 million. In May 2005, the Company sold an additional 650,000 shares of Series D Preferred Stock in a public offering at a price of \$25.2475 per share. The net proceeds to the Company (after deducting underwriting fees and expenses) were \$15.8 million. In June 2005, the Company sold an additional 800,000 shares of Series D Preferred Stock in a public offering at a price of \$25.28 per share. The net proceeds to the Company (after deducting underwriting fees and expenses) were \$19.6 million. The Series D Preferred Stock has no maturity and is not convertible into any other security of the Company. The Series D Preferred Stock is redeemable at the Company's option on or after April 12, 2010 at a price of \$25.00 per share plus accrued and unpaid dividends.

Underwriting commissions and costs incurred in connection with the sale of the Series D Preferred Stock are reflected as a reduction of additional paid in capital.

The Class A Common Stock entitles the holder to 1/20 of one vote per share. The Common Stock entitles the holder to one vote per share. Each share of Common Stock and Class A Common Stock have identical rights with respect to dividends except that each share of Class A Common Stock will receive not less than 110% of the regular quarterly dividends paid on each share of Common Stock.

The Company has a Dividend Reinvestment and Share Purchase Plan (as amended, the "DRIP") which permits shareholders to acquire additional shares of Common Stock and Class A Common Stock by automatically reinvesting dividends. During fiscal 2005, the Company issued 59,390 shares of Common Stock and 15,767 shares of Class A Common Stock (181,720 shares of Common Stock and 18,306 shares of Class A Common Stock in fiscal 2004) through the DRIP. As of October 31, 2005, there remained 240,517 shares of common stock and 509,461 shares of Class A common stock available for issuance under the DRIP.

The Company has a stockholder rights agreement, which expires on November 12, 2008. The rights are not currently exercisable. When they are exercisable, the holder will be entitled to purchase from the Company one one-hundredth of a share of a newly-established Series A Participating

Preferred Stock at a price of \$65 per one one-hundredth of a preferred share, subject to certain adjustments. The distribution date for the rights will occur 10 days after a person or group either acquires or obtains the right to acquire 10% ("Acquiring Person") or more of the combined voting power of the Company's Common Shares, or announces an offer, the consummation of which would result in such person or group owning 30% or more of the then outstanding Common Shares. Thereafter, shareholders other than the Acquiring Person will be entitled to purchase original common shares of the Company having a value equal to two times the exercise price of the right.

If the Company is involved in a merger or other business combination at any time after the rights become exercisable, and the Company is not the surviving corporation or 50% or more of the Company assets are sold or transferred, the rights agreement provides that the holder other than the Acquiring Person will be entitled to purchase a number of shares of common stock of the acquiring company having a value equal to two times the exercise price of each right.

The Company's articles of incorporation provide that if any person acquires more than 7.5% of the aggregate value of all outstanding stock, except, among other reasons, as approved by the Board of Directors, such shares in excess of this limit automatically shall be exchanged for an equal number of shares of Excess Stock. Excess Stock has limited rights, may not be voted and is not entitled to any dividends.

(10) STOCK OPTION AND OTHER BENEFIT PLANS

Stock Option Plan

The Company has a stock option plan whereby 824,093 Common shares and 744,464 Class A Common shares were reserved for issuance to key employees and non-employee Directors of the Company. There were no grants of stock options in each of the three years ended October 31, 2005. As of October 31, 2005, options to purchase 2,406 shares of Class A Common Stock (and no shares of common stock) were available for future grant. Options are granted at fair market value on the date of the grant, have a duration of ten years from the date of grant, and vest over a maximum period of four years from the date of grant.

A summary of stock option transactions during the three years ended October 31, 2005 is as follows:

Year Ended October 31,	2005		2004		2003	
	Number of Shares	Weighted Average Exercise Prices	Number of Shares	Weighted Average Exercise Prices	Number of Shares	Weighted Average Exercise Prices
Common Stock:						
Balance at beginning of period	25,148	\$7.70	55,876	\$7.62	91,570	\$7.50
Granted	—	—	—	—	—	—
Exercised	(7,750)	\$6.91	(15,000)	\$7.29	(18,000)	\$7.22
Canceled/Forfeited	—	—	(15,728)	\$7.27	(17,694)	\$7.44
Balance at end of period	17,398	\$8.05	25,148	\$7.70	55,876	\$7.62
Exercisable	17,398		25,148		55,876	
Class A Common Stock:						
Balance at beginning of period	19,109	\$7.85	42,733	\$7.83	66,810	\$7.71
Granted	—	—	—	—	—	—
Exercised	(6,750)	\$6.95	(23,624)	\$7.93	(24,077)	\$7.61
Canceled/Forfeited	—	—	—	—	—	—
Balance at end of period	12,359	\$8.34	19,109	\$7.85	42,733	\$7.83
Exercisable	12,359		19,109		42,733	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At October 31, 2005, exercise prices of shares of Common Stock and Class A Common Stock under option ranged from \$7.66 to \$9.03 for the Common Stock and \$7.71 to \$9.09 for the Class A Common Stock. For both classes of stock, option expiration dates range from April 2007 through April 2009 and the weighted average remaining contractual life of these options is 1.5 years. There were no unvested stock options outstanding during the three years ended October 31, 2005 and accordingly, no compensation expense would have been recognized consistent with the provisions of SFAS No. 123.

As of October 31, 2005, outstanding options to acquire approximately 3,000 shares each of Common Stock and Class A Common Stock permit the optionee to elect to receive either shares of Common Stock, Class A Common Stock or a combination of both. Upon an election to exercise shares of a class of common stock by the optionee, an equivalent number of shares of the class of common stock not elected by such optionee are deemed cancelled and no longer available for future grants.

In connection with the exercise of stock options in a prior year, an officer of the Company executed a full recourse promissory note equal to the purchase price of the shares. At October 31, 2005 and 2004, the outstanding balance of the officer's note receivable totaled \$1,300,000. The outstanding note matures in 2012 and bears interest at 6.78%. The shares are pledged as additional collateral for the notes. Interest is payable quarterly.

Restricted Stock Plan

The Company has a restricted stock plan for key employees and directors of the Company (the "Plan"). The Plan, as amended, provides for the grant of up to 1,650,000 shares of the Company's common equity consisting of 350,000 Common shares, 350,000 Class A Common shares and 950,000 shares, which at the discretion of the Company's compensation committee, may be awarded in any combination of Class A common shares or Common shares. In January 2005, the compensation committee awarded 175,800 shares of Common Stock and 75,675 shares of Class A Common Stock to participants in the Plan. The fair value of restricted stock grants in the years ended October 31, 2005, 2004, and 2003 was \$4.1 million, \$3.2 million and \$2.7 million, respectively. Since the inception of the Plan, the compensation committee has awarded a total of 860,800 shares of Common Stock and 376,800 shares of Class A Common Stock to participants as an incentive for future services. The shares vest between five and ten years after the date of grant. At October 31, 2005, 37,625 shares each of Common Stock and Class A Common Stock were vested. Dividends on vested and non-vested shares are paid as declared. The market value of shares granted is recorded as unamortized restricted stock compensation on the date of grant. Unamortized restricted stock compensation is expensed over the respective

vesting periods. For the years ended October 31, 2005, 2004, and 2003, amounts charged to compensation expense totaled \$1,617,000, \$1,322,000 and \$1,105,000, respectively.

Profit Sharing and Savings Plan

The Company has a profit sharing and savings plan (the "401K Plan"), which permits all eligible employees to defer a portion of their compensation in accordance with the Internal Revenue Code. Under the 401K Plan, the Company may make discretionary contributions on behalf of eligible employees. For the years ended October 31, 2005, 2004 and 2003, the Company made contributions to the 401K Plan of \$135,000, \$127,000 and \$95,000, respectively. The Company also has an Excess Benefits and Deferred Compensation Plan that allows eligible employees to defer benefits in excess of amounts provided under the Company's 401K Plan and a portion of the employee's current compensation.

(11) COMMITMENTS AND CONTINGENCIES

In the normal course of business, from time to time, the Company is involved in legal actions relating to the ownership and operations of its properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions, are not expected to have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company.

At October 31, 2005, the Company had commitments of approximately \$436,000 for tenant related obligations.

(12) PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

The unaudited pro forma financial information set forth below is based upon the Company's historical consolidated statements of income for the years ended October 31, 2005 and 2004 adjusted to give effect to the acquisitions completed in fiscal 2005 (see Note 3) and the issuance of shares of Series D Preferred Stock in fiscal 2005 as though these transactions were completed on November 1, 2003.

The pro forma financial information is presented for informational purposes only and may not be indicative of what the actual results of operations would have been had the transactions occurred as of the beginning of each respective year nor does it purport to represent the results of future operations. (Amounts in thousands, except per share figures.)

	Year Ended October 31, 2005	2004
Pro forma revenues	<u>\$72,871</u>	<u>\$70,471</u>
Pro forma income from continuing operations	<u>\$24,843</u>	<u>\$25,828</u>
Pro forma income from continuing operations applicable to Common and Class A Common stockholders	<u>\$16,599</u>	<u>\$18,266</u>
Pro forma basic shares outstanding:		
Common and Common Equivalent	<u>6,566</u>	<u>6,414</u>
Class A Common and Class A Common Equivalent	<u>18,280</u>	<u>18,248</u>
Pro forma diluted shares outstanding:		
Common and Common Equivalent	<u>7,067</u>	<u>6,820</u>
Class A Common and Class A Common Equivalent	<u>18,840</u>	<u>18,836</u>
Pro forma earnings per share from continuing operations		
Basic:		
Common	<u>\$.62</u>	<u>\$.69</u>
Class A Common	<u>\$.68</u>	<u>\$.76</u>
Diluted:		
Common	<u>\$.61</u>	<u>\$.68</u>
Class A Common	<u>\$.67</u>	<u>\$.74</u>

(13) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited quarterly results of operations for the years ended October 31, 2005 and 2004 are as follows (in thousands, except per share data):

	Year Ended October 31, 2005				Year Ended October 31, 2004			
	Quarter Ended				Quarter Ended			
	Jan 31	Apr 30	July 31	Oct 31	Jan 31	Apr 30	July 31	Oct 31
Revenues (1)	<u>\$16,556</u>	<u>\$17,986</u>	<u>\$17,347</u>	<u>\$18,075</u>	<u>\$16,095</u>	<u>\$15,395</u>	<u>\$14,938</u>	<u>\$15,452</u>
Income from Continuing Operations before Discontinued Operations	<u>\$ 5,624</u>	<u>\$ 6,021</u>	<u>\$ 5,737</u>	<u>\$ 6,114</u>	<u>\$ 5,889</u>	<u>\$ 5,555</u>	<u>\$ 4,937</u>	<u>\$ 5,588</u>
Net Income	<u>\$11,473</u>	<u>\$ 6,112</u>	<u>\$ 7,286</u>	<u>\$ 6,114</u>	<u>\$ 6,271</u>	<u>\$ 5,866</u>	<u>\$ 5,341</u>	<u>\$ 5,837</u>
Preferred Stock Dividends	<u>(1,187)</u>	<u>(1,286)</u>	<u>(2,200)</u>	<u>(2,336)</u>	<u>(1,187)</u>	<u>(1,187)</u>	<u>(1,187)</u>	<u>(1,188)</u>
Net Income Applicable to Common and Class A Common Stockholders (2)	<u>\$10,286</u>	<u>\$ 4,826</u>	<u>\$ 5,086</u>	<u>\$ 3,778</u>	<u>\$ 5,084</u>	<u>\$ 4,679</u>	<u>\$ 4,154</u>	<u>\$ 4,649</u>
Per Share Data:								
Net Income from Continuing Operations—Basic:								
Class A Common Stock	<u>\$.19</u>	<u>\$.20</u>	<u>\$.15</u>	<u>\$.14</u>	<u>\$.20</u>	<u>\$.19</u>	<u>\$.15</u>	<u>\$.17</u>
Common Stock	<u>\$.18</u>	<u>\$.18</u>	<u>\$.13</u>	<u>\$.13</u>	<u>\$.18</u>	<u>\$.18</u>	<u>\$.14</u>	<u>\$.15</u>
Net Income from Continuing Operations—Diluted:								
Class A Common Stock	<u>\$.19</u>	<u>\$.19</u>	<u>\$.14</u>	<u>\$.14</u>	<u>\$.20</u>	<u>\$.19</u>	<u>\$.15</u>	<u>\$.17</u>
Common Stock	<u>\$.17</u>	<u>\$.18</u>	<u>\$.13</u>	<u>\$.12</u>	<u>\$.18</u>	<u>\$.17</u>	<u>\$.13</u>	<u>\$.16</u>

(1) All periods have been adjusted to reflect the impact of operating properties sold during fiscal 2005, which are reflected in the caption Discontinued Operations in the accompanying Consolidated Statements of Income.

(2) Includes gains on sales of properties of \$5.6 million and \$1.4 million in the quarters ended January 31, 2005 and July 31, 2005, respectively.

(14) SUBSEQUENT EVENTS

On December 14, 2005, the Board of Directors of the Company declared cash dividends of \$0.2025 for each share of Common Stock and \$0.2250 for each share of Class A Common Stock. The dividends are payable on January 20, 2006. The Board of Directors also ratified the actions of the Company's compensation committee authorizing the awards of 165,800 shares of Common Stock and 79,050 shares of Class A Common Stock to certain key officers and directors of the Company on January 3, 2006 pursuant to the Company's restricted stock plan. The fair value of the shares awarded amounted to approximately \$3.9 million and will be charged to expense over the respective vesting periods.

On January 10, 2006, the Company entered into a contract to sell unimproved land that it owns in Tempe, Arizona for \$2,250,000 in cash. The contract is subject to certain contingencies.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Urstadt Biddle Properties Inc.

We have audited the accompanying consolidated balance sheets of Urstadt Biddle Properties Inc. (the "Company") as of October 31, 2005 and 2004, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended October 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Urstadt Biddle Properties Inc. at October 31, 2005 and 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 31, 2005, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Urstadt Biddle Properties Inc.'s internal control over financial reporting as of October 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 12, 2006 expressed an unqualified opinion thereon.

Ernst & Young LLP

New York, New York
January 12, 2006

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

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

FORWARD LOOKING STATEMENTS

This report includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this report that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), business strategies, expansion and growth of the Company's operations and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, general economic and business conditions, the business opportunities that may be presented to and pursued by the Company, changes in laws or regulations and other factors, many of which are beyond the control of the Company. Any such statements are not guarantees of future performance and actual results or developments may differ materially from those anticipated in the forward-looking statements.

EXECUTIVE SUMMARY

The Company, a REIT, is a fully integrated, self-administered real estate company engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers in the northeastern part of the United States. Other real estate assets include a retail property and two industrial properties. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At October 31, 2005, the Company owned or had controlling interests in 34 properties containing a total of 3.7 million square feet of GLA of which approximately 98% was leased.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to long-term leases and focuses its investment activities on community and neighborhood shopping centers, anchored principally by regional supermarket chains. The Company believes, because of the need of consumers to purchase food and other staple goods and services generally available at supermarket-

anchored shopping centers, that the nature of its investments provide for relatively stable revenue flows even during difficult economic times.

The Company focuses on increasing cash flow, and consequently the value of its properties, and seeks continued growth through strategic re-leasing, renovations and expansion of its existing properties and selective acquisition of income producing properties, primarily neighborhood and community shopping centers in the northeastern part of the United States.

Key elements of the Company's growth strategies and operating policies are to:

- Acquire neighborhood and community shopping centers in the northeastern part of the United States with a concentration in Fairfield County, Connecticut and Westchester and Putnam Counties, New York
- Hold core properties for long-term investment and enhance their value through regular maintenance, periodic renovation and capital improvement
- Selectively dispose of non-core assets and re-deploy the proceeds into properties located in the Company's preferred region
- Increase property values by aggressively marketing available GLA and renewing existing leases
- Renovate, reconfigure or expand existing properties to meet the needs of existing or new tenants
- Negotiate and sign leases which provide for regular or fixed contractual increases to minimum rents
- Control property operating and administrative costs

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that are both important to the presentation of the Company's financial condition and results of operations and require management's most difficult, complex or subjective judgments. Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements. This summary should be read in conjunction with the more complete discussion of the Company's accounting policies included in Note 1 to the consolidated financial statements of the Company.

Revenue Recognition

The Company records base rents on a straight-line basis over the term of each lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is included in tenant receivables on the accompanying balance sheets. Most leases contain provisions that require tenants to reimburse a pro-rata share of real estate taxes and certain common area expenses.

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

Adjustments are also made throughout the year to tenant receivables and the related cost recovery income based upon the Company's best estimate of the final amounts to be billed and collected.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established based on a quarterly analysis of the risk of loss on specific accounts. The analysis places particular emphasis on past-due accounts and considers information such as the nature and age of the receivables, the payment history of the tenants or other debtors, the financial condition of the tenants and any guarantors and management's assessment of their ability to meet their lease obligations, the basis for any disputes and the status of related negotiations, among other things. Management's estimates of the required allowance is subject to revision as these factors change and is sensitive to the effects of economic and market conditions on tenants, particularly those at retail centers. Estimates are used to establish reimbursements from tenants for common area maintenance, real estate tax and insurance costs. The Company analyzes the balance of its estimated accounts receivable for real estate taxes, common area maintenance and insurance for each of its properties by comparing actual recoveries versus actual expenses and any actual write-offs. Based on its analysis, the Company may record an additional amount in its allowance for doubtful accounts related to these items. It is also the Company's policy to maintain an allowance of approximately 10% of the deferred straight-line rents receivable balance for future tenant credit losses.

Real Estate

Land, buildings, property improvements, furniture/ fixtures and tenant improvements are recorded at cost. Expenditures for maintenance and repairs are charged to operations as incurred. Renovations and/or replacements, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

The amounts to be capitalized as a result of an acquisition and the periods over which the assets are depreciated or amortized are determined based on estimates as to fair value and the allocation of various costs to the individual assets. The Company allocates the cost of an acquisition based upon the estimated fair value of the net assets acquired. The Company also estimates the fair value of intangibles related to its acquisitions. The valuation of the fair value of intangibles involves estimates related to market conditions, probability of lease renewals and the current market value of in-place leases. This market value is determined by considering factors such as the tenant's industry, location within the property and competition in the specific region in which the property operates.

Differences in the amount attributed to the intangible assets can be significant based upon the assumptions made in calculating these estimates.

The Company is required to make subjective assessments as to the useful life of its properties for purposes of determining the amount of depreciation. These assessments have a direct impact on the Company's net income.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives are as follows:

Buildings	30-40 years
Property Improvements	10-20 years
Furniture/Fixtures	3-10 years
Tenant Improvements	Shorter of lease term or useful life

Asset Impairment

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties and mortgage notes receivable may be impaired. A property value is considered impaired when management's estimate of current and projected operating cash flows (undiscounted and without interest) of the property over its remaining useful life is less than the net carrying value of the property. Such cash flow projections consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the loss is measured as the excess of the net carrying amount of the property over the fair value of the asset. Changes in estimated future cash flows due to changes in the Company's plans or market and economic conditions could result in recognition of impairment losses which could be substantial. Management does not believe that the value of any of its rental properties or mortgage notes receivable is impaired at October 31, 2005.

LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2005, the Company had unrestricted cash and cash equivalents of \$26.5 million compared to \$25.9 million in 2004. The Company's sources of liquidity and capital resources include its cash and cash equivalents, proceeds from bank borrowings and long-term mortgage debt, capital financings and sales of real estate investments. Payments of expenses related to real estate operations, debt service, management and professional fees and dividend requirements place demands on the Company's short-term liquidity.

The Company expects to meet its short-term liquidity requirements primarily by generating net cash from the operations of its properties. The Company believes that its net cash provided by operations will be sufficient to fund its short-term liquidity requirements for fiscal 2006 and to

meet its dividend requirements necessary to maintain its REIT status. In fiscal 2005, 2004 and 2003, net cash flow provided by operations amounted to \$35.5 million, \$30.7 million and \$31.2 million, respectively. Cash dividends paid on common and preferred shares increased to \$29.4 million in 2005 compared to \$26.3 million in 2004 and \$23.5 million in 2003. The Company expects to continue paying regular dividends to its stockholders. These dividends will be paid from operating cash flows which are expected to increase due to property acquisitions and growth in operating income in the existing portfolio and from other sources. The Company derives substantially all of its revenues from tenants under existing leases at its properties. The Company's operating cash flow therefore depends on the rents that it is able to charge to its tenants, and the ability of its tenants to make rental payments. The Company believes that the nature of the properties in which it typically invests—primarily grocery-anchored neighborhood and community shopping centers—provides a more stable revenue flow in uncertain economic times, in that consumers still need to purchase basic staples and convenience items. However, even in the geographic areas in which the Company owns properties, general economic downturns may adversely impact the ability of the Company's tenants to make lease payments and the Company's ability to re-lease space as leases expire. In either of these cases, the Company's cash flow could be adversely affected.

Net Cash Flows From:

Operating Activities

Net cash flows provided by operating activities amounted to \$35.5 million in 2005, compared to \$30.7 million in 2004 and \$31.2 million in 2003. The changes in operating cash flows were primarily due to increases in the net operating results generated from the Company's core properties and operating cash flows from new properties acquired during those periods.

Investing Activities

Net cash flows used in investing activities were \$61.3 million in 2005, \$2.4 million in 2004 and \$70 million in 2003. The net cash flows in each of these years were principally due to the acquisition of properties consistent with the Company's strategic plan to acquire properties in the northeast. The Company acquired two shopping centers in 2005 and four retail properties in both 2004 and 2003. In 2005, the Company sold two properties. Sale proceeds were used to purchase properties in the northeast. In 2003, the Company sold investments in marketable investments to purchase real estate properties.

Financing Activities

Net cash flows provided by financing activities amounted to \$26.4 million in 2005 and \$14.7 million in 2003. Net cash flows used in financing activities in 2004 were \$24.8 million. The Company received net proceeds of \$59.4 million in 2005 and \$38.4 million in 2003 from sales of preferred stock. In fiscal 2005, the Company borrowed \$19.5 million under its bank lines of credit, which amounts were fully repaid during the year. The Company makes quarterly distributions to its shareholders which totaled \$29.4 million in 2005, \$26.3 million in 2004 and \$23.5 million in 2003.

Capital Resources

The Company expects to fund its long-term liquidity requirements such as property acquisitions, repayment of indebtedness and capital expenditures through other long-term indebtedness (including indebtedness assumed in acquisitions), proceeds from sales of properties and/or the issuance of equity securities. The Company believes that these sources of capital will continue to be available to it in the future to fund its long-term capital needs; however, there are certain factors that may have a material adverse effect on its access to capital sources. The Company's ability to incur additional debt is dependent upon its existing leverage, the value of its unencumbered assets and borrowing limitations imposed by existing lenders. The Company's ability to raise funds through sales of equity securities is dependent on, among other things, general market conditions for REITs, market perceptions about the Company and its stock price in the market. The Company's ability to sell properties in the future to raise cash will be dependent upon market conditions at the time of sale.

Financings and Debt

On October 7, 2005, the Company publicly announced that its Board of Directors approved a share repurchase program of up to 500,000 shares, in the aggregate, of the Company's Common and Class A Common Stock. The program does not have a specific expiration date and may be discontinued at any time. There is no assurance that the Company will repurchase the full amount of shares authorized.

In April 2005, the Company sold 1,000,000 shares of 7.5% Series D Senior Cumulative Preferred Stock ("Series D Preferred Stock") in a public offering for net proceeds of approximately \$24 million. In May 2005, the Company sold an additional 650,000 shares of Series D Preferred Stock for net proceeds of \$15.8 million and in June 2005, the Company sold an additional 800,000 shares of Series D Preferred Stock in a public offering for net proceeds of \$19.6 million. The Series D Preferred Stock has no stated maturity and is not convertible into other securities of the Company. On or after April 12, 2010, the Series D

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

Preferred Stock may be redeemed by the Company, at its option, at a redemption price of \$25 per share plus accrued and unpaid dividends.

The Company utilized a portion of the net proceeds from the preferred stock sales to repay all of its then outstanding secured and unsecured revolving credit line indebtedness of \$19.5 million. The Company also used approximately \$20 million of the net proceeds to fund the cash portion of the purchase price of Staples Plaza acquired in June 2005. The balance of the net proceeds is expected to be used to acquire other income producing properties and to fund renovations on, or capital improvements to, existing properties, including tenant improvements and for working capital.

The Company is exposed to interest rate risk primarily through its borrowing activities. There is inherent rollover risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and the Company's future financing requirements. At October 31, 2005, the Company did not have any variable rate debt outstanding.

Mortgage notes payable of \$111.8 million consist of fixed rate mortgage loan indebtedness with a weighted average interest rate of 7.34% at October 31, 2005. The mortgage loans are secured by seventeen properties with a net book value of \$192.5 million and have fixed rates of interest ranging from 5.75% to 8.125%. In June 2005, the Company fully repaid a mortgage note in the principal amount of \$1.8 million. In connection with the acquisition of Staples Plaza, the Company assumed an existing first mortgage loan on the property. The Company recorded the mortgage loan at its estimated fair value which approximated \$8.5 million. The mortgage loan matures in 2008 and has an effective interest rate of 5.75%. The Company expects to refinance most of its mortgage loans, at or prior to scheduled maturity, through replacement mortgage loans. The ability to do so, however, is dependent upon various factors, including the income level of the properties, interest rates and credit conditions within the commercial real estate market. Accordingly, there can be no assurance that such refinancings can be achieved.

In April 2005, the Company entered into a secured revolving credit facility with a commercial bank which provides for borrowings of up to \$30 million for a three year period. The secured revolving credit facility is collateralized by two properties having a net book value of \$27.7 million at October 31, 2005. This credit line replaced a secured revolving credit line of \$17.5 million that was

scheduled to expire in October 2005. During fiscal 2005, the Company borrowed \$17.5 million under the revolving credit line to complete the acquisition of The Dock. The borrowings were fully repaid from proceeds of the Company's new issue of Series D Preferred Stock. There were no borrowings outstanding on the secured revolving credit facility at October 31, 2005. The Company also has an unsecured revolving line of credit with the same bank which was increased from \$20 million to \$30 million in June, 2005. The unsecured credit line expires in January 2006. The Company is in the process of extending the unsecured credit line for an additional one year period. During fiscal 2005, the Company borrowed \$2 million under this line of credit. The funds were used for working capital purposes and fully repaid during the year. At October 31, 2005, there were no borrowings outstanding on this line of credit. Extensions of credit under the unsecured credit line are at the bank's discretion and subject to the bank's satisfaction of certain conditions which must be met by the Company.

Both credit lines are available to finance the acquisition, management and/or development of commercial real estate, refinance indebtedness and for working capital purposes.

Contractual Obligations

The Company's contractual payment obligations as of October 31, 2005 were as follows (amounts in thousands):

	Payments Due by Period						There- after
	Total	2006	2007	2008	2009	2010	
Mortgage notes payable	\$111,786	\$7,486	\$11,628	\$61,256	\$17,755	\$5,499	\$8,162
Tenant obligations*	436	436	—	—	—	—	—
Total Contractual Obligations	<u>\$112,222</u>	<u>\$7,922</u>	<u>\$11,628</u>	<u>\$61,256</u>	<u>\$17,755</u>	<u>\$5,499</u>	<u>\$8,162</u>

*Committed tenant-related obligations based on executed leases as of October 31, 2005.

The Company has various standing or renewable service contracts with vendors related to its property management. In addition, the Company also has certain other utility contracts entered into in the ordinary course of business which may extend beyond one year, which vary based on usage. These contracts include terms that provide for cancellation with insignificant or no cancellation penalties. Contract terms are generally one year or less.

Off-Balance Sheet Arrangements

During the years ended October 31, 2005 and 2004, the Company did not have any material off-balance sheet arrangements.

Capital Expenditures

The Company invests in its existing properties and regularly incurs capital expenditures in the ordinary course of business to maintain its properties. The Company believes that such expenditures enhance the competitiveness of its properties. In the year ended October 31, 2005, the Company incurred approximately \$5.3 million for capital expenditures for property improvements, tenant improvements and leasing commissions. The amounts of these expenditures can vary significantly depending on tenant negotiations, market conditions and rental rates. The Company expects to incur approximately \$3 million for anticipated capital improvements and leasing costs in fiscal 2006. These expenditures are expected to be funded from operating cash flows or borrowings.

Acquisitions

The Company seeks to acquire properties which are primarily shopping centers located in the northeastern part of the United States with a concentration in Fairfield County, Connecticut and Westchester and Putnam Counties, New York.

The Company was the sole general partner in a limited partnership that owned the Arcadian Shopping Center in Briarcliff Manor, New York. In July 2005, a wholly-owned subsidiary of the Company acquired the remaining limited partner interests in the partnership for a purchase price of \$2.1 million. The Company now controls 100% of the property.

In June 2005, the Company purchased a 200,000 square foot shopping center in Yorktown, New York. The purchase price was \$28.5 million, including the assumption of a first mortgage loan and closing costs of approximately \$113,000. The cash portion of the purchase price was funded from a portion of the proceeds from the Company's sales of the Series D Preferred Stock.

In January 2005, the Company acquired The Dock, a 269,000 square foot shopping center located in Stratford, Connecticut for \$51.1 million, including closing costs of approximately \$800,000. The acquisition was funded with cash of approximately \$23.1 million, net proceeds of \$9.75 million from the sale of property (see discussion below) and borrowings of \$17.5 million under the Company's secured line of credit. The borrowings were repaid from the proceeds of the sale of the Series D Preferred Stock in May 2005.

During the fourth quarter of fiscal 2005, the Company terminated a contract for the purchase of a retail property for a purchase price of \$6.7 million.

In fiscal 2004, the Company acquired four retail properties totaling 40,000 square feet of leasable space, for a total purchase price of \$11.0 million. In connection with the acquisition of three of the properties, the Company assumed mortgage loans totaling \$4.7 million.

Sales

In November 2004, the Company sold its Farmingdale, New York property for a sale price of \$9.75 million. The proceeds were used to complete the acquisition of The Dock in January 2005. The Company recorded a gain on the sale of approximately \$5.6 million in fiscal 2005. The property was classified as held for sale at October 31, 2004.

In June 2005, the Company sold an office building in Southfield, Michigan for a sale price of \$9.2 million. The Company recorded a gain on the sale of \$1.4 million in fiscal 2005.

NON-CORE ASSETS

In a prior year, the Company's Board of Directors expanded and refined the strategic objectives of the Company to refocus its real estate portfolio into one of self-managed retail properties located in the northeast and authorized the sale of the Company's non-core properties in the normal course of business over a period of several years. The non-core properties consist of two distribution service facilities and one retail property (all of which are located outside of the northeast region of the United States). The Company intends to sell its non-core properties as opportunities become available. The Company's ability to generate cash from asset sales is dependent upon market conditions and will necessarily be limited if market conditions make such sales unattractive. During fiscal 2005, the Company sold a non-core office property located in Southfield, Michigan for a sale price of \$9.2 million and realized a gain on sale of the property of \$1.4 million. At October 31, 2005, the three remaining non-core properties have a net book value of approximately \$3.0 million.

FUNDS FROM OPERATIONS

The Company considers Funds from Operations ("FFO") to be an additional measure of an equity REIT's operating performance. The Company reports FFO in addition to its net income applicable to common stockholders and net cash provided by operating activities. Management has adopted the definition suggested by The National Association of Real Estate Investment Trusts ("NAREIT") and defines FFO to mean net income (computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization, and after adjustments for unconsolidated joint ventures.

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

Management considers FFO a meaningful, additional measure of operating performance because it primarily excludes the assumption that the value of its real estate assets diminishes predictably over time and industry analysts have accepted it as a performance measure. FFO is presented to assist investors in analyzing the performance of the Company. It is helpful as it excludes various items included in net income that are not indicative of the Company's operating performance, such as gains (or losses) from sales of property and depreciation and amortization. However, FFO:

- does not represent cash flows from operating activities in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income);
- should not be considered an alternative to net income as an indication of the Company's performance.

FFO, as defined by us, may not be comparable to similarly titled items reported by other real estate investment trusts due to possible differences in the application of the NAREIT definition used by such REITs. The table below provides a reconciliation of net income applicable to Common and Class A Common Stockholders in accordance with GAAP to FFO for each of the three years in the period ended October 31, 2005 (amounts in thousands).

	Year Ended October 31,		
	2005	2004	2003
Net Income Applicable to Common and Class A Common Stockholders	\$ 23,976	\$ 18,566	\$ 17,576
Plus: Real property depreciation	9,164	8,082	7,148
Amortization of tenant improvements and allowances	2,325	1,962	2,088
Amortization of deferred leasing costs	565	497	440
Depreciation and amortization on discontinued operations	345	706	712
Less: Gains on sales of properties	(7,020)	—	—
Funds from Operations Applicable to Common and Class A Common Stockholders	\$ 29,355	\$ 29,813	\$ 27,964
Net Cash Provided by (Used in):			
Operating Activities	\$ 35,505	\$ 30,744	\$ 31,176
Investing Activities	\$(61,348)	\$(2,416)	\$(69,818)
Financing Activities	\$ 26,397	\$(24,837)	\$ 14,749

FFO amounted to \$29.4 million in fiscal 2005 compared to \$29.8 million in fiscal 2004. The change in FFO is attributable to: a) an increase in property operating income and recent property acquisitions which increased operating rents and net operating income; b) higher general and administrative expenses; and c) the effect of lower yielding returns on the temporary investment of the proceeds remaining from the sales of the Company's new issue of Series D Preferred Stock in fiscal 2005. See discussion which follows.

RESULTS OF OPERATIONS

Fiscal 2005 vs. Fiscal 2004

Revenues

Rental revenues from base rents increased 11.4% to \$52.1 million in the year ended October 31, 2005, as compared to \$46.8 million in fiscal 2004.

The net change in rentals resulted primary from: (i) the additional base rents from properties acquired during 2005 and 2004 which increased base rents incrementally by \$4.7 million in fiscal 2005 and (ii) an increase of \$631,000 principally from new leasing and renewals of expiring leases at the Company's core properties and generally at higher base rental rates compared to the expiring rental rates. During fiscal 2005, the Company leased or renewed 222,000 square feet of gross leasable area ("GLA") at its core properties compared to 284,000 square feet in fiscal 2004. The Company also extended a triple net lease on its 255,000 square foot industrial property in Dallas, Texas for an additional five year term at approximately the same effective rent as the existing lease on the property. At October 31, 2005, the Company's core properties were 98% leased, a decrease of less than 1% from the end of fiscal 2004. The Company has leases totaling less than 8% of its core property GLA scheduled to expire in fiscal 2006.

Recoveries from tenants (which represent reimbursements from tenants for property operating expenses and property taxes) increased 20.9% to \$16.5 million in fiscal 2005 compared to \$13.7 million in fiscal 2004. The increase in recoveries from tenants is attributable to new properties in fiscal 2005 (which increased this component of revenue by \$1.7 million) and an additional \$1.2 million from properties owned in both years from higher operating expenses and real estate tax expenses in 2005 at most of the properties and higher overall tenant recovery rates on operating expenses and real estate taxes.

The Company's single largest real estate investment is the Ridgeway Shopping Center located in Stamford, Connecticut (which is owned by a consolidated joint venture in which the Company has a 90% controlling interest). Ridgeway's revenues represented approximately 15.1% or \$10.6 million of total consolidated revenues in fiscal 2005 compared to 15.4% or \$10.2 million in fiscal 2004. The property was 95% leased at October 31, 2005. No other property in the Company's portfolio comprised more than 10% of the Company's consolidated revenues in the year ended October 31, 2005.

The Company recorded lease termination payments in satisfaction of former tenant lease obligations of \$253,000 in fiscal 2005, compared to \$577,000 in 2004. Fiscal 2004's amounts included a payment of \$312,000 received in settlement of a tenant bankruptcy.

Interest and other income increased by \$231,000 in fiscal 2005 from higher interest and dividend income from the temporary reinvestment into short-term liquid investments of a portion of the proceeds from the Company's recent sales of Series D Preferred Stock. This component of income also includes gains on sales of securities which totaled \$70,000 in fiscal 2005.

Expenses

Property operating expenses increased 18.1% to \$10.9 million in the year ended October 31, 2005 compared to \$9.2 million in fiscal 2004. The increase in operating expenses in fiscal 2005 reflects the incremental expense from recent property acquisitions which added additional operating expenses of \$1.1 million in fiscal 2005. Operating expenses for properties owned in both periods increased by \$626,000 principally due to higher snow removal and repairs and maintenance costs in fiscal 2005.

Property taxes increased 15.2% to \$9.2 million in fiscal 2005 compared to \$8.0 million in fiscal 2004. Property taxes from recently acquired properties increased this component of expenses by \$884,000 in fiscal year 2005. Property taxes for properties owned in both fiscal 2005 and 2004 increased by \$336,000 from higher real estate tax assessment rates at several of the Company's properties during fiscal 2005. The Company anticipates that property tax assessments will continue to increase in the near term. However, the Company will continue to challenge these higher assessments when warranted.

Interest expense increased \$389,000 in fiscal 2005 principally from the addition of an \$8.5 million mortgage note assumed in connection with the acquisition of Staples Plaza in fiscal 2005 and mortgages totaling \$4.7 million assumed in the Rye Properties acquisitions in fiscal 2004. Interest expense also increased this year from short-term borrowings of \$19.5 million on the Company's secured revolving credit line. Borrowings of \$17.5 million were used to complete the acquisition of a property earlier in the year. The borrowings were fully repaid during the second quarter of fiscal 2005.

Depreciation and amortization expense increased by \$1.5 million in fiscal 2005. The increase is principally from property acquisitions in fiscal 2005 which increased this component of expense by \$1.1 million in fiscal 2005.

General and administrative expenses increased by \$1.7 million in fiscal 2005 from higher compensation costs from

an increase in the number of employees of the Company and higher stock compensation charges, which increased compensation by approximately \$600,000 in fiscal 2005. The Company also recorded a charge of approximately \$300,000 to reflect a deferred compensation arrangement at fair value during the year. Additionally, the Company incurred costs of approximately \$678,000 in connection with its internal controls assessment required by Section 404 of Sarbanes-Oxley Act.

DISCONTINUED OPERATIONS

During fiscal 2005, the Company sold a shopping center in Farmingdale, New York for \$9.75 million and an office building in Southfield, Michigan for \$9.175 million. The shopping center was classified as a property held for sale at the end of fiscal 2004. Accordingly, the operating results for these properties have been reclassified as discontinued operations in the accompanying consolidated statements of income for the three years ended October 31, 2005.

In connection with the sales of the properties, the Company recorded gains on sales of properties of \$7.0 million in fiscal 2005. The Company used the proceeds of sales to complete the purchase of core properties in fiscal 2005.

Revenues from discontinued operations were \$1.7 million, \$4.1 million and \$4.1 million for the years ended October 31, 2005, 2004 and 2003, respectively.

Fiscal 2004 vs. Fiscal 2003

Revenues

Base rents increased 8.8% to \$46.8 million in fiscal 2004 from \$43.0 million in fiscal 2003. The increase in base rents reflected the additional base rents from four properties acquired in 2003. The acquisitions of these properties increased base rents incrementally by \$3.2 million in fiscal 2004. In addition, base rents increased by \$556,000 in fiscal 2004 from the effect of new leasing and renewals of expiring leases at generally higher base rental rates.

Recoveries from tenants (which represent reimbursements from tenants for property operating expenses and property taxes) increased 12.4% in fiscal 2004 compared to fiscal 2003. The increase in recoveries from tenants included amounts applicable to properties acquired in fiscal 2003 which increased this component of revenues by \$888,000 in fiscal 2004. Recoveries from tenants for properties owned in both 2004 and 2003 increased by \$624,000 due to higher tenant recovery rates and property tax recoveries.

In fiscal 2004, the Company leased or renewed approximately 284,000 square feet of space or 10.5% of total core property GLA. At October 31, 2004, the Company's core properties were 99% leased, an increase of approximately 2% from the beginning of the year.

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

The Company's non-core office building property in Southfield, Michigan was approximately 30% vacant at October 31, 2004. The office leasing market in this region of the country continued to be weak and the Company aggressively marketed vacancies at the property. A tenant who leased 41,000 square feet of space in the building did not renew its lease upon expiration in December 2004. The office building was subsequently sold in fiscal 2005.

Lease termination income of \$577,000 in fiscal 2004 consisted of a lease cancellation payment of \$265,000 from a tenant who terminated during the year and a payment of \$312,000 received in settlement of a bankruptcy action of a former tenant.

Interest income decreased from the prior year from the utilization of cash to purchase properties in both fiscal 2004 and 2003 and the repayment of a \$1.2 million note receivable in fiscal 2003.

Expenses

Property operating expenses increased 2.7% to \$9.2 million in fiscal 2004 from \$9.0 million in 2003. Property expenses of acquired properties increased operating expenses by \$557,000 in fiscal 2004. Operating expenses for properties owned in both 2004 and 2003 decreased by \$342,000 from lower snow removal costs and repairs and maintenance expenses.

Property taxes increased to \$8.0 million or 13.7% in fiscal 2004 compared to \$7.1 million in fiscal 2003. New properties increased property taxes by \$628,000 in that year. Property taxes for properties owned in both years increased by \$365,000 from higher real estate tax assessment rates at several of the Company's properties.

Depreciation and amortization expense increased \$865,000 in fiscal 2004, from additional depreciation on recent property acquisitions.

General and administrative expense increased by \$262,000 in fiscal 2004, due primarily to higher compensation expense.

INFLATION

The Company's long-term leases contain provisions to mitigate the adverse impact of inflation on its operating results. Such provisions include clauses entitling the Company to receive (a) scheduled base rent increases and (b) percentage rents based upon tenants' gross sales, which generally increase as prices rise. In addition, many of the Company's non-anchor leases are for terms of less than ten years, which permits the Company to seek increases in rents upon renewal at then current market rates if rents provided in the expiring leases are below then existing market rates. Most of the Company's leases require tenants to pay a share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation.

ENVIRONMENTAL MATTERS

Based upon management's ongoing review of its properties, management is not aware of any environmental condition with respect to any of the Company's properties that would be reasonably likely to have a material adverse effect on the Company. There can be no assurance, however, that (a) the discovery of environmental conditions, which were previously unknown, (b) changes in law, (c) the conduct of tenants or (d) activities relating to properties in the vicinity of the Company's properties, will not expose the Company to material liability in the future. Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures or may otherwise adversely affect the operations of the Company's tenants, which would adversely affect the Company's financial condition and results of operations.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Evaluation of Disclosure Controls and Procedures

The management of Urstadt Biddle Properties Inc., or the Company, is responsible for the preparation and fair presentation of its consolidated financial statements, which have been prepared in conformity with U.S. generally accepted accounting principles and include amounts based on the best judgment of management. The Company's management is also responsible for the accuracy and consistency of other financial information included in the annual report.

In recognition of its responsibility for the integrity and objectivity of information in the financial statements, the Company maintains an internal control system over the financial statements and related disclosures which is designed to provide reasonable, but not absolute, assurance with respect to reliability of the Company's financial statements.

The Audit Committee of the Board of Directors, which consists of only independent directors, meets regularly with management and the Company's independent auditors to review their work and discuss the Company's accounting policies, financial controls and reporting practices. The independent auditors have unrestricted access to the Audit Committee, without the presence of management, to discuss any matters that they feel require attention.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is a process designed by, or under the supervision of, the Company's Chief Executive Officer and Chief Financial Officer and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting included policies and procedures that: relate to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company; provide reasonable assurance of the recording of all transactions necessary to permit the preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principles and the proper authorization of receipts and expenditures in accordance with authorization of the Company's management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of October 31, 2005. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework. Based on its assessment, management determined that the Company's internal control over financial reporting was effective as of October 31, 2005.

Ernst & Young LLP, an independent registered public accounting firm that audited and reported on the Company's consolidated financial statements included in this annual report, also audited management's assessment of the effectiveness of the Company's internal control over financial reporting as of October 31, 2005.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Urstadt Biddle Properties Inc.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that Urstadt Biddle Properties Inc. maintained effective internal control over financial reporting as of October 31, 2005, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). Urstadt Biddle Properties Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Urstadt Biddle Properties Inc. maintained effective internal control over financial reporting as of October 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Urstadt Biddle Properties Inc. maintained, in all material respects, effective internal control over financial reporting as of October 31, 2005 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Urstadt Biddle Properties Inc. as of October 31, 2004 and 2005, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended October 31, 2005 and our report dated January 12, 2006 expressed an unqualified opinion thereon.

Ernst & Young LLP

New York, New York
January 12, 2006

TAX STATUS

The Company has elected to be treated as a real estate investment trust under the Internal Revenue Code. Thus, generally it will be subject to Federal income taxes only on that part of its taxable income not distributed as dividends so long as 90% of such taxable income is distributed. The Company has distributed all of its taxable income for fiscal 2005 and, accordingly, no provision has been made for Federal income taxes.

INCOME TAX INFORMATION

The tax status for Federal income tax purposes of the dividends paid by the Company during fiscal 2005 is as follows:

Common and Class A Common Shares:

Dividend Payment Date	Common Share			Class A Common Share		
	Gross Dividend Paid Per Share	Distributed		Gross Dividend Paid Per Share	Distributed	
		Ordinary Income	Non Taxable		Ordinary Income	Non Taxable
January 17, 2005	\$.20	\$.171	\$.029	\$.22	\$.188	\$.032
April 15, 2005	\$.20	\$.171	\$.029	\$.22	\$.188	\$.032
July 15, 2005	\$.20	\$.171	\$.029	\$.22	\$.188	\$.032
October 21, 2005	\$.20	\$.171	\$.029	\$.22	\$.188	\$.032
Total	\$.80	\$.684	\$.116	\$.88	\$.752	\$.128

Preferred Shares:*

Dividend Payment Date	Series B Preferred Share	Series C Preferred Share	Series D Preferred Share**
January 31, 2005	\$2.2475	\$2.1250	—
April 29, 2005	\$2.2475	\$2.1250	—
July 29, 2005	\$2.2475	\$2.1250	\$.56250
October 31, 2005	\$2.2475	\$2.1250	\$.46875
Total	\$8.99	\$8.50	\$1.03125

*All dividends paid during 2005 on shares of Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock were ordinary income for federal income tax purposes.

**New issue of Preferred Stock.

MARKET PRICE RANGES

The following sets forth, for the fiscal years ended October 31, 2005 and 2004, the low and high closing sales price per Common Share and Class A Common Share as quoted on The New York Stock Exchange.

Common Shares and Class A Common Shares trade on the New York Stock Exchange under the Symbols: "UBP" and "UBA."

	Fiscal 2005		Fiscal 2004	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<u>Common Shares:</u>				
First Quarter	\$14.80	\$16.46	\$13.15	\$14.00
Second Quarter	\$14.71	\$16.31	\$13.00	\$15.10
Third Quarter	\$15.09	\$17.59	\$12.91	\$14.70
Fourth Quarter	\$15.75	\$17.66	\$13.75	\$15.85
<u>Class A Common Shares:</u>				
First Quarter	\$15.72	\$17.76	\$13.63	\$14.94
Second Quarter	\$14.26	\$16.64	\$13.88	\$16.60
Third Quarter	\$15.05	\$18.75	\$12.60	\$15.55
Fourth Quarter	\$14.75	\$18.72	\$13.75	\$16.81

CERTIFICATIONS

Following the March 2005 annual meeting of shareholders, the annual certification of the Chief Executive Officer regarding compliance by the Company with the corporate governance listing standards of the New York Stock Exchange ("NYSE") was submitted without qualification to the NYSE. In addition, as required by the Sarbanes-Oxley Act of 2002, the Company filed with the Securities and Exchange Commission the CEO and CFO certifications regarding the quality of the Company's public disclosure as Exhibits 31.1 and 31.2 to its Annual Report on Form 10-K for the year ended October 31, 2005.

INVESTMENT PORTFOLIO

(As of January 13, 2006)

URSTADT BIDDLE PROPERTIES INC.

CORE PROPERTIES

UBP owns or has interests in twenty-six retail properties and five office buildings which total 3,107,000 square feet.

Location	Square Feet	Principal Tenants	Property Type
Stamford, Connecticut	369,000	Stop & Shop, Bed Bath & Beyond	Shopping center
Springfield, Massachusetts	323,000	Big Y, Burlington Coat, World Gym	Shopping center
Meriden, Connecticut	313,000	ShopRite, Old Navy, Linens 'N Things	Shopping center
Stratford, Connecticut	269,000	Stop & Shop, Staples, Petco	Shopping center
Yorktown, New York	200,000	Staples, Bed Bath & Beyond	Shopping center
Danbury, Connecticut	194,000	Barnes & Noble, Christmas Tree Shops	Shopping center
White Plains, New York	185,000	Toys R Us, The Sports Authority	Shopping center
Ossining, New York	161,000	Stop & Shop, Mandees	Shopping center
Somers, New York	135,000	Home Goods, New York Sports Club	Shopping center
Carmel, New York	126,000	ShopRite, Eckerd Drugs	Shopping center
Wayne, New Jersey	102,000	A&P, PNC Bank	Shopping center
Newington, New Hampshire	102,000	Linens 'N Things, Outback Restaurant	Shopping center
Darien, Connecticut	95,000	Shaw's Supermarket	Shopping center
Somers, New York	78,000	Gristede's, US Post Office	Shopping center
Orange, Connecticut	78,000	Trader Joe's	Shopping center
Eastchester, New York	70,000	Food Emporium (A&P)	Shopping center
Ridgefield, Connecticut	51,000	Chico's	Street retail
Rye, New York (4 buildings)	40,000	Cosi	Street retail
Westport, Connecticut	38,000	Pier One Imports	Shopping center
Briarcliff Manor, New York	38,000	Dress Barn, Radio Shack	Shopping center
Danbury, Connecticut	33,000	Fortunoff, Sleepy's	Shopping center
Briarcliff Manor, New York	29,000	Westchester Community College	Shopping center
Somers, New York	19,000	Putnam County Savings Bank	Shopping center
Greenwich, Connecticut	59,000	Greenwich Hospital, Urstadt Biddle Properties (Executive Offices)	5 Office buildings

NON-CORE PROPERTIES

UBP owns one retail property containing 126,000 square feet and two industrial properties with a total of 447,000 square feet. The Company also holds long-term mortgages.

Location	Square Feet	Principal Tenant	Property Type
Tempe, Arizona	126,000	Mervyn's	Shopping center
Dallas, Texas	255,000	DaimlerChrysler	Parts distribution facility
St. Louis, Missouri	192,000	DaimlerChrysler	Parts distribution facility

URSTADT BIDDLE PROPERTIES INC.

DIRECTORS

CHARLES J. URSTADT
Chairman, Urstadt Biddle Properties Inc.

ROBERT R. DOUGLASS
Vice Chairman, Urstadt Biddle Properties Inc.
Of Counsel, Milbank, Tweed, Hadley and McCloy

WILLING L. BIDDLE
President, Urstadt Biddle Properties Inc.

E. VIRGIL CONWAY
Retired Chairman, New York State Metropolitan
Transportation Authority

PETER HERRICK
Retired Vice Chairman, The Bank of New York

GEORGE H.C. LAWRENCE
Chairman and Chief Executive Officer
Lawrence Properties

ROBERT J. MUELLER
Retired Senior Executive Vice President
The Bank of New York

CHARLES D. URSTADT
President, Urstadt Property Co., Inc.

GEORGE J. VOJTA
Retired Vice Chairman
Bankers Trust Company

DIRECTORS EMERITI

GEORGE M. HUBBARD, JR.
JAMES O. YORK

OFFICERS

CHARLES J. URSTADT
Chairman and Chief Executive Officer

WILLING L. BIDDLE
President and Chief Operating Officer

JAMES R. MOORE
Executive Vice President, Chief Financial Officer
and Treasurer

RAYMOND P. ARGILA
Senior Vice President, Legal

THOMAS D. MYERS
Senior Vice President and Secretary

JOHN C. MERRITT
Vice President, Acquisitions

LINDA L. LACEY
Vice President, Leasing

JAMES M. ARIES
Vice President, Acquisitions and Leasing

JOSEPH V. LoPARRINO
Vice President, Controller

WAYNE W. WIRTH
Vice President, Construction

HEIDI R. BRAMANTE
Assistant Vice President and Assistant Controller

CHARLES R. DAVIS, JR.
Assistant Vice President, Leasing

LUISA CAYCEDO-KIMURA
Assistant Secretary

Securities Traded

New York Stock Exchange
Symbols: UBA, UBP, UBPPRC and UBPPRD
Stockholders of Record as of December 31, 2005:
Common Stock: 1,280 and Class A Common Stock: 1,291

Annual Meeting

The annual meeting of stockholders will be held at 2:00 P.M. March 9, 2006 at The Hyatt Regency, Greenwich, Connecticut.

Form 10-K

A copy of the Company's 2005 Annual Report on Form 10-K filed with the Securities and Exchange Commission may be obtained by stockholders without charge by writing to the Secretary of the Company at its executive office.

Shareholder Information and Dividend Reinvestment Plan

Inquiries regarding stock ownership, dividends or the transfer of shares can be addressed to our Transfer Agent, The Bank of New York, Shareholder Relations Department-11E, P.O. Box 11258, Church Street Station, New York, NY 10286-1258 or call toll-free at 1-800-524-4458. The Company has a dividend reinvestment plan which provides stockholders with a convenient means of increasing their holdings without incurring commissions or fees. For information about the plan, stockholders should contact the Transfer Agent. Other shareholder inquiries should be directed to Thomas D. Myers, Secretary, telephone (203) 863-8200.

Investor Relations

Investors desiring information about the Company can contact James R. Moore, Executive Vice President, telephone (203) 863-8200. Investors are also encouraged to visit our Web site at: www.ubproperties.com

Independent Registered Public Accounting Firm

Ernst & Young LLP

General Counsel

Baker & McKenzie LLP

Executive Office of the Company

321 Railroad Avenue
Greenwich, CT 06830
Tel: (203) 863-8200
Fax: (203) 861-6755
Web site: www.ubproperties.com

Memberships

National Association of Real Estate Investment Trusts, Inc. (NAREIT)
International Council of Shopping Centers (ICSC)



URSTADT BIDDLE PROPERTIES INC.

321 RAILROAD AVENUE
GREENWICH, CONNECTICUT 06830

Staples Plaza, Yorktown, New York

