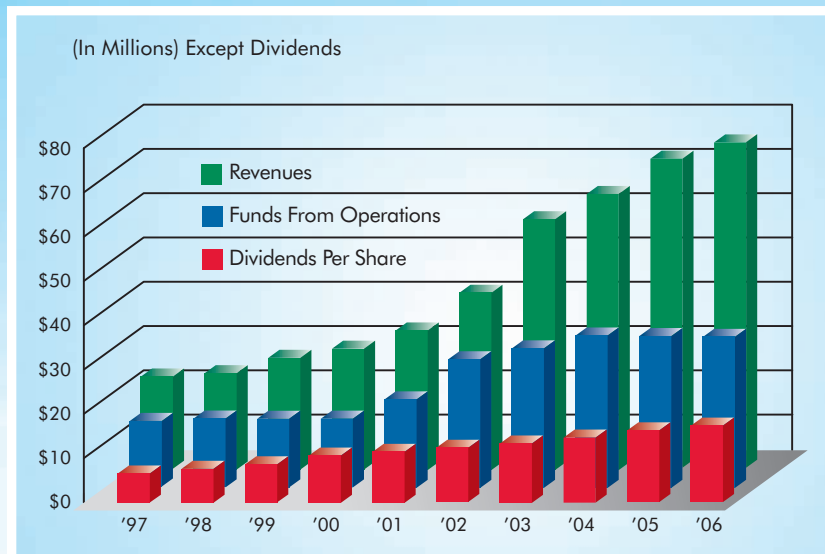




URSTADT BIDDLE PROPERTIES INC.

2006 ANNUAL REPORT

STOCK PRICES ARE ONLY OPINIONS — BUT DIVIDENDS ARE FACTS



37 Consecutive Years of Uninterrupted Dividends

13 Consecutive Years of Increased Dividends



Urstadt Biddle Properties Inc. is a self-administered publicly held real estate investment trust providing investors with a means of participating in the ownership of income-producing properties. Our 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."

2006 ANNUAL REPORT CONTENTS

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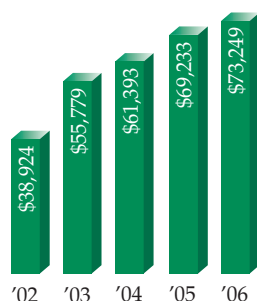
SELECTED FINANCIAL DATA

(In thousands, except per share data)

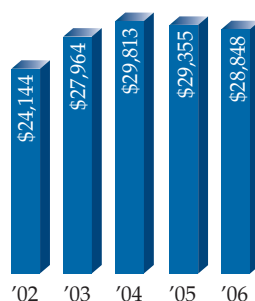
Year Ended October 31,	2006	2005	2004	2003	2002
Balance Sheet Data:					
Total Assets	\$ 451,350	\$ 464,439	\$ 394,917	\$ 392,639	\$ 353,562
Mortgage Notes Payable	\$ 104,341	\$ 111,786	\$ 107,443	\$ 104,588	\$ 106,429
Redeemable Preferred Stock	\$ 52,747	\$ 52,747	\$ 52,747	\$ 52,747	\$ 14,341
Operating Data:					
Total Revenues	\$ 73,249	\$ 69,233	\$ 61,393	\$ 55,779	\$ 38,924
Total Expenses and Minority Interests	\$ 49,167	\$ 46,468	\$ 39,911	\$ 37,531	\$ 26,602
Income from Continuing Operations before Discontinued Operations	\$ 25,032	\$ 23,496	\$ 21,969	\$ 18,771	\$ 13,205
Per Share Data:					
Net Income from Continuing Operations—Diluted:					
Class A Common Stock	\$.63	\$.66	\$.71	\$.66	\$.80
Common Stock	\$.57	\$.60	\$.64	\$.60	\$.71
Cash Dividends on:					
Class A Common Stock	\$.90	\$.88	\$.86	\$.84	\$.82
Common Stock	\$.81	\$.80	\$.78	\$.76	\$.74
Total	<u>\$1.71</u>	<u>\$1.68</u>	<u>\$1.64</u>	<u>\$1.60</u>	<u>\$1.56</u>
Other Data:					
Net Cash Flow Provided by (Used in):					
Operating Activities	\$ 35,429	\$ 35,505	\$ 30,744	\$ 31,176	\$ 18,532
Investing Activities	\$ (20,129)	\$ (61,348)	\$ (2,416)	\$ (69,818)	\$ (64,960)
Financing Activities	\$ (38,994)	\$ 26,397	\$ (24,837)	\$ 14,749	\$ 59,023
Funds from Operations (<i>Note</i>)	<u>\$ 28,848</u>	<u>\$ 29,355</u>	<u>\$ 29,813</u>	<u>\$ 27,964</u>	<u>\$ 24,144</u>
Cash Dividends (as a percentage of Funds from Operations)	<u>80%</u>	<u>76%</u>	<u>72%</u>	<u>74%</u>	<u>62%</u>

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)



2006 was earmarked by a stable leasing record and modest growth for the Company. We are optimistic that accomplishments made during the year will provide a springboard for a stronger performance in 2007. In 2006, we invested the remaining proceeds of the prior year's preferred stock sales in good properties with sound investment parameters. The acquisition market has been challenging due to high prices and strong competition from buyers willing to purchase at lower returns than we consider reasonable.



Gristede's Shopping Center, Pelham Manor, New York

While escalating prices are good news for the value of our existing portfolio of properties, our goal of continually growing the Company by purchasing acquisitions that are accretive to earnings was slowed this year. In June, we purchased a portfolio of three retail properties in Pelham Manor, NY and Queens, NY. We also purchased a small shopping center in Monroe, CT after year end and most importantly, we now feel we have a number of solid prospects in the acquisition pipeline that will make 2007 a better year. We have expanded our target acquisition market to other parts of the

metropolitan New York area and we expect that this adjustment will make our goal of continued growth a little easier.

We confronted rising General and Administrative costs which had taken a sharp jump in 2005, in part due to the Sarbanes-Oxley law and its increasing regulatory burden on small public companies. We were able to significantly reduce the costs to comply with the law by integrating the compliance work done by our internal and independent auditors in our second

year under the new law. We also replaced our former independent auditor that we believe will result in lower recurring audit fees.

We sold our 200,000 square foot Southfield, Michigan office building in late 2005. Although this had the effect of reducing our cash flow in 2006 as the proceeds initially were reinvested in short-term cash investments, we felt it was the correct decision for the Company as

the office market in Southfield had continued to weaken.

Unanticipated vacancies during the year due to tenants filing for bankruptcy or going out of business resulted in the percentage of space leased slipping from 98% to just under 97% and caused downward pressure on our FFO growth. Good progress was made during the year on leasing this vacant space and we feel we have the wind at our back for 2007 as new tenants take occupancy and commence paying rent. Leasing highlights included LA Fitness opening for business in 42,000 square feet of formerly vacant space at the



Strip of retail stores in Queens, New York purchased with the Pelham Manor, New York property

Construction of the new supermarket is expected to commence early in 2007 and be completed in the fall of 2007. At the Dock, we obtained approvals during the year to build over 20,000 square feet of additional retail space and we completed the redevelopment of a former office building into a waterside restaurant which opened for business this January. We have made good

Ridgeway Shopping Center, CVS leasing a former grocery store space at the Towne Centre at Somers at a higher rent, renewals of approximately 215,000 square feet of space (6.7% of the core portfolio) at an average same store rent increase of 10.5%, and leasing an additional 47,000 square feet of previously vacant space, in addition to LA Fitness and CVS, at an average same store rent increase of 18%.

We continued our redevelopment of the Arcadian Shopping Center in Ossining, NY and the Dock Shopping Center in Stratford, CT. At Arcadian, during the year we obtained all approvals needed to build 8,500 square feet of new retail space and a new 65,000 square foot Super Stop & Shop supermarket to replace an older supermarket and adjacent strip of retail stores. In December, we completed construction of a new building into which we relocated tenants in order to enable the start of construction of the new Stop & Shop supermarket.

progress in leasing all remaining space at the Dock property and hope to be in a position in the near future to announce some exciting news regarding the vacant 100,000 square foot former Bradlees store.

At our Springfield, MA center, approvals were obtained during the year to build a new Burger King restaurant which opened for business in December on a formerly vacant pad site. At our Meriden, CT property, we obtained approval during the year to develop a portion of the parking lot into a pad site and leased this land to McDonald's which expects to obtain approvals this spring for construction of a new restaurant.



New building at Arcadian Center



LA FITNESS, Ridgeway Shopping Center, Stamford, Connecticut



These successes indicate that leasing is on the upswing and we believe the prospect of additional acquisitions is favorable. In addition, the mood in Washington seems to be shifting towards lightening the regulatory burden on small public companies, such as ours, which would further help us control our G&A costs. Competition for quality shopping centers likely will remain very strong for the foreseeable future. While increasing market values of properties coupled with rising construction costs continues to make our portfolio of properties more valuable, it will continue to make growth

through acquisitions challenging. You have our pledge, however, that we will continue to remain disciplined in our search for properties that are accretive to earnings and adhere to our investment parameters.

After year end, we began managing a shopping center in our core market for another property owner. We will monitor closely the rewards of this experience and explore the potential to develop the third-party management business. We also are exploring partnering with institutional investors to purchase properties on a joint venture basis. In the past, we have been reluctant

to have partners in properties in our core market due to the additional administrative burdens of such an arrangement. However, in today's competitive environment, this approach may prove beneficial for properties slightly outside of our presently targeted market.

We are proud of our record of having paid an unbroken string of dividends for 37 straight years since our inception and listing on the New York Stock Exchange. This enviable record is one which few, if any, publicly held REITs have achieved. We also have increased our common stock dividends for the 13th consecutive year. This has had a salutary effect on the price for both classes of our common stock, each of which achieved new highs in 2006.

Our optimism for 2007 is based upon the outlook set forth above, and upon our confidence in our highly competent staff and Board of Directors. We thank them and we thank you for your continued support and confidence.

We would like to take this opportunity to extend our congratulations to Morrison Hubbard, a director emeritus and one of the founders of this Company in 1969 when it was known as Hubbard Real Estate Investments. Morry celebrated his 97th birthday last year and we extend our best wishes and hopes for many more.

Sincerely yours,



Willing L. Biddle
President and
Chief Operating Officer



Charles J. Urstadt
Chairman and
Chief Executive Officer

January 12, 2007

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 Heights,
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*

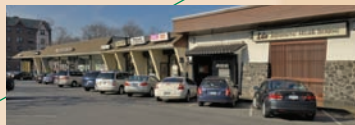


*Shoppes at Eastchester
Eastchester, New York*



**URSTADT BIDDLE
PROPERTIES**
Greenwich, Connecticut

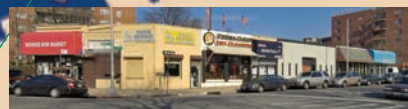
*3 "Street Retail" Properties
Rye, New York*



*Gristede's Center
Pelham Manor, New York*



*Valley Ridge Shopping Center
Wayne, New Jersey*



*72nd & Main Street Shops
Queens, New York*



*Five Town Plaza
Springfield, Massachusetts*



*Newington Park
Newington, New Hampshire*



*Airport Plaza
Danbury, Connecticut*



*Starbucks Center
Monroe, Connecticut*



*Townline Square
Meriden, Connecticut*



*Ridgefield Center,
Ridgefield, Connecticut*



*Orange Meadows Shopping Center
Orange, Connecticut*



*Goodwives Shopping Center
Darien, Connecticut*

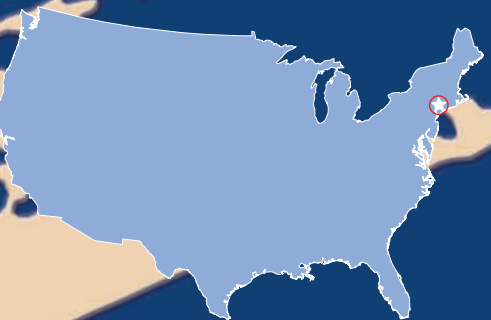


*Greens Farms Plaza
Westport, Connecticut*



*The Dock
Stratford, Connecticut*

CORE PROPERTIES



INVESTMENT PORTFOLIO

(As of January 12, 2007)

URSTADT BIDDLE PROPERTIES INC.

CORE PROPERTIES

UBP owns or has interests in thirty retail properties and five office buildings which total 3,177,000 square feet.

Location	Square Feet	Principal Tenants	Property Type
Stamford, Connecticut	369,000	Stop & Shop, Bed Bath & Beyond	Shopping center
Springfield, Massachusetts	326,000	Big Y, Burlington Coat, Best Fitness	Shopping center
Meriden, Connecticut	316,000	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 "Я" Us, The Sports Authority	Shopping center
Ossining, New York	161,000	Stop & Shop, Mandeeds	Shopping center
Somers, New York	135,000	Home Goods, New York Sports Club	Shopping center
Carmel, New York	129,000	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	CVS, US Post Office	Shopping center
Orange, Connecticut	78,000	Trader Joe's	Shopping center
Eastchester, New York	70,000	Food Emporium	Shopping center
Ridgefield, Connecticut	51,000	Chico's	Street retail
Rye, New York	40,000	Cosi	Street retail (4 buildings)
Westport, Connecticut	39,000	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
Ossining, New York	29,000	Westchester Community College	Shopping center
Pelham Manor, New York	26,000	Gristede's Supermarket	Shopping center
Queens, New York	24,000	Zaravshan, Huntington Dental	Street retail (2 buildings)
Somers, New York	19,000	Putnam County Savings Bank	Shopping center
Monroe, Connecticut ⁽¹⁾	10,000	Starbucks	Shopping center
Greenwich, Connecticut	59,000	Greenwich Hospital, Urstadt Biddle Properties (Executive Offices)	5 Office buildings

⁽¹⁾Acquired January 2007

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

FINANCIALS

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FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	October 31,	
	<u>2006</u>	<u>2005</u>
ASSETS		
Real Estate Investments:		
Core properties—at cost	\$489,160	\$468,444
Non-core properties—at cost	6,383	6,383
	<u>495,543</u>	<u>474,827</u>
Less: Accumulated depreciation	(77,258)	(65,253)
	<u>418,285</u>	<u>409,574</u>
Mortgage notes receivable	1,361	2,024
	<u>419,646</u>	<u>411,598</u>
Cash and cash equivalents	2,800	26,494
Restricted cash	589	1,200
Marketable securities	2,011	2,453
Tenant receivables	17,176	14,442
Prepaid expenses and other assets	4,484	4,526
Deferred charges, net of accumulated amortization	4,644	3,726
Total Assets	<u>\$451,350</u>	<u>\$464,439</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	\$104,341	\$111,786
Accounts payable and accrued expenses	1,785	3,991
Deferred compensation—officers	1,200	1,051
Other liabilities	5,503	4,699
Total Liabilities	<u>112,829</u>	<u>121,527</u>
Minority interests	5,318	5,318
Redeemable Preferred Stock, par value \$.01 per share:		
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 issued and outstanding	61,250	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; 7,635,441 and 7,429,331 shares issued and outstanding	76	74
Class A Common Stock, par value \$.01 per share; 40,000,000 shares authorized; 18,804,781 and 18,705,800 shares issued and outstanding	188	187
Additional paid in capital	262,024	267,365
Cumulative distributions in excess of net income	(42,400)	(35,007)
Accumulated other comprehensive income	618	499
Unamortized restricted stock compensation	—	(8,221)
Officer note receivable	(1,300)	(1,300)
Total Stockholders' Equity	<u>280,456</u>	<u>284,847</u>
Total Liabilities and Stockholders' Equity	<u>\$451,350</u>	<u>\$464,439</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,		
	2006	2005	2004
Revenues			
Base rents	\$55,737	\$52,149	\$46,824
Recoveries from tenants	17,029	16,506	13,654
Lease termination income	75	253	577
Mortgage interest and other	408	325	338
	<u>73,249</u>	<u>69,233</u>	<u>61,393</u>
Expenses			
Property operating	11,919	10,915	9,242
Property taxes	10,298	9,245	8,025
Depreciation and amortization	13,243	12,054	10,541
General and administrative	4,981	5,155	3,416
Directors' fees and expenses	250	258	207
	<u>40,691</u>	<u>37,627</u>	<u>31,431</u>
Operating Income	32,558	31,606	29,962
Non-Operating Income (Expense):			
Interest expense	(8,287)	(8,502)	(8,113)
Interest, dividends and other investment income	950	731	487
Minority interests	(189)	(339)	(367)
Income from Continuing Operations before Discontinued Operations	25,032	23,496	21,969
Discontinued Operations:			
Income from discontinued operations	—	469	1,346
Gains on sales of properties	—	7,020	—
Income from Discontinued Operations	—	7,489	1,346
Net Income	25,032	30,985	23,315
Preferred stock dividends	(9,342)	(7,009)	(4,749)
Net Income Applicable to Common and Class A Common Stockholders	<u>\$15,690</u>	<u>\$23,976</u>	<u>\$18,566</u>
Basic Earnings Per Share:			
Per Common Share:			
Income from continuing operations	\$.58	\$.62	\$.65
Income from discontinued operations	\$ —	\$.28	\$.05
Net Income Applicable to Common Stockholders	<u>\$.58</u>	<u>\$.90</u>	<u>\$.70</u>
Per Class A Common Share:			
Income from continuing operations	\$.65	\$.68	\$.71
Income from discontinued operations	\$ —	\$.31	\$.06
Net Income Applicable to Class A Common Stockholders	<u>\$.65</u>	<u>\$.99</u>	<u>\$.77</u>
Diluted Earnings Per Share:			
Per Common Share:			
Income from continuing operations	\$.57	\$.60	\$.64
Income from discontinued operations	\$ —	\$.27	\$.05
Net Income Applicable to Common Stockholders	<u>\$.57</u>	<u>\$.87</u>	<u>\$.69</u>
Per Class A Common Share:			
Income from continuing operations	\$.63	\$.66	\$.71
Income from discontinued operations	\$ —	\$.30	\$.05
Net Income Applicable to Class A Common Stockholders	<u>\$.63</u>	<u>\$.96</u>	<u>\$.76</u>
Dividends Per Share:			
Common	\$.81	\$.80	\$.78
Class A Common	<u>\$.90</u>	<u>\$.88</u>	<u>\$.86</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,		
	2006	2005	2004
Cash Flows from Operating Activities:			
Net income	\$ 25,032	\$ 30,985	\$ 23,315
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization from continuing operations	13,243	12,054	10,541
Discontinued operations	—	(469)	(1,345)
Straight-line rent adjustments	(1,227)	(1,313)	(1,464)
Restricted stock compensation expense	2,007	1,617	1,322
Change in value of deferred compensation arrangement	71	305	—
Gains on sale of properties	—	(7,020)	—
Gain on repayment of mortgage note receivable	(102)	—	—
Minority interests	189	339	367
Increase in tenant receivables	(1,507)	(1,605)	(1,244)
Decrease in accounts payable and accrued expenses	(2,391)	(151)	(1,226)
Decrease (increase) in other assets and other liabilities, net	116	(35)	(1,487)
Increase in restricted cash	(2)	(16)	(86)
Net Cash Flow Provided by Continuing Operating Activities	35,429	34,691	28,693
Operating Cash from Discontinued Operations	—	814	2,051
Net Cash Flow Provided by Operating Activities	35,429	35,505	30,744
Cash Flows from Investing Activities:			
Sales of marketable securities	561	255	7,323
Acquisitions of real estate investments	(16,628)	(71,710)	(6,625)
Acquisition of limited partner interests in consolidated joint venture	—	(2,078)	—
Improvements to properties and deferred charges	(5,251)	(5,319)	(2,822)
Net proceeds from sales of properties	—	17,758	—
Distributions to limited partners of consolidated joint ventures	(189)	(339)	(367)
Payments received on mortgage notes receivable	765	85	75
Refund of escrow funds	613	—	—
Net Cash Flow Used in Investing Activities	(20,129)	(61,348)	(2,416)
Cash Flows from Financing Activities:			
Proceeds from revolving credit line borrowings	3,000	19,500	—
Repayments on revolving credit line borrowings	(3,000)	(19,500)	—
Net proceeds from issuance of Series D Preferred Stock	—	59,380	—
Sales of additional shares of Common and Class A Common Stock	876	1,287	3,141
Principal repayments on mortgage notes payable	(7,445)	(4,173)	(1,826)
Dividends paid—Common and Class A Common Stock	(23,083)	(22,402)	(21,536)
Dividends paid—Preferred Stock	(9,342)	(7,009)	(4,749)
Repurchase of shares of Common and Class A Common Stock	—	(686)	—
Repayment of officer note receivable	—	—	133
Net Cash Flow (Used in) Provided by Financing Activities	(38,994)	26,397	(24,837)
Net (Decrease) Increase in Cash and Cash Equivalents	(23,694)	554	3,491
Cash and Cash Equivalents at Beginning of Year	26,494	25,940	22,449
Cash and Cash Equivalents at End of Year	\$ 2,800	\$ 26,494	\$ 25,940

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 Officer Note Receivable	Total Stock- holders' Equity
	Preferred Stock	Common Stock	Common Stock	Common Stock	Common Stock	Common Stock					
	Issued	Amount	Issued	Amount	Issued	Amount					
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	2,450,000	61,250	7,429,331	74	18,705,800	187	267,365	(35,007)	499	(9,521)	284,847
Reversal of unamortized stock compensation upon adoption of SFAS No. 123R	—	—	—	—	—	—	(8,221)	—	—	8,221	—
Comprehensive Income:											
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—	—	15,690	—	—	15,690
Change in unrealized gains in marketable securities	—	—	—	—	—	—	—	—	119	—	119
Total comprehensive income											15,809
Cash dividends paid:											
Common stock (\$.81 per share)	—	—	—	—	—	—	—	(6,168)	—	—	(6,168)
Class A common stock (\$.90 per share)	—	—	—	—	—	—	—	(16,915)	—	—	(16,915)
Issuance of shares under dividend reinvestment plan	—	—	30,810	—	15,431	—	769	—	—	—	769
Exercise of stock options	—	—	9,500	—	4,500	—	107	—	—	—	107
Shares issued under restricted stock plan	—	—	165,800	2	79,050	1	(3)	—	—	—	—
Restricted stock compensation	—	—	—	—	—	—	2,007	—	—	—	2,007
Balances—October 31, 2006	2,450,000	\$61,250	7,635,441	\$76	18,804,781	\$188	\$262,024	\$ (42,400)	\$618	\$(1,300)	\$280,456

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 industrial properties. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At October 31, 2006, the Company owned or had interests in 37 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 meets certain criteria of a sole general partner in accordance with 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." 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. The most significant assumptions and estimates relate to the valuation of real estate, depreciable lives, revenue recognition and the collectibility of tenant and notes receivable. Actual results could differ from these estimates.

Reclassifications

Certain prior period amounts have been reclassified 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 2006 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 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 as held for sale that are under contract for sale and are expected to be sold within the next twelve months.

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 \$2,595,000 and \$2,292,000 as of October 31, 2006 and 2005, 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, 2006 and 2005, approximately \$9,278,000 and \$8,051,000 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, 2006 and 2005, tenant receivables in the accompanying consolidated balance sheets are shown net of allowances for doubtful accounts of \$1,561,000 and \$1,409,000, respectively. During the years ended October 31, 2006, 2005 and 2004, the Company provided \$200,000, \$90,000 and \$68,000, respectively, for uncollectible amounts.

Cash Equivalents

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

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. For the years ended October 31, 2006 and 2005, gains on sales of marketable securities determined based on specific identification amounted to \$122,000 and \$70,000 (none in fiscal 2004).

Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (loss). Other comprehensive income (loss) includes items that are otherwise recorded directly in stockholders' equity, such as unrealized gains or losses on marketable securities. At October 31, 2006 and 2005, other comprehensive income consists of net unrealized gains on marketable securities of \$618,000 and \$499,000, respectively. Unrealized gains included in other comprehensive income will be reclassified into earnings as gains are realized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, tenant receivables, prepaid expenses and other assets, accounts payable, 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 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, 2006 and 2005, the estimated aggregate fair value of the mortgage notes receivable was \$1,093,000 and \$1,962,000, respectively.

The estimated fair value of mortgage notes payable was \$105,600,000 and \$114,500,000 at October 31, 2006 and 2005, 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 that date 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.

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 average 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,		
	2006	2005	2004
Numerator			
Net income applicable to common stockholders—basic	\$ 3,871	\$ 5,902	\$ 4,488
Effect of dilutive securities:			
Operating partnership units	220	281	192
Net income applicable to common stockholders—diluted	<u>\$ 4,091</u>	<u>\$ 6,183</u>	<u>\$ 4,680</u>
Denominator			
Denominator for basic EPS—weighted average common shares	6,662	6,566	6,414
Effect of dilutive securities:			
Stock options and awards	482	446	351
Operating partnership units	55	55	55
Denominator for diluted EPS—weighted average common equivalent shares	<u>7,199</u>	<u>7,067</u>	<u>6,820</u>
Numerator			
Net income applicable to Class A common stockholders—basic	\$11,819	\$18,074	\$14,078
Effect of dilutive securities:			
Operating partnership units	—	58	175
Net income applicable to Class A common stockholders—diluted	<u>\$11,819</u>	<u>\$18,132</u>	<u>\$14,253</u>
Denominator			
Denominator for basic EPS—weighted average Class A common shares	18,312	18,280	18,248
Effect of dilutive securities:			
Stock options and awards	306	314	278
Operating partnership units	55	246	310
Denominator for diluted EPS—weighted average Class A common equivalent shares	<u>18,673</u>	<u>18,840</u>	<u>18,836</u>

Stock-Based Compensation

Prior to November 1, 2005, the Company accounted for its stock-based compensation plans under the recognition and measurement provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No.25"), and related Interpretations, as permitted by FASB Statement No. 123, "Accounting for Stock-Based Compensation." Effective November 1, 2005, the Company adopted the fair value recognition provisions of FASB Statement No. 123R, "Share-Based Payment" ("SFAS No. 123R"), using the modified-prospective-transition method. Under that transition method, compensation expense is recognized for all share-based payments granted subsequent to November 1, 2005, based on the fair value of

the stock awards less estimated forfeitures in accordance with the provisions of SFAS No. 123R. The fair value of stock awards is equal to the fair value of the Company's stock on the grant date.

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 September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurement. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating the effect of this statement.

In September 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" ("SAB 108"), which provides guidance on how registrants should quantify financial statement misstatements. SAB 108 provides for the quantification of the impact of correcting all misstatements, including the effects of prior year misstatements, on the current year financial statements. If a misstatement is material to the current year financial statements, the prior year financial statements should also be corrected, even though immaterial to the prior year financial statements. Corrections to prior year financial statements for immaterial errors would not require previously filed reports to be amended; such corrections would be made in the current period filings. SAB 108 is effective for fiscal years ending after November 15, 2006. The impact of adopting SAB 108 is not expected to have a material effect on the Company's financial statements.

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" – an interpretation of FASB Statement No. 109, "Accounting for Income Taxes" ("FIN 48"), regarding accounting for and disclosure of uncertain tax positions. This guidance seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. This interpretation is effective for fiscal years beginning after December 15, 2006. The Company does not expect the adoption of FIN 48 to have a material effect on the Company's financial statements.

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.

(2) REAL ESTATE INVESTMENTS

The Company's investments in real estate, net of depreciation, were composed of the following at October 31, 2006 and 2005 (in thousands):

	Core Properties	Non-Core Properties	Mortgage Notes Receivable	2006 Totals	2005 Totals
Retail	\$407,969	\$1,717	\$1,361	\$411,047	\$402,620
Office	7,391	—	—	7,391	7,550
Industrial	—	904	—	904	1,124
Undeveloped Land	304	—	—	304	304
	<u>\$415,664</u>	<u>\$2,621</u>	<u>\$1,361</u>	<u>\$419,646</u>	<u>\$411,598</u>

The Company's investments at October 31, 2006 consisted of equity interests in 37 properties, which are located in various regions throughout the United States and one mortgage note receivable. 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, 2006 and 2005 (in thousands):

	2006	2005
Northeast	\$415,664	\$407,184
Midwest	602	696
Southwest	3,380	3,718
	<u>\$419,646</u>	<u>\$411,598</u>

(3) CORE PROPERTIES

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

	2006	2005
Land	\$ 90,532	\$ 87,066
Buildings and improvements	398,628	381,378
	<u>489,160</u>	<u>468,444</u>
Accumulated depreciation	(73,496)	(61,872)
	<u>\$415,664</u>	<u>\$406,572</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 totaling \$328,876,000 become due as follows: 2007—\$51,866,000; 2008—\$46,161,000; 2009—\$40,998,000; 2010—\$36,104,000; 2011—\$30,989,000 and thereafter—\$122,758,000.

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, 2006.

In June 2006, the Company made a payment of \$1.5 million to a tenant at its Towne Centre at Somers Shopping Center in exchange for the tenant's agreement to terminate its lease. The termination permitted the Company to enter into a new lease with an unrelated tenant for the vacated space. The Company accounts for the termination payment as a lease incentive and amortizes the payment over the new lease term of twenty years.

Owned Properties

In March 2006, the Company acquired three retail properties totaling 50,000 square feet of gross leasable space ("GLA") located in Pelham, New York and Queens, New York ("Pelham Properties"). The three properties were acquired for an aggregate purchase price of \$16.6 million.

In fiscal 2005, the Company acquired The Dock Shopping Center ("The Dock") (269,000 square feet of GLA), for \$51.1 million and Staples Plaza ("Staples Plaza") (200,000 square feet of GLA) for a purchase price of \$28.5 million, including the assumption of a first mortgage loan at its estimated fair value of \$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 acquired four retail properties ("Rye Properties") totaling 40,000 square feet of GLA for total consideration of \$11.0 million including the assumption of three mortgage loans at their estimated fair values totaling \$4.7 million. 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.

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 values 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 2006, the Company completed its evaluation of the acquired leases at Staples Plaza and the Pelham Properties. As a result of its evaluations, the Company has allocated a total of \$770,000 to a liability associated with the net fair value assigned to the acquired leases at the properties, which amount represents a non-cash investing activity and is therefore not included in the accompanying 2006 consolidated statement of cash flows.

For the years ended October 31, 2006, 2005 and 2004 the net amortization of above-market and below-market leases amounted to \$211,000, \$449,000 and \$20,000, respectively, which amounts are included in base rents in the accompanying consolidated statements of income.

In fiscal 2006, the Company incurred costs of approximately \$5.4 million 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 Shoppes at Eastchester in Eastchester, New York. The limited partner contributed the property in exchange for Common, Class A 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, 2006, 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 ending in June 2007.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS No. 150"). The 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, 2006, the estimated fair value of the minority interest was approximately \$3.3 million. The joint venture has a termination date of December 31, 2097.

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

(4) NON-CORE PROPERTIES

At October 31, 2006, the non-core properties consist of two industrial 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):

	2006	2005
Land	\$ 943	\$ 943
Buildings and improvements	5,440	5,440
	<u>6,383</u>	<u>6,383</u>
Accumulated depreciation	(3,762)	(3,381)
	<u>\$ 2,621</u>	<u>\$ 3,002</u>

Minimum rental payments on non-cancelable operating leases of the non-core properties totaling \$11,227,000

become due as follows: 2007—\$2,468,000; 2008—\$2,311,000; 2009—\$2,027,000; 2010—\$2,027,000; 2011—\$1,422,000 and thereafter \$972,000.

(5) DISCONTINUED OPERATIONS

In fiscal 2005, the Company sold its retail property in Farmingdale, New York for a sales price of \$9.75 million and an office building in Southfield, Michigan for a sales price of \$9.2 million. The Company recorded aggregate gains on the sales of \$7.0 million in fiscal 2005.

The operating results for the two properties sold in fiscal 2005 have been classified as discontinued operations in the accompanying consolidated financial statements for fiscal 2005 and fiscal 2004. Revenues from discontinued operations were \$1.7 million and \$4.1 million for the years ended October 31, 2005 and 2004, respectively.

(6) MORTGAGE NOTES RECEIVABLE

At October 31, 2006, mortgage notes receivable consisted of one fixed rate mortgage with a contractual interest rate of 9%. The mortgage note is secured by a retail property. Interest is recognized on the effective yield method. The mortgage note is recorded at a discounted amount which reflects the market interest rate at the time of acceptance of the note. At October 31, 2006, the unamortized discount was \$168,000.

In January 2006, a mortgage note receivable in the principal amount of \$707,000 was fully paid by the borrower. Upon repayment of the note, the Company recorded a gain on the repayment of \$102,000, which amount is included in other income in the accompanying consolidated statement of income in the year ended October 31, 2006.

At October 31, 2006, principal payments on the remaining mortgage note receivable become due as follows: 2007—\$82,000; 2008—\$90,000; 2009—\$98,000; 2010—\$108,000; 2011—\$118,000 and thereafter \$1,033,000.

(7) MORTGAGE NOTES PAYABLE AND BANK LINES OF CREDIT

At October 31, 2006, mortgage notes payable are due in installments over various periods to fiscal 2012 at effective rates of interest ranging from 5.75% to 7.83% and are collateralized by real estate investments having a net carrying value of \$177,696,000.

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
2007	\$2,529	\$ 9,111	\$ 11,640
2008	1,269	59,986	61,255
2009	680	17,107	17,787
2010	344	5,155	5,499
2011	301	3,943	4,244
Thereafter	131	3,785	3,916
	<u>\$5,254</u>	<u>\$99,087</u>	<u>\$104,341</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At October 31, 2006, 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. During fiscal 2006, the Company borrowed and repaid \$3 million under the secured credit line. There were no borrowings outstanding on October 31, 2006. The Company also had a \$30 million unsecured line of credit ("Unsecured Credit Line") arrangement with the same bank. During 2006, the Company terminated the Unsecured Credit Line. There were no borrowings outstanding on this credit line.

Interest paid in the years ended October 31, 2006, 2005 and 2004 was approximately \$8.5 million, \$8.5 million and \$8.1 million, 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 since a change of control is not certain to occur.

The Series B Preferred Stock and Series C Preferred Stock contain covenants that 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, 2006 and 2005.

The Company is authorized to issue up to 20,000,000 shares of Preferred Stock. At October 31, 2006 and 2005, the Company had issued and outstanding 150,000 shares of Series B Preferred Stock, 400,000 shares of Series C Preferred Stock and 2,450,000 shares of Series D Senior Cumulative Preferred Stock (Series D Preferred Stock) (see Note 9).

(9) STOCKHOLDERS' EQUITY

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"), that permits stockholders to acquire additional shares of Common Stock and Class A Common Stock by automatically reinvesting dividends. During fiscal 2006, the Company issued 30,810 shares of Common Stock and 15,431 shares of Class A Common Stock (59,390 shares of Common Stock and 15,767 shares of Class A Common Stock in fiscal 2005) through the DRIP. As of October 31, 2006, there remained 209,707 shares of common stock and 494,030 shares of Class A Common Stock available for issuance under the DRIP.

The Company has a stockholder rights agreement that 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.

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, 2006, the Company had repurchased 3,600 shares of Common Stock and 41,400 shares of Class A Common Stock. There were no repurchases of shares during fiscal 2006.

(10) STOCK COMPENSATION AND OTHER BENEFIT PLANS

Restricted Stock Plan

The Company has a restricted stock plan (the "Plan") for key employees and directors of the Company. The Plan, as amended, permits the grant of up to 2,000,000 shares of the Company's common equity consisting of 350,000 Common shares, 350,000 Class A Common shares and 1,300,000 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.

Prior to November 1, 2005, the grant date fair value of nonvested restricted stock awards was expensed over the explicit vesting periods. Such awards provided for continued vesting after retirement. Upon adoption of SFAS No. 123R, the Company changed its policy for recognizing compensation expense for restricted stock awards to the earlier of the explicit vesting period or the date a participant first becomes eligible for retirement. For nonvested restricted stock awards granted prior to the adoption of SFAS No.123R, the Company will continue to recognize compensation expense over the explicit vesting periods and accelerate any remaining unrecognized compensation cost when a participant actually retires.

Consistent with the provisions of APB No.25, the Company recorded the fair value of nonvested restricted stock grants and an offsetting unamortized restricted stock compensation amount within stockholders equity. Under SFAS No. 123R, an equity instrument is not considered to be issued until the instrument vests. Accordingly, the Company reversed \$8,221,000 of unamortized restricted

stock compensation and additional paid in capital included in stockholders' equity as of November 1, 2005 representing the nonvested portions of restricted stock grants awarded prior to the effective date of SFAS No.123R resulting in no net impact on the balance of total stockholders' equity.

In January 2006, the Company awarded 165,800 shares of Common Stock and 79,050 shares of Class A Common Stock to participants in the Plan. The grant date fair value of restricted stock grants awarded to participants was \$3.9 million. As of October 31, 2006, there remained a total of \$10.1 million of unrecognized restricted stock compensation related to nonvested restricted stock grants awarded under the Plan. Restricted stock compensation is expected to be expensed over a remaining weighted average period of 8 years. For the years ended October 31, 2006, 2005 and 2004, amounts charged to compensation expense totaled \$2,007,000, \$1,617,000 and \$1,322,000, respectively. Had compensation expense for nonvested restricted stock awards issued prior to November 1, 2005 been determined based on the date a participant first becomes eligible for retirement, the Company's income from continuing operations in the three-year period ended October 31, 2006 would have been as follows (amounts in thousands, except per share data):

	Year Ended October 31,		
	2006	2005	2004
Income from continuing operations, as reported	\$15,690	\$16,487	\$17,220
Adjustment to compensation expense had SFAS No. 123R been adopted prior to November 1, 2005	551	(732)	(718)
Pro forma income from continuing operations	<u>\$16,241</u>	<u>\$15,755</u>	<u>\$16,502</u>
Pro forma earnings per share from continuing operations:			
Basic:			
Common share	<u>\$.60</u>	<u>\$.59</u>	<u>\$.62</u>
Class A Common share	<u>\$.67</u>	<u>\$.65</u>	<u>\$.69</u>
Diluted:			
Common share	<u>\$.59</u>	<u>\$.58</u>	<u>\$.61</u>
Class A Common share	<u>\$.65</u>	<u>\$.64</u>	<u>\$.67</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of the status of the Company's nonvested restricted stock awards as of October 31, 2006, and changes during the year ended October 31, 2006 are presented below:

	<u>Common Shares</u>		<u>Class A Common Shares</u>	
		<u>Weighted-Average Grant Date Fair Value</u>		<u>Weighted-Average Grant Date Fair Value</u>
Nonvested at November 1, 2005	823,175	\$12.19	435,925	\$11.16
Granted	165,800	\$15.90	79,050	\$16.42
Vested	(49,000)	\$ 7.06	(49,000)	\$ 7.25
Nonvested at October 31, 2006	<u>939,975</u>	\$13.10	<u>465,975</u>	\$12.46

Stock Option Plan

The Company also has a stock option plan whereby shares of Common Stock and Class A Common Stock were reserved for issuance to key employees and Directors of the Company. 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. There were no grants of stock options in each of the three years ended October 31, 2006. At October 31, 2006, there were outstanding stock options to purchase 7,898 shares of

Common Stock and 7,859 shares of Class A Common Stock and all stock options granted by the Company were fully vested; as such, future years will not reflect any option-related compensation expense under SFAS No. 123R, unless additional stock options are granted. As of October 31, 2006, options to purchase 2,406 shares of Class A Common Stock (and no shares of Common Stock) were available for future grant.

In December 2006, the Board of Directors approved the termination of the stock option plan.

A summary of stock option transactions during the three years ended October 31, 2006 is as follows:

Year Ended October 31,	2006		2005		2004	
	<u>Number of Shares</u>	<u>Weighted Average Exercise Prices</u>	<u>Number of Shares</u>	<u>Weighted Average Exercise Prices</u>	<u>Number of Shares</u>	<u>Weighted Average Exercise Prices</u>
Common Stock:						
Balance at beginning of period	17,398	\$8.05	25,148	\$7.70	55,876	\$7.62
Granted	—	—	—	—	—	—
Exercised	(9,500)	\$7.66	(7,750)	\$6.91	(15,000)	\$7.29
Canceled/Forfeited	—	—	—	—	(15,728)	\$7.27
Balance at end of period	<u>7,898</u>	<u>\$8.52</u>	<u>17,398</u>	<u>\$8.05</u>	<u>25,148</u>	<u>\$7.70</u>
Exercisable	7,898		17,398		25,148	
Class A Common Stock:						
Balance at beginning of period	12,359	\$8.34	19,109	\$7.85	42,733	\$7.83
Granted	—	—	—	—	—	—
Exercised	(4,500)	\$7.71	(6,750)	\$6.95	(23,624)	\$7.93
Canceled/Forfeited	—	—	—	—	—	—
Balance at end of period	<u>7,859</u>	<u>\$8.69</u>	<u>12,359</u>	<u>\$8.34</u>	<u>19,109</u>	<u>\$7.85</u>
Exercisable	7,859		12,359		19,109	

At October 31, 2006, exercise prices of shares of Common Stock and Class A Common Stock under option ranged from \$7.69 to \$9.03, for the Common Stock and \$8.19 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 one year.

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, 2006 and 2005, 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 note. Interest is payable quarterly.

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, 2006, 2005 and 2004, the Company made contributions to the 401K Plan of \$149,000, \$135,000 and \$127,000, 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 ultimately may 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, 2006, the Company had commitments of approximately \$283,000 for tenant related obligations.

The Company has outstanding letters of credit of \$144,658 which expire in December 2007.

**(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 the year, nor does it purport to represent the results of future operations. (Amounts in thousands, except per share figures.)

	Years Ended October 31,	
	<u>2005</u>	<u>2004</u>
Pro forma revenues	<u>\$72,140</u>	<u>\$69,984</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 Equivalent Class A Common and Class A Common Equivalent	<u>6,566</u>	<u>6,414</u>
Pro forma diluted shares outstanding:		
Common and Equivalent Class A Common and Class A Common Equivalent	<u>18,280</u>	<u>18,248</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>

URSTADT BIDDLE PROPERTIES INC.

(13) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited quarterly results of operations for the years ended October 31, 2006 and 2005 are as follows (in thousands, except per share data):

	Year Ended October 31, 2006				Year Ended October 31, 2005			
	Quarter Ended				Quarter Ended			
	Jan 31	Apr 30	July 31	Oct 31	Jan 31	Apr 30	July 31	Oct 31
Revenues	<u>\$18,653</u>	<u>\$18,485</u>	<u>\$17,982</u>	<u>\$18,129</u>	<u>\$16,436</u>	<u>\$17,878</u>	<u>\$17,149</u>	<u>\$17,770</u>
Income from Continuing Operations	<u>\$ 6,470</u>	<u>\$ 6,094</u>	<u>\$ 5,882</u>	<u>\$ 6,586</u>	<u>\$ 5,624</u>	<u>\$ 6,021</u>	<u>\$ 5,737</u>	<u>\$ 6,114</u>
Net Income	<u>\$ 6,470</u>	<u>\$ 6,094</u>	<u>\$ 5,882</u>	<u>\$ 6,586</u>	<u>\$11,473</u>	<u>\$ 6,112</u>	<u>\$ 7,286</u>	<u>\$ 6,114</u>
Preferred Stock Dividends	<u>(2,336)</u>	<u>(2,335)</u>	<u>(2,336)</u>	<u>(2,335)</u>	<u>(1,187)</u>	<u>(1,286)</u>	<u>(2,200)</u>	<u>(2,336)</u>
Net Income Applicable to Common and Class A Common Stockholders (1)	<u>\$ 4,134</u>	<u>\$ 3,759</u>	<u>\$ 3,546</u>	<u>\$ 4,251</u>	<u>\$10,286</u>	<u>\$ 4,826</u>	<u>\$ 5,086</u>	<u>\$ 3,778</u>
Per Share Data:								
Net Income from Continuing Operations—Basic:								
Class A Common Stock	\$.15	\$.14	\$.13	\$.16	\$.19	\$.20	\$.15	\$.14
Common Stock	\$.17	\$.15	\$.15	\$.18	\$.18	\$.18	\$.13	\$.13
Net Income from Continuing Operations—Diluted:								
Class A Common Stock	\$.15	\$.14	\$.13	\$.15	\$.19	\$.19	\$.14	\$.14
Common Stock	\$.17	\$.15	\$.14	\$.17	\$.17	\$.18	\$.13	\$.12

(1) 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 13, 2006, the Board of Directors of the Company declared cash dividends of \$0.2075 for each share of Common Stock and \$0.23 for each share of Class A Common Stock. The dividends are payable on January 19, 2007 to stockholders of record on January 5, 2007. The Board of Directors also ratified the actions of the Company's compensation committee authorizing the awards of 105,800 shares of Common Stock and 70,300 shares of Class A Common Stock to certain key officers and directors of the Company on January 2, 2007 pursuant to the Company's restricted stock plan. The fair value of the shares awarded totaling \$3.2 million will be charged to expense over the respective vesting periods.

On December 13, 2006, the Board of Directors of the Company terminated the Company's stock option plan. All outstanding unexercised options granted under the plan will remain outstanding and exercisable in accordance with their terms.

In January 2007, the Company acquired a retail property containing approximately 10,000 square feet of GLA for a cash purchase price of \$3.7 million.

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 sheet of Urstadt Biddle Properties Inc. (the "Company") as of October 31, 2006 and the related consolidated statements of income, stockholders' equity, and cash flows for the year ended October 31, 2006. 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 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 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 audit provides 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, 2006, and the consolidated results of its operations and its cash flows for the year ended October 31, 2006, 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, 2006 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 11, 2007 expressed an unqualified opinion thereon.

New York, New York
January 11, 2007

PKF
Certified Public Accountants
A Professional Corporation

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 sheet of Urstadt Biddle Properties Inc. (the "Company") as of October 31, 2005 and the related consolidated statements of income, stockholders' equity, and cash flows for each of the two 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 the consolidated results of its operations and its cash flows for each of the two years in the period ended October 31, 2005, in conformity with U.S. generally accepted accounting principles.

New York, New York
January 12, 2006

Ernst & Young LLP

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 office and industrial properties. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At October 31, 2006, the Company owned or had controlling interests in 37 properties containing a total of 3.7 million square feet of GLA of which approximately 97% 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. Primarily as a result of recent property acquisitions, the Company's financial data shows increases in total revenues and expenses from period to period.

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 and under performing properties and re-deploy the proceeds into properties located in the northeast 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

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

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. 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 properties. 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 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 is impaired at October 31, 2006.

LIQUIDITY AND CAPITAL RESOURCES

At October 31, 2006, the Company had unrestricted cash and cash equivalents of \$2.8 million compared to \$26.5 million at October 31, 2005. 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.

Cash Flows

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 2007 and to meet its dividend requirements necessary to maintain its REIT status. In fiscal 2006, 2005 and 2004, net cash flow provided by operations amounted to \$35.4 million, \$35.5 million and \$30.7 million, respectively. Cash dividends paid on common and preferred shares increased to \$32.4 million in fiscal 2006 compared to \$29.4 million in fiscal 2005 and \$26.3 million in 2004. 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 base rents 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 \$35.4 million in fiscal 2006, compared to \$35.5 million in fiscal 2005 and \$30.7 million in fiscal 2004. The changes in operating cash flows were primarily due to increases in the net operating results generated from the Company's properties and operating cash flows from new properties acquired during those periods. Operating cash flows included \$814,000 in fiscal 2005 and \$2,051,000 in fiscal 2004 from discontinued operations.

Investing Activities

Net cash flows used in investing activities were \$20.1 million in fiscal 2006, \$61.3 million in fiscal 2005 and \$2.4 million in fiscal 2004. 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 three retail properties in fiscal 2006, two shopping centers in fiscal 2005 and four retail properties in fiscal 2004. In fiscal 2005, the Company sold two properties. Sale proceeds were used to purchase properties in the northeast. In fiscal 2004, the Company sold investments in marketable securities to purchase real estate properties.

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

The Company also invests in its properties and regularly pays for capital expenditures for property improvements, tenant costs and leasing commissions.

Financing Activities

Net cash flows used in financing activities in fiscal 2006 and fiscal 2004 were \$39.0 million and \$24.8 million, respectively. Net cash flows provided by financing activities in fiscal 2005 were \$26.4 million and reflect the net proceeds of \$59.4 million received from sales of preferred stock in that year. Net cash flows used in financing activities in each of the fiscal years 2006, 2005 and 2004 reflect distributions to its shareholders each year of \$32.4 million in fiscal 2006, \$29.4 million in fiscal 2005 and \$26.3 million in fiscal 2004.

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

In fiscal 2005, the Company sold 2,450,000 shares of 7.5% Series D Senior Cumulative Preferred Stock ("Series D Preferred Stock") in a public offering for net proceeds of \$59.4 million. The proceeds were used to repay outstanding credit line indebtedness and to complete the purchase of certain properties acquired in fiscal 2005 and fiscal 2006.

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, 2006, the Company did not have any variable rate debt outstanding.

Mortgage notes payable of \$104.3 million consist of fixed rate mortgage loan indebtedness with a weighted average interest rate of 7.27% at October 31, 2006. The mortgage loans are secured by sixteen properties with a net book value of \$177.7 million and have fixed rates of interest ranging from 5.75% to 7.83%. In May 2006, the Company fully repaid a mortgage note in the principal amount of \$4.975 million. The Company may refinance 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.

At October 31, 2006, 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 + 1/2% 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. During fiscal 2006, the Company borrowed and repaid \$3 million under the secured credit line. There were no borrowings outstanding on October 31, 2006. The Company also had a \$30 million unsecured line of credit ("Unsecured Credit Line") arrangement with the same bank. During 2006, the Company terminated the Unsecured Credit Line. There were no borrowings outstanding on this credit line.

Contractual Obligations

The Company's contractual payment obligations as of October 31, 2006 were as follows (amounts in thousands):

	Payments Due by Period						
	Total	2007	2008	2009	2010	2011	There- after
Mortgage notes payable	\$104,341	\$11,640	\$61,255	\$17,787	\$5,499	\$4,244	\$3,916
Tenant obligations*	283	283	—	—	—	—	—
Total Contractual Obligations	\$104,624	\$11,923	\$61,255	\$17,787	\$5,499	\$4,244	\$3,916

*Committed tenant-related obligations based on executed leases as of October 31, 2006.

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, 2006 and 2005, 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, 2006, the Company incurred approximately \$5.4 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 additional amounts for anticipated capital improvements and leasing costs in fiscal 2007. 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.

In January 2007, the Company acquired a retail property containing approximately 10,000 square feet of GLA for a purchase price of \$3.7 million. The Company financed the purchase price from available cash.

In March 2006, the Company acquired three retail properties totaling 50,000 square feet of GLA at an aggregate purchase price of \$16.6 million.

In fiscal 2005, the Company purchased Staples Plaza, a 200,000 square foot shopping center in Yorktown, New York for \$28.5 million, including the assumption of a first mortgage loan. The Company also purchased The Dock, a 269,000 square foot shopping center located in Stratford, Connecticut for \$51.1 million.

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

Sales of Properties

In fiscal 2005, 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. The Company recorded a gain on the sale of approximately \$5.6 million. The Company also sold an office building in Southfield, Michigan for a sale price of \$9.2 million and recorded a gain on the sale of \$1.4 million.

NON-CORE PROPERTIES

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

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

to generate cash from asset sales is dependent upon market conditions and will be limited if market conditions make such sales unattractive. There were no sales of non-core properties in fiscal 2006. At October 31, 2006, the three remaining non-core properties have a net book value of approximately \$2.6 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 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); and
- should not be considered an alternative to net income as an indication of the Company's performance.

FFO, as defined by the Company 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, 2006 (amounts in thousands).

	Year Ended October 31,		
	2006	2005	2004
Net Income Applicable to Common and Class A Common Stockholders	\$ 15,690	\$ 23,976	\$ 18,566
Plus: Real property depreciation	10,151	9,164	8,082
Amortization of tenant improvements and allowances	2,450	2,325	1,962
Amortization of deferred leasing costs	557	565	497
Depreciation and amortization on discontinued operations	—	345	706
Less: Gains on sales of properties	—	(7,020)	—
Funds from Operations Applicable to Common and Class A Common Stockholders	<u>\$ 28,848</u>	<u>\$ 29,355</u>	<u>\$ 29,813</u>
Net Cash Provided by (Used in):			
Operating Activities	<u>\$ 35,429</u>	<u>\$ 35,505</u>	<u>\$ 30,744</u>
Investing Activities	<u>\$(20,129)</u>	<u>\$(61,348)</u>	<u>\$ (2,416)</u>
Financing Activities	<u>\$(38,994)</u>	<u>\$ 26,397</u>	<u>\$(24,837)</u>

FFO amounted to \$28.8 million in fiscal 2006 compared to \$29.4 million in fiscal 2005. The decrease in FFO in fiscal 2006 reflects an increase in operating income from properties owned during the period and recent property acquisitions offset by an increase in preferred stock dividends paid on the recently issued Series D Preferred Stock and the temporary investment of the remaining proceeds of the Series D Preferred Stock sale into lower yielding short-term investments. See discussion which follows.

RESULTS OF OPERATIONS

Fiscal 2006 vs. Fiscal 2005

The following information summarizes the Company's results of operations for the year ended October 31, 2006 and 2005 (amounts in thousand):

	Year Ended October 31,		Increase (Decrease)	%	Change Attributable to:	
	2006	2005			Property Acquisitions	Properties Held In Both Periods
Revenues						
Base rents	\$55,737	\$52,149	\$3,588	6.9%	\$3,215	\$ 373
Recoveries from tenants	17,029	16,506	523	3.2%	706	(183)
Expenses						
Property operating	11,919	10,915	1,004	9.2%	570	434
Property taxes	10,298	9,245	1,053	11.4%	740	313
Interest	8,287	8,502	(215)	(2.5)%	322	(537)
Depreciation and amortization	13,243	12,054	1,189	9.9%	774	415
General and administrative	4,981	5,155	(174)	(3.4)%	n/a	n/a

Property Acquisitions:

The increase in revenues, property operating and property tax expenses in fiscal 2006 was largely the result of property acquisitions completed in fiscal 2006 and 2005. The Company acquired two properties totaling 469,000 square feet of GLA in fiscal 2005 and three properties totaling 50,000 square feet of GLA in fiscal 2006. In connection with one acquisition in fiscal 2005, the Company assumed an \$8.5 million first mortgage that increased interest expense in fiscal 2006 by \$322,000.

Properties Held in Both Periods:**Revenues**

Base rents from properties held in both periods increased \$373,000 in fiscal 2006 compared to fiscal 2005. The increase in base rents from new leases and lease renewals signed during fiscal 2006 was impacted by an increase in unexpected tenant vacancies during the same period that lowered revenues by approximately \$500,000. At October 31, 2006, the overall leased percentage of the Company's core properties was 97%, a decline of 1% from a year ago. The Company executed new leases or renewed leases comprising 297,000 square feet of GLA during fiscal 2006.

Recoveries from tenants from properties held in both periods (which represent reimbursements from tenants for operating expenses and property taxes) decreased \$183,000 in fiscal 2006 compared to the prior year due to slightly lower occupancy levels during 2006 which reduced the Company's overall reimbursement recoveries by approximately \$100,000.

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 \$10.3 million or 14% of total revenues in fiscal 2006 compared to \$10.6 million or 15.1% in fiscal 2005. At October 31, 2006, the property was 95% leased. No other property in the Company's portfolio comprised more than 10% of the Company's consolidated revenues in fiscal 2006.

Mortgage interest and other income in fiscal 2006 includes a gain of \$102,000 from the repayment of a mortgage note receivable during the year.

Interest, dividends and other investment income increased by \$219,000 in fiscal 2006 from higher rates of return earned on marketable securities and short-term investments during the period. Other investment income also includes gains on sales of marketable securities of \$122,000 in fiscal 2006 compared to \$70,000 in fiscal 2005.

Expenses

Property operating expenses for properties held in both periods increased by \$434,000 in fiscal 2006 from an increase in certain property expense categories, particularly repairs and maintenance and utility expenses, that increased this component of expenses by approximately \$800,000 in fiscal 2006. The increase in expenses in 2006 was offset by a decrease of approximately \$300,000 in insurance and snow removal costs from fiscal 2005.

Property taxes for properties held in both periods increased by \$313,000 or 3% in fiscal 2006 from higher real estate tax assessment rates at the Company's properties.

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

Interest expense for properties held in both periods decreased \$537,000 in fiscal 2006 principally from the repayment of mortgage notes payable and bank credit line borrowings in fiscal 2005 that were repaid later in the year.

Depreciation and amortization expense from properties held in both periods increased \$415,000 in fiscal 2006, principally from the write off of unamortized tenant improvement costs of \$319,000 related to several tenants that vacated the properties during the year.

General and administrative expenses (G&A) decreased by \$174,000 in fiscal 2006 primarily from lower professional fees incurred in fiscal 2006 in connection with the Company's internal controls assessment required by Section 404 of Sarbanes-Oxley Act which decreased G&A by \$443,000 in fiscal 2006. The decrease in G&A was offset by higher employee compensation costs which increased this component of expense by \$415,000 this year.

Fiscal 2005 vs. Fiscal 2004

Revenues

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

The net change in rentals resulted primarily 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 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 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.

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 fiscal 2005 at most of the properties and higher overall tenant recovery rates on operating expenses and real estate taxes.

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, dividends and other income increased by \$244,000 in fiscal 2005 from an increase in the amount of short-term investments outstanding during the year at higher investment yields. This component of income also includes gains on sales of securities which totaled \$70,000 in fiscal 2005.

Expenses

Property operating expenses increased \$10.9 million or 18.1% in fiscal 2005 compared to \$9.2 million in fiscal 2004. The increase in operating expenses reflected the incremental expense from 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 from higher snow removal and repairs and maintenance costs.

Property taxes increased 15.2% to \$9.2 million in fiscal 2005 from \$8.0 million in fiscal 2004. Property taxes from recently acquired properties increased this component of expenses by \$884,000 in fiscal 2005. Property taxes for properties owned in both periods increased by \$336,000 from higher real estate tax assessment rates at several of the Company's properties during the year.

Interest expense increased \$389,000 in fiscal 2005 principally from the addition of mortgage notes payable assumed in connection with the acquisition of Staples Plaza (in fiscal 2005) and Rye Properties (in fiscal 2004). Interest expense also increased in fiscal 2005 from short-term borrowings of \$19.5 million on the Company's revolving credit lines. 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 that year 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; a charge of approximately \$300,000 to record a deferred compensation arrangement at fair value; and approximately \$678,000 in accounting fees incurred in connection with the Company's internal controls assessment required by Section 404 of the Sarbanes-Oxley Act.

ADOPTION OF A NEW ACCOUNTING PRONOUNCEMENT

Prior to November 1, 2005, the Company accounted for its stock-based compensation plans under the recognition and measurement provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"), and related Interpretations, as permitted by FASB Statement No. 123, "Accounting for Stock-Based Compensation." Effective November 1, 2005, the Company adopted the fair value recognition provisions

of FASB Statement No. 123(R), "Share-Based Payment," ("SFAS No. 123R"), using the modified-prospective-transition method. Under that transition method, compensation cost recognized in fiscal 2006, for all share-based payments granted subsequent to November 1, 2005, is based on the grant-date fair value of the stock grants estimated in accordance with the provisions of SFAS No. 123R.

Prior to November 1, 2005, the grant-date fair value of nonvested restricted stock awards was expensed over the explicit vesting periods. Such awards also provided for continued vesting after retirement. Upon adoption of SFAS No. 123R, the Company changed its policy for recognizing compensation expense for restricted stock awards to the earlier of the explicit vesting period or the date a participant first becomes eligible for retirement. For nonvested restricted stock awards granted prior to the adoption of SFAS No. 123R, the Company will continue to recognize compensation expense over the explicit vesting periods and accelerate any remaining unrecognized compensation cost when a participant actually retires.

Consistent with the provisions of APB No. 25, the Company recorded the fair value of nonvested restricted stock grants and an offsetting deferred compensation amount within stockholders equity. Under SFAS No. 123R an equity instrument is not considered to be issued until the instrument vests. The Company reversed \$8.2 million of restricted stock compensation and additional paid in capital included in stockholders' equity as of November 1, 2005 representing the nonvested portions of restricted stock grants awarded prior to the effective date of SFAS No. 123R, resulting in no net impact on the balance of total stockholders' equity. As of October 31, 2006, there was \$10.1 million of restricted stock compensation related to nonvested restricted stock grants awarded under the Plan. The remaining unamortized stock compensation is expected to be recognized over a weighted average period of 8 years. For the years ended October 31, 2006, 2005 and 2004 amounts charged to compensation expense totaled \$2,007,000, \$1,617,000 and \$1,322,000, respectively.

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

DISCONTINUED OPERATIONS

There were no sales of properties during 2006 or properties held for sale at October 31, 2006. Accordingly, there were no operating properties that were considered discontinued operations in fiscal 2006.

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 were classified as discontinued operations in the accompanying consolidated statements of income for the two 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.

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

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. (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 in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting includes 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, 2006. 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, 2006.

PKF, Certified Public Accountants, A Professional Corporation, 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, 2006.

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, 2006, 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; (3) receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (4) 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, 2006, 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, 2006 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 sheet of Urstadt Biddle Properties Inc. as of October 31, 2006, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended and our report dated January 11, 2007 expressed an unqualified opinion thereon.

New York, New York
January 11, 2007

PKF
Certified Public Accountants
A Professional Corporation

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 2006 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 2006 is as follows:

Common and Class A Common Shares:

Dividend Payment Date	Common Shares			Class A Common Shares		
	Gross Dividend Paid Per Share	Distributed		Gross Dividend Paid Per Share	Distributed	
		Ordinary Income	Non Taxable		Ordinary Income	Non Taxable
January 20, 2006	\$.2025	\$.166	\$.0365	\$.225	\$.184	\$.041
April 21, 2006	\$.2025	\$.166	\$.0365	\$.225	\$.184	\$.041
July 21, 2006	\$.2025	\$.166	\$.0365	\$.225	\$.184	\$.041
October 20, 2006	\$.2025	\$.166	\$.0365	\$.225	\$.184	\$.041
Total	\$.81	\$.664	\$.146	\$.90	\$.736	\$.164

Preferred Shares:*

Dividend Payment Date	Series B Preferred Shares	Series C Preferred Shares	Series D Preferred Shares
January 31, 2006	\$2.2475	\$2.1250	\$.46875
April 30, 2006	\$2.2475	\$2.1250	\$.46875
July 31, 2006	\$2.2475	\$2.1250	\$.46875
October 31, 2006	\$2.2475	\$2.1250	\$.46875
Total	\$8.99	\$8.50	\$1.875

*All dividends paid during 2006 on shares of Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock were ordinary income for federal income tax purposes.

MARKET PRICE RANGES

The following sets forth, for the fiscal years ended October 31, 2006 and 2005, 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."

	<u>Fiscal 2006</u>		<u>Fiscal 2005</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<u>Common Shares:</u>				
First Quarter	\$15.70	\$17.73	\$14.80	\$16.46
Second Quarter	\$16.22	\$17.40	\$14.71	\$16.31
Third Quarter	\$15.54	\$16.76	\$15.09	\$17.59
Fourth Quarter	\$15.50	\$18.60	\$15.75	\$17.66
<u>Class A Common Shares:</u>				
First Quarter	\$15.60	\$17.83	\$15.72	\$17.76
Second Quarter	\$16.25	\$18.40	\$14.26	\$16.64
Third Quarter	\$15.58	\$17.10	\$15.05	\$18.75
Fourth Quarter	\$16.04	\$19.44	\$14.75	\$18.72

CERTIFICATIONS

Following the March 2006 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, 2006.

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, Co-Counsel and Assistant Secretary

THOMAS D. MYERS
Senior Vice President, Co-Counsel 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 Vice President and Assistant Secretary

ANDREW ALBRECHT
Assistant Vice President, Construction

Securities Traded

New York Stock Exchange
Symbols: UBA, UBP, UBPPRC and UBPPRD
Stockholders of Record as of December 31, 2006:
Common Stock: 1,190 and Class A Common Stock: 1,201

Annual Meeting

The annual meeting of stockholders will be held
at 2:00 P.M. on March 8, 2007 at The Doral Arrowwood,
Rye Brook, New York

Form 10-K

A copy of the Company's 2006 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 made by writing to our Transfer
Agent, The Bank of New York, Investor Services Department,
P.O. Box 11258, New York, NY 10286-1258 or by calling
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
website at: www.ubproperties.com

Independent Registered Public Accounting Firm

PKF, Certified Public Accountants, A Professional Corporation

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



The Dock Shopping Center, Stratford, Connecticut