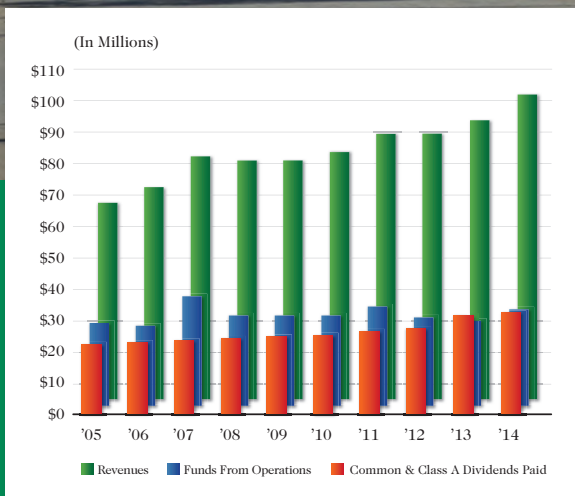




URSTADT BIDDLE PROPERTIES INC.

Stock prices are only opinions.
But dividends are facts.



45 CONSECUTIVE YEARS OF
UNINTERRUPTED DIVIDENDS.

21 CONSECUTIVE YEARS OF
INCREASED DIVIDENDS.



URSTADT BIDDLE PROPERTIES INC.

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 northeastern part of the United States with a concentration in the Metropolitan New York tri-state area outside of the City of New York.

Class A Common Shares, Common Shares, Series F Preferred Shares and Series G Preferred Shares of the company trade on the New York Stock Exchange under the symbols “UBA,” “UBP,” “UBPPRF” and “UBPPRG.”

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SELECTED FINANCIAL DATA

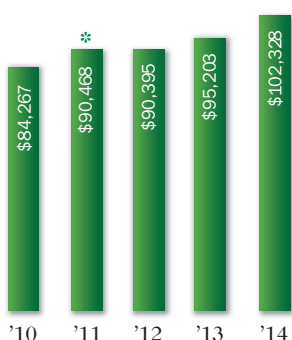
(Amounts in thousands, except share data)

Year Ended October 31,	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Balance Sheet Data:					
Total Assets	\$ 819,005	\$650,026	\$724,243	\$576,264	\$557,053
Revolving Credit Lines and Unsecured Term Loan	\$ 40,550	\$ 9,250	\$ 11,600	\$ 41,850	\$ 11,600
Mortgage Notes Payable and Other Loans	\$ 205,147	\$166,246	\$143,236	\$118,135	\$118,202
Preferred Stock Called For Redemption	\$ 61,250	\$ —	\$ 58,508	\$ —	\$ —
Redeemable Preferred Stock	\$ —	\$ —	\$ 21,510	\$ 96,203	\$ 96,203
Operating Data:					
Total Revenues	\$102,328	\$ 95,203	\$ 90,395	\$ 90,468	\$ 84,267
Total Expenses and Payments to Noncontrolling Interests	\$ 75,927	\$ 70,839	\$ 64,367	\$ 61,535	\$ 58,641
Income from Continuing Operations before Discontinued Operations	\$ 53,091	\$ 29,105	\$ 27,282	\$ 30,483	\$ 26,022
Per Share Data:					
Net Income from Continuing Operations – Basic:					
Class A Common Stock	\$1.22	\$.31	\$.42	\$.63	\$.52
Common Stock	\$1.09	\$.28	\$.38	\$.57	\$.47
Net Income from Continuing Operations – Diluted:					
Class A Common Stock	\$1.19	\$.30	\$.41	\$.61	\$.51
Common Stock	\$1.06	\$.27	\$.36	\$.55	\$.46
Cash Dividends Paid on:					
Class A Common Stock	\$1.01	\$1.00	\$.99	\$.98	\$.97
Common Stock	\$.90	\$.90	\$.90	\$.89	\$.88
Other Data:					
Net Cash Flow Provided by (Used in):					
Operating Activities	\$ 50,915	\$ 50,952	\$ 52,504	\$ 46,548	\$ 45,156
Investing Activities	\$ (54,624)	\$ (49,631)	\$ (10,778)	\$ (42,351)	\$ (51,179)
Financing Activities	\$ 73,793	\$ (76,468)	\$ 31,837	\$ (15,343)	\$ 11,358
Funds from Operations (Note)	\$ 33,032	\$ 29,506	\$ 30,627	\$ 34,453*	\$ 30,053

Note: The Company has adopted the definition of Funds from Operations (FFO) suggested by the National Association of Real Estate Investment Trusts (NAREIT) and defines FFO as net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of properties plus real estate related depreciation and amortization and after adjustments for unconsolidated joint ventures. For a reconciliation of net income and FFO, see Management's Discussion and Analysis of Financial Condition and Results of Operations on page 34. FFO does not represent cash flows from operating activities in accordance with generally accepted accounting principles and should not be considered an alternative to net income as an indicator of the Company's operating performance. The Company 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. However, comparison of the Company's presentation of FFO, using the NAREIT definition, to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs. For a further discussion of FFO, see Management's Discussion and Analysis of Financial Condition and Results of Operations on page 34.

Total Revenues

(In thousands)



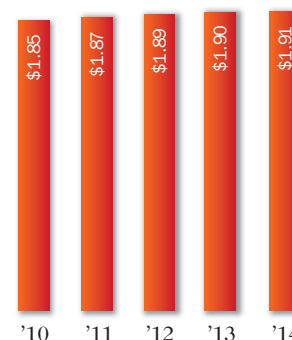
Funds From Operations

(In thousands)



Combined Dividends Paid on Common and Class A Common Shares

(Per share)



* Includes \$3 million one-time settlement of lease obligation.

LETTER TO OUR STOCKHOLDERS

2014 was a solid, building year for Urstadt Biddle Properties. Revenues exceeded \$100 million for the first time in the company's history and we made good progress in leasing vacancies, tweaking the portfolio to improve quality and reduce risk, capitalizing on low interest rates, and acquiring a number of fine properties to both grow the company and position it for improving future results. Increasing our occupancy levels to our historical norm of 95% has been our most important priority and we are pleased that the core operating portfolio rose to 95.2% leased by year-end.

Staples Plaza



John Cannon
Senior Vice President,
Management &
Construction



Linda Lacey
Senior Vice President,
Leasing

Our Redevelopment Projects are Progressing Nicely

The company has 5 properties under redevelopment, and 2014 saw substantial completion of most of them. A recap follows:

Staples Plaza, Yorktown Heights, NY:

Following a successful zone change last year, we completed the construction of Phase I of a 90,000 square foot self-storage facility in the lower level of this property. Phase I consists of 347 units containing 34,000 net rentable square feet. We opened the facility for business in July, and as of December 31st the facility was 33% leased. Upon stabilization of Phase I, we plan to build out a second phase covering the remaining 30,000 square feet of the lower level of this property. Our facility is the market's low-cost leader with the highest quality finishes, and we are pleased to have Extra Space Storage (the nation's second largest self-storage REIT) managing the facility for us. In December, we obtained another zone change for this property which will (i) allow us to build an additional outparcel restaurant

building of 3,500 square feet and (ii) permit our anchor tenant BJ's Warehouse Club to build an 8-bay gasoline station in an underutilized area of the property's parking lot. In 2015, we expect to develop these additional pad sites, renovate the façade of the shopping center, and lease the remaining 38,000 square feet of retail space at this property.

The Pavilion Shopping Center, White Plains, NY:

In November, we obtained approval from the City of White Plains to change the zoning of this property, successfully culminating a two-year effort. As a result, this 3.6 acre site situated in the heart of the county seat of Westchester County, and currently containing a 191,000 square foot mostly vacant mall, can be transformed into an 860,000 square foot dynamic mixed-use development of apartments, retail, hotel and office uses with buildings up to 280 feet in height. We have located an experienced, well-capitalized development partner and are working on a final site plan to submit to the City this spring for review and approval. We are very pleased that the City and the community have embraced our vision of a dynamic mixed-use development for the site, and we look forward to providing further information regarding this significant project later in 2015.

Townline Square, Meriden, CT: In 2014, we completed the re-leasing of this property and saw the opening of PetSmart, Fitness Edge (a health club), Five Below, and a number of smaller retailers. Occupancy at this property has now been restored to 95%.

Chilmark Shopping Center, Briarcliff Manor, NY:

In October, we completed the redevelopment of this property, which included delivery to CVS of a new 14,000 square foot store. Now 90% occupied, this property is leasing up quickly due to its desirable location in one of Westchester's finest communities coupled with the new CVS and the adjacent A&P Fresh Supermarket.

Orangeburg Shopping Center, Orangeburg, NY:

The \$3 million redevelopment of this shopping center is now 60% complete and features a new façade, redesigned parking lot, lighting, entrance and development of a new pad site.

Leasing

Our leasing indicators continued to improve this year. In our core portfolio, we renewed 361,000



Pavilion Shopping Center
Possible Redevelopment Project



Chilmark Shopping Center



Townline Square

square feet of tenant leases at an average rent increase of 2% and signed 178,000 square feet of new leases at average rents that were 1.5% lower than the prior leases for these same spaces. These leasing results enabled us to increase our leased rate for our core portfolio to 95%. Moving forward, we look to improve our leasing spreads as an improving economy and higher occupancy levels permit us to increase rents. It should be noted that our first priority is to have fully leased, vibrant shopping centers with a good tenant mix. While we strive to raise rents when appropriate, it is paramount to have a good tenant mix whereby all tenants complement one another and have strong performing stores. Our leasing team has a solid pipeline of leases in negotiation for currently vacant space and we are clearly seeing an improvement in the leasing market. Our centers are primarily grocery and drug store-anchored properties with a high percentage of the small stores leased to convenience and service retailers. A great way for you to learn more about the company's portfolio is to visit our website, go to the "Properties" section and browse the properties. Through our website, one can see photos of the properties, what is available for lease, review the demographics of the communities surrounding the properties, and get a good overall understanding of the high quality properties that we own.

Capital Market Events

In October, we sold \$75 million of a new 6.75% Series G Preferred stock and then used the proceeds to redeem (for \$62.5 million) our entire class of 7.5% Series D Preferred stock. This will result in a direct reduction in dividend expense of \$459,000 annually for years to come. In November, we completed a follow-on offering of \$60 million of common stock at \$20.82 per share, the proceeds of which were used to complete the \$125 million NJ portfolio acquisition in December. In July, we refinanced the \$18 million mortgage on our Arcadian Shopping Center for ten years at 3.995%, a significant reduction from the prior rate of 6.66%. We also completed three other mortgage financings in fiscal 2014 totaling \$44 million. All of these mortgages are for terms of ten years with fixed rates of interest between 3.71%—4.07%. In addition, subsequent to year end, we financed \$62.7 million of the \$124.5 million NJ Portfolio acquisition, with a twelve-year mortgage bearing a fixed interest rate of 3.85%. We remain one of the lowest leveraged REITs with aggregate mortgage debt equal to only 23.4% of total book

capitalization at year-end. We have only \$4.6 million in mortgages coming due in 2015. Our \$80 million credit line presently has \$70 million available to help support our acquisition program.

Portfolio Pruning and Acquisitions

This year, we took advantage of the strong seller's market to prune our portfolio of four properties that in our view posed more long-term risk than reward and which did not fit within our long-term strategy of owning infill real estate in the New York City suburbs. We sold, for \$14.75 million, our remaining warehouse properties in Dallas and St. Louis that were net leased to an affiliate of Chrysler, which properties had been owned by the company since the 1970's. We also sold a Springfield, MA shopping center owned since the 1970's for \$31 million, and a small strip center in Queens, NY (purchased as part of a portfolio a few years ago) for \$3.3 million. By utilizing tax deferred transactions for these sales, we were able to re-deploy nearly all of the \$49 million in proceeds into new acquisitions. Overall, 2014 was one of our most active acquisition years. During the last thirteen months, we purchased the following properties valued at \$226 million:

1. Boonton A&P Shopping Center Boonton, NJ (Morris County)

DESCRIPTION: Shopping Center consisting of 63,000 square feet of gross leasable area (GLA) on 5.4 acres of land

ANCHOR TENANT: A&P Supermarket

PRICE: \$18.3 million, subject to an existing mortgage of \$7.8 million

LOCATION: On Myrtle Avenue, just off exit 45 of I-287, in Boonton, NJ

CLOSING DATE: December, 2013

2. Bloomfield A&P Shopping Center Bloomfield, NJ (Essex County)

DESCRIPTION: Shopping Center consisting of 56,000 square feet of GLA on 5 acres of land

ANCHOR TENANTS: A&P Supermarket and Walgreens

PRICE: \$11 million, subject to a mortgage of \$7.8 million

LOCATION: On Belleville Avenue (Route 506) in Bloomfield, NJ about 1/2 mile east of the Garden State Parkway

CLOSING DATE: December, 2013



John T. Hayes
Senior Vice President,
Chief Financial Officer
and Treasurer



Diane Midollo
Vice President and
Controller



James M. Aries
Senior Vice President
and Director
of Acquisitions



Stephan Rapaglia
Senior Vice President,
Chief Operating Officer,
Real Estate Counsel
and Assistant Secretary

**3. Bethel Hub Shopping Center
Bethel, CT (Fairfield County)**

DESCRIPTION: Shopping Center consisting of 31,000 square feet of GLA on 5 acres of land

ANCHOR TENANTS: Rite Aid Pharmacy and Nutmeg Liquors

PRICE: \$9 million, all cash

LOCATION: On Route 302 at the intersection of Greenwood Avenue

CLOSING DATE: January, 2014

**4. Gateway Shopping Center and Applebee's Shopping Center
Riverhead, NY (Suffolk County)**

DESCRIPTION: 50% Tenant in Common interest in 1) Shopping Center consisting of 195,000 square feet of GLA on 21 acres of land and 2) a free-standing restaurant building of 5,000 square feet with adjacent developable pad site of 7,200 square feet on 2.7 acres of land

ANCHOR TENANTS: Walmart & Bob's Discount Furniture

PRICE: \$7.2 million (for 50% interest), subject to a mortgage of \$15 million (on entire property)

LOCATION: On Route 25, at the end of the Long Island Expressway, across from the Tanger Outlet Center

CLOSING DATE: February, 2014

**5. Kings Shopping Center and Cos Cob Commons
Greenwich, CT (Fairfield County)**

DESCRIPTION: Two shopping centers consisting of 88,000 square feet of GLA on 2.5 acres of land

ANCHOR TENANTS: Kings Supermarket and CVS

PRICE: \$47.4 million, subject to a mortgage of \$25 million

LOCATION: One property is on Route 1 in Cos Cob, and the other is adjacent to the Old Greenwich Train Station; both are in Greenwich, CT

CLOSING DATE: August, 2014

**6. McLean Plaza Shopping Center
Yonkers, NY (Westchester County)**

DESCRIPTION: 51% interest in a Shopping Center consisting of 58,000 square feet of GLA on 5 acres of land

ANCHOR TENANTS: A&P Supermarket and Walgreens

PRICE: \$5.3 million (for 51% interest), subject to a \$5 million mortgage placed after closing (on entire property)

LOCATION: At McLean Avenue (Exit 1) on the Major Deegan Expressway (I-87)

CLOSING DATE: October, 2014

**7. Northern NJ Portfolio
Kinnelon, Pompton Lakes, Wykoff & Midland Park, NJ**

DESCRIPTION: 4 Shopping Centers consisting of 375,000 square feet of GLA on 35 acres of land

ANCHOR TENANTS: A&P Supermarket, Kings Supermarket, Walgreens, Rite Aid

PRICE: \$124 million, subject to a \$62 million mortgage placed after closing

LOCATION: Kinnelon – Route 23 and Kinnelon Road; Pompton Lakes – Wanaque Avenue and Ringwood Avenue; Wykoff – Cedar Hill Avenue and Route 208; Midland Park – Godwin Avenue and Goffle Road

CLOSING DATE: December, 2014

In total, UBP invested \$237 million in these new acquisitions, financed with funds generated primarily from the sale of properties, proceeds from the November 2014 common stock sale and long-term fixed rate mortgage loans. We are excited about the quality of these acquisitions and believe they will be accretive to 2015 earnings and solid long-term investments for us.

Results of Operations

In 2014, revenues rose 7.5% to a record \$102.3 million. Excluding property acquisition costs and other one-time charges, including stock redemption charges, excess preferred stock dividends and gains on marketable securities, our recurring funds

Pompton Lakes Town Square





Kings Shopping Center



Gateway Plaza



Midland Park Shopping Center

from operations rose 1.4% to \$35.5 million compared to the prior year's funds from operations with the same exclusions. Property expenses rose 6.4% in 2014 due in large part to increased snow removal costs. General and administrative expenses currently are 1.1% of total assets, a slight reduction from 2013.

Internet

We continue to closely monitor the effect of the Internet on our tenants. Many retailers have proactively adapted a "clicks and bricks" or "omnichannel" strategy and learned how to adapt. Some retailers, however, are far more negatively affected than others and some are struggling. We aim to protect ourselves against retailers who are either reluctant to incorporate the Internet into their merchandising and sales strategy, or are incapable of doing so, and we aim to find room in our portfolio for those retailers who are willing to adapt. According to a recent survey completed by Deloitte, 70% of retail chains have plans to open physical stores in 2015. We continue to feel that well-located, grocery-anchored shopping centers are solid long-term investments because it is very expensive for Internet operators to compete with the grocery stores in terms of level of service and pricing. Grocery stores also are adapting their own strategies with services such as in-store pickup and home delivery. A grocery store, in effect, is a warehouse and a grocer does not need to build a distribution warehouse, like Internet retailers might be forced to do in order to compete for home delivery business. The vast majority of our tenants have a high service component to them, which makes them more Internet resistant.

UB Solar

This year, we completed the installation of 5 more roof-top solar arrays on our New York properties as we continue to take advantage of government subsidy programs. These projects simultaneously lower the cost of electricity to our properties and generate an attractive yield on our investment while providing an environmental benefit. We currently have approximately 160,000 square feet of solar arrays generating approximately 1,600 kW of power on the rooftops of our properties. This is equivalent to providing power to 320 homes.

Outlook

New York City continues to experience a resurgence of job growth, population growth and apartment construction unequaled by any city in North America. That which is good for New York City is good for the suburbs of New York City. While millennials often prefer a more urban life than their parents, a large percentage of New York City residents, for either economic or lifestyle

reasons, transition to the suburbs surrounding NYC where costs are lower, the grass is greener, and the communities are strong.

New York City is North America's greatest city and we are happy and optimistic to own properties surrounding it. Well-located shopping centers are highly sought after in our densely populated, high income market and there are a great number of investors seeking to acquire them. While this makes continuing to grow our portfolio more challenging, it makes our existing portfolio more valuable. The retail business is challenging, but the New York City suburbs have higher income levels and lower unemployment than most parts of the country, and these suburbs continue to be a desirable area for most retailers to do business. As new development becomes increasingly more difficult in our area and the economy improves, the price of properties continues to rise and vacancy rates continue to fall. This leads us to expect a positive effect on the rents that we can charge and retailers can afford to pay.

In December 2014, the company's Board of Directors increased the annualized dividend rate on the company's Class A Common stock by one cent a share. The increase in the dividend rate represents the 21st consecutive year that the Board has approved an increase in the dividend level, which is reflective of the Board's continued confidence in the company. The Board elected not to increase the dividend rate on the company's Common stock, however, (i) in order to maintain the 10% dividend premium that the Class A Common stock must maintain in relation to the Common stock (as set forth in the company's charter) and (ii) because of caution about the negative effects on cash flow posed by the pending redevelopment of The Pavilion shopping center in White Plains, NY.

We greatly appreciate the hard work of our dedicated staff and directors and the continued support of our shareholders, tenants and their customers.



Thomas D. Myers
Executive Vice President,
Chief Legal Officer and
Secretary



Willing L. Biddle
Willing L. Biddle
President and Chief
Executive Officer



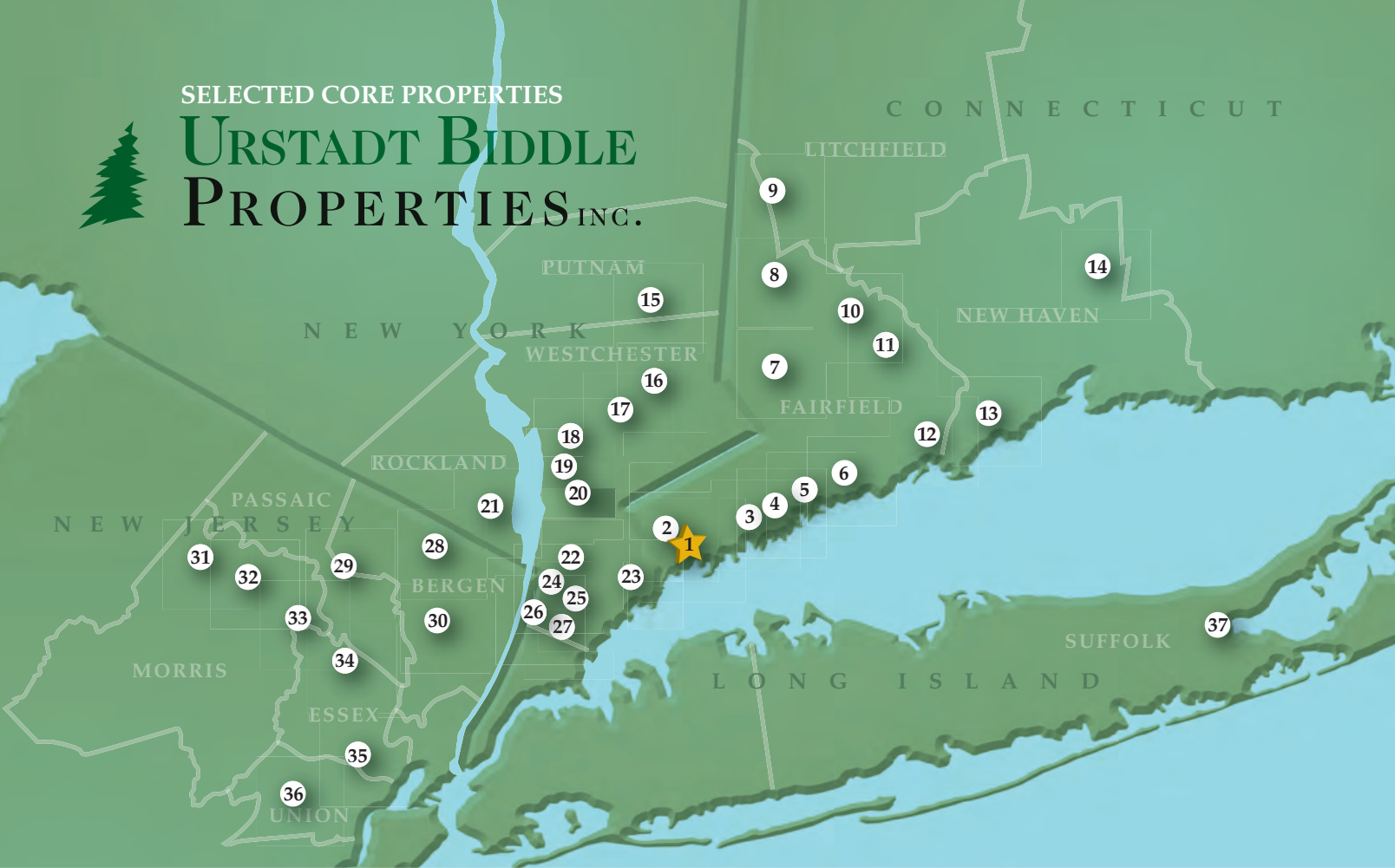
Charles J. Urstadt
Charles J. Urstadt
Chairman

January 21, 2015

SELECTED CORE PROPERTIES



URSTADT BIDDLE PROPERTIES INC.



1 Corporate Headquarters
Greenwich, Connecticut



2 Greenwich Commons
Greenwich, Connecticut



2 Cos Cob Plaza
Cos Cob, Connecticut



2 Kings Shopping Center
Old Greenwich, Connecticut



2 Cos Cob Commons
Cos Cob, Connecticut



3 Ridgeway Shopping Center
Stamford, Connecticut



4 Goodwives Shopping Center
Darien, Connecticut



5 Greens Farms Plaza
Westport, Connecticut



6 Fairfield Centre
Fairfield, Connecticut



7 Ridgfield Center
Ridgefield, Connecticut



8 Airport Plaza
Danbury, Connecticut



8 Danbury Square
Danbury, Connecticut



9 Veteran's Plaza
New Milford, Connecticut



9 New Milford Plaza
New Milford, Connecticut



9 Fairfield Plaza
New Milford, Connecticut



10 The Hub Center
Bethel, Connecticut



11 Starbucks Center
Monroe, Connecticut



12 The Dock
Stratford, Connecticut



13 Orange Meadows Shopping
Center, Orange, Connecticut



14 Townline Square
Meriden, Connecticut



15 Carmel ShopRite Center
Carmel, New York



15 Putnam Plaza
Carmel, New York



16 Towne Centre Shopping Center
Somers, New York



16 Somers Commons
Somers, New York



16 Heritage 202 Center
Somers, New York



17 Village Commons
Katonah, New York



18 Staples Plaza
Yorktown Heights, New York



19 Arcadian Shopping Center
Ossining, New York



20 Chilmark Shopping Center
Briarcliff Manor, New York



21 Orangetown Shopping Center
Orangeburg, New York



22 Westchester Pavilion
White Plains, New York



23 4 "Street Retail" Properties
Rye, New York



24 Midway Shopping Center
Scarsdale, New York



25 Shoppes at Eastchester
Eastchester, New York



25 Eastchester Plaza
Eastchester, New York



26 McLean Plaza
Yonkers, New York



27 Pelham Shopping Center
Pelham Manor, New York



28 Chestnut Ridge Shopping Center
Montvale, New Jersey



29 Cedar Hill Shopping Center
Wyckoff, New Jersey



29 Midland Park Shopping Center
Midland Park, New Jersey



30 Emerson Shopping Plaza
Emerson, New Jersey



31 Meadtown Shopping Center
Kinnelon, New Jersey



32 Pompton Lakes Town Square
Pompton Lakes, New Jersey



33 Boonton A&P Shopping Center
Boonton, New Jersey



34 Valley Ridge Shopping Center
Wayne, New Jersey



35 Ferry Plaza
Newark, New Jersey



36 Village Shopping Center
New Providence, New Jersey



37 Gateway Plaza
Riverhead, New York

INVESTMENT PORTFOLIO (as of January 14, 2015)

Core Properties

UBP owns or has equity interests in 74 properties including ten office buildings which total 5,125,000 square feet.

Location	Square Feet	Principal Tenant	Property Type
Stamford, Connecticut	350,000	Stop & Shop Supermarket	Shopping center
Meriden, Connecticut	316,000	Big Y Supermarket	Shopping center
Stratford, Connecticut	276,000	Stop & Shop Supermarket	Shopping center
Scarsdale, New York	247,000	ShopRite Supermarket	Shopping center
New Milford, Connecticut	233,000	Walmart	Shopping center
Riverhead, New York	200,000	Walmart & Applebee's	Shopping center
Danbury, Connecticut	194,000	Christmas Tree Shops	Shopping center
White Plains, New York	191,000	Redevelopment Site	Shopping center
Carmel, New York	190,000	Hannaford Supermarket	Shopping center
Ossining, New York	137,000	Stop & Shop Supermarket	Shopping center
Somers, New York	135,000	Home Goods	Shopping center
Midland Park, New Jersey	130,000	Kings Supermarket	Shopping center
Carmel, New York	129,000	ShopRite Supermarket	Shopping center
Pompton Lakes, New Jersey	125,000	A&P Supermarket	Shopping center
Yorktown, New York	117,000	Staples	Shopping center
Newark, New Jersey	108,000	Pathmark	Shopping center
New Providence, New Jersey	107,000	A&P Supermarket	Shopping center
Wayne, New Jersey	102,000	A&P Supermarket	Shopping center
Newington, New Hampshire	102,000	Savers	Shopping center
Darien, Connecticut	96,000	Stop & Shop Supermarket	Shopping center
Emerson, New Jersey	93,000	ShopRite Supermarket	Shopping center
New Milford, Connecticut	81,000	Big Y Supermarket	Shopping center
Somers, New York	80,000	CVS	Shopping center
Orange, Connecticut	78,000	Trader Joe's Supermarket	Shopping center
Montvale, New Jersey	76,000	The Fresh Market Supermarket	Shopping center
Kinnelon, New Jersey	76,000	Petco	Shopping center
Orangeburg, New York	74,000	CVS	Shopping center
New Milford, Connecticut	72,000	T.J. Maxx	Shopping center
Eastchester, New York	70,000	A&P Supermarket	Shopping center
Boonton, New Jersey	63,000	A&P Supermarket	Shopping center
Fairfield, Connecticut	63,000	Marshalls	Shopping center
Greenwich, Connecticut	58,000	UBP	5 Office buildings
Yonkers, New York	58,000	A&P Supermarket	Shopping center
Bloomfield, New Jersey	56,000	A&P Supermarket	Shopping center
Ridgefield, Connecticut	53,000	Keller Williams	Street retail
Cos Cob, Connecticut	48,000	CVS	Retail/Office
Briarcliff Manor, New York	47,000	CVS	Shopping center
Wyckoff, New Jersey	43,000	Walgreens	Shopping center
Old Greenwich, Connecticut	40,000	Kings Supermarket	Retail/Office
Westport, Connecticut	40,000	Pier One Imports	Shopping center
Rye, New York	39,000	Cosi	Street retail (4 buildings)
Danbury, Connecticut	33,000	Buffalo Wild Wings	Shopping center
Bethel, Connecticut	31,000	Bozzuto's, Inc.	Shopping center
Ossining, New York	29,000	Westchester Community College	Shopping center
Katonah, New York	28,000	Squires	Retail/Office
Pelham, New York	26,000	Manor Market	Shopping center
Spring Valley, New York	24,000	Spring Valley Foods, Inc.	Shopping center
Eastchester, New York	24,000	CVS	Shopping center
Bronxville and Yonkers, New York	20,000	People's United Bank	Retail (4 buildings)
Various	20,000	Friendly's (6 properties)	Net leased properties
Waldwick, New Jersey	20,000	Rite Aid	Retail—Single tenant
Somers, New York	19,000	Putnam County Savings Bank	Shopping center
Cos Cob, Connecticut	15,000	Jos A. Bank	Retail/Office
Bernardsville, New Jersey	14,000	Laboratory Corp.	Office building
Monroe, Connecticut	10,000	Starbucks	Shopping center
Greenwich, Connecticut	10,000	Cosi	Retail
Chester, New Jersey	9,000	Clockwork Childcare Center	Office building

FINANCIALS

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FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

ASSETS	<u>2014</u>	<u>2013</u>
Real Estate Investments:		
Core properties—at cost	\$ 830,304	\$ 731,564
Non-core properties—at cost	—	595
	<u>830,304</u>	<u>732,159</u>
Less: Accumulated depreciation	<u>(161,187)</u>	<u>(155,272)</u>
	669,117	576,887
Investments in and advances to unconsolidated joint ventures	<u>39,213</u>	<u>31,432</u>
	708,330	608,319
Cash and cash equivalents	73,029	2,945
Restricted cash	2,123	1,397
Tenant receivables	20,361	21,077
Prepaid expenses and other assets	9,749	10,898
Deferred charges, net of accumulated amortization	5,413	5,390
Total Assets	<u>\$ 819,005</u>	<u>\$ 650,026</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Revolving credit lines	\$ 15,550	\$ 9,250
Unsecured term loan	25,000	—
Mortgage notes payable and other loans	205,147	166,246
Preferred stock called for redemption	61,250	—
Accounts payable and accrued expenses	1,622	1,450
Deferred compensation—officers	187	176
Other liabilities	16,342	15,147
Total Liabilities	<u>325,098</u>	<u>192,269</u>
Redeemable Noncontrolling Interests	<u>18,864</u>	<u>11,843</u>
Commitments and Contingencies		
Stockholders' Equity:		
7.50% Series D Senior Cumulative Preferred Stock (liquidation preference of \$25 per share); -0- and 2,450,000 shares issued and outstanding	—	61,250
7.125% Series F Cumulative Preferred Stock (liquidation preference of \$25 per share); 5,175,000 shares issued and outstanding	129,375	129,375
6.75% Series G Cumulative Preferred Stock (liquidation preference of \$25 per share); 2,800,000 and -0- shares issued and outstanding	70,000	—
Excess Stock, par value \$0.01 per share; 20,000,000 shares authorized; none issued and outstanding	—	—
Common Stock, par value \$0.01 per share; 30,000,000 shares authorized; 9,193,559 and 9,035,212 shares issued and outstanding	92	90
Class A Common Stock, par value \$0.01 per share; 100,000,000 shares authorized; 23,611,715 and 23,530,704 shares issued and outstanding	236	235
Additional paid in capital	370,979	367,070
Cumulative distributions in excess of net income	(95,702)	(112,168)
Accumulated other comprehensive income	63	62
Total Stockholders' Equity	<u>475,043</u>	<u>445,914</u>
Total Liabilities and Stockholders' Equity	<u>\$ 819,005</u>	<u>\$ 650,026</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,		
	2014	2013	2012
Revenues			
Base rents	\$ 75,099	\$ 70,052	\$ 67,543
Recoveries from tenants	24,947	22,594	20,603
Lease termination income	183	214	89
Other income	2,099	2,343	2,160
Total Revenues	<u>102,328</u>	<u>95,203</u>	<u>90,395</u>
Expenses			
Property operating	18,926	17,471	14,200
Property taxes	16,997	15,524	15,114
Depreciation and amortization	19,249	17,769	16,637
General and administrative	8,016	8,211	7,545
Provision for tenant credit losses	917	958	665
Acquisition costs	666	857	296
Directors' fees and expenses	314	337	262
Total Operating Expenses	<u>65,085</u>	<u>61,127</u>	<u>54,719</u>
Operating Income	37,243	34,076	35,676
Non-Operating Income (Expense):			
Interest expense	(10,235)	(9,094)	(9,148)
Gain on sale of marketable securities	—	1,460	—
Gain on sale of properties	24,345	—	—
Equity in net income (loss) from unconsolidated joint ventures	1,604	1,318	(138)
Interest, dividends and other investment income	134	1,345	892
Income From Continuing Operations Before Discontinued Operations	<u>53,091</u>	<u>29,105</u>	<u>27,282</u>
Discontinued Operations:			
Income from discontinued operations	141	1,308	1,478
Gain on sale of properties	12,526	—	—
Income from discontinued operations	<u>12,667</u>	<u>1,308</u>	<u>1,478</u>
Net Income	<u>65,758</u>	<u>30,413</u>	<u>28,760</u>
Noncontrolling interests:			
Net income attributable to noncontrolling interests	(607)	(618)	(500)
Net income attributable to Urstadt Biddle Properties Inc.	<u>65,151</u>	<u>29,795</u>	<u>28,260</u>
Preferred stock dividends	(13,812)	(14,949)	(13,267)
Redemption of preferred stock	<u>(1,870)</u>	<u>(4,233)</u>	<u>(2,027)</u>
Net Income Applicable to Common and Class A Common Stockholders	<u>\$ 49,469</u>	<u>\$ 10,613</u>	<u>\$ 12,966</u>
Basic Earnings Per Share:			
Per Common Share:			
Income from continuing operations	\$1.09	\$0.28	\$0.38
Income from discontinued operations	0.37	0.04	0.05
Net Income Applicable to Common Stockholders	<u>\$1.46</u>	<u>\$0.32</u>	<u>\$0.43</u>
Per Class A Common Share:			
Income from continuing operations	\$1.22	\$0.31	\$0.42
Income from discontinued operations	0.42	0.04	0.05
Net Income Applicable to Class A Common Stockholders	<u>\$1.64</u>	<u>\$0.35</u>	<u>\$0.47</u>
Diluted Earnings Per Share:			
Per Common Share:			
Income from continuing operations	\$1.06	\$0.27	\$0.36
Income from discontinued operations	0.36	0.04	0.05
Net Income Applicable to Common Stockholders	<u>\$1.42</u>	<u>\$0.31</u>	<u>\$0.41</u>
Per Class A Common Share:			
Income from continuing operations	\$1.19	\$0.30	\$0.41
Income from discontinued operations	0.40	0.04	0.05
Net Income Applicable to Class A Common Stockholders	<u>\$1.59</u>	<u>\$0.34</u>	<u>\$0.46</u>

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Year Ended October 31,		
	2014	2013	2012
Net Income	\$ 65,758	\$ 30,413	\$ 28,760
Other comprehensive income:			
Change in unrealized gain in marketable equity securities	29	1,403	64
Change in unrealized loss on interest rate swaps	(18)	136	73
Unrealized (gains) in marketable securities reclassified into income	(10)	(1,460)	—
Total comprehensive income	65,759	30,492	28,897
Comprehensive income attributable to noncontrolling interests	(607)	(618)	(500)
Total comprehensive income attributable to Urstadt Biddle Properties Inc.	65,152	29,874	28,397
Preferred stock dividends	(13,812)	(14,949)	(13,267)
Redemption of preferred stock	(1,870)	(4,233)	(2,027)
Total comprehensive income applicable to Common and Class A Common Stockholders	\$ 49,470	\$ 10,692	\$ 13,103

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended October 31,		
	2014	2013	2012
Cash Flows from Operating Activities:			
Net income	\$ 65,758	\$ 30,413	\$ 28,760
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	19,249	17,816	16,721
Straight-line rent adjustment	516	(291)	(832)
Provisions for tenant credit losses	917	958	665
Restricted stock compensation expense and other adjustments	4,097	4,069	3,812
Deferred compensation arrangement	11	(18)	6
Gain on sale of marketable securities	—	(1,460)	—
Gain on sale of properties	(36,872)	—	—
Equity in net (income)/loss from unconsolidated joint ventures	(1,604)	(1,318)	138
Changes in operating assets and liabilities:			
Tenant receivables	(1,443)	(193)	1,335
Accounts payable and accrued expenses	154	(7)	812
Other assets and other liabilities, net	881	1,535	1,068
Restricted cash	(749)	(552)	19
Net Cash Flow Provided by Operating Activities	50,915	50,952	52,504
Cash Flows from Investing Activities:			
Acquisitions of real estate investments	(74,805)	(40,381)	(5,432)
Investments in and advances to unconsolidated joint ventures	(6,902)	(18,003)	(1,044)
Return of investments in and advances to unconsolidated joint ventures	—	13,170	—
Deposits on acquisition of real estate investments	(3,157)	(3,287)	(129)
Returns of deposits on real estate investments	—	400	843
Improvements to properties and deferred charges	(19,303)	(9,494)	(6,523)
Net proceeds from sale of properties	47,609	4,475	533
Distributions to noncontrolling interests	(607)	(618)	(500)
Distribution from unconsolidated joint ventures	1,901	789	412
Payments received on mortgage notes and other receivables	640	1,858	1,062
Proceeds on sale of securities available for sale	—	30,782	—
Purchases of securities available for sale	—	(29,322)	—
Net Cash Flow (Used in) Investing Activities	(54,624)	(49,631)	(10,778)
Cash Flows from Financing Activities:			
Dividends paid—Common and Class A Common Stock	(32,116)	(31,655)	(29,331)
Dividends paid—Preferred Stock	(13,812)	(14,949)	(13,267)
Principal repayments on mortgage notes payable	(20,297)	(6,623)	(15,049)
Proceeds from revolving credit line borrowings	65,050	38,350	58,000
Proceeds from term loan borrowing	25,000	—	—
Proceeds from loan financing	40,675	—	28,000
Sales of additional shares of Common and Class A Common Stock	248	244	47,799
Repayments on revolving credit line borrowings	(58,750)	(40,700)	(88,250)
Repurchase of shares of Common Stock	—	(18)	—
Net proceeds from issuance of Preferred Stock	67,795	—	125,281
Return of escrow deposit	—	1,286	—
Redemption of preferred stock including restricted cash	—	(22,403)	(81,346)
Net Cash Flow Provided by (Used in) Financing Activities	73,793	(76,468)	31,837
Net Increase/(Decrease) In Cash and Cash Equivalents	70,084	(75,147)	73,563
Cash and Cash Equivalents at Beginning of Year	2,945	78,092	4,529
Cash and Cash Equivalents at End of Year	\$ 73,029	\$ 2,945	\$ 78,092

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except shares and per share data)

	7.5% Series D Preferred Stock		7.125% Series F Preferred Stock		6.75% Series G Preferred Stock	
	Issued	Amount	Issued	Amount	Issued	Amount
Balances—October 31, 2011	2,450,000	\$ 61,250	—	\$ —	—	\$ —
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized gains (losses) in marketable securities	—	—	—	—	—	—
Change in unrealized (loss) on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.90 per share)	—	—	—	—	—	—
Class A common stock (\$0.99 per share)	—	—	—	—	—	—
Sale of Class A Common Shares	—	—	—	—	—	—
Issuance of Series F Preferred Stock	—	—	5,175,000	129,375	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Restricted stock compensation and other adjustment	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
Balances—October 31, 2012	2,450,000	61,250	5,175,000	129,375	—	—
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized gains (losses) in marketable securities	—	—	—	—	—	—
Change in unrealized (loss) on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.90 per share)	—	—	—	—	—	—
Class A common stock (\$1.00 per share)	—	—	—	—	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Repurchase of common stock	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Restricted stock compensation and other adjustment	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
Balances—October 31, 2013	2,450,000	61,250	5,175,000	129,375	—	—
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized gains on marketable securities	—	—	—	—	—	—
Change in unrealized (losses) on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.90 per share)	—	—	—	—	—	—
Class A common stock (\$1.01 per share)	—	—	—	—	—	—
Issuance of Series G Preferred Stock	—	—	—	—	2,800,000	70,000
Reclassification of preferred stock	(2,450,000)	(61,250)	—	—	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Restricted stock compensation and other adjustments	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
Balances—October 31, 2014	—	\$ —	5,175,000	\$129,375	2,800,000	\$70,000

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

Common Stock		Class A Common Stock		Additional Paid In Capital	Cumulative Distributions In Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Issued	Amount	Issued	Amount				
8,671,888	\$87	20,891,330	\$209	\$315,288	\$ (74,462)	\$(154)	\$302,218
—	—	—	—	—	12,966	—	12,966
—	—	—	—	—	—	64	64
—	—	—	—	—	—	73	73
—	—	—	—	—	(7,966)	—	(7,966)
—	—	—	—	—	(21,365)	—	(21,365)
—	—	2,500,000	25	47,504	—	—	47,529
—	—	—	—	(4,094)	—	—	125,281
6,627	—	7,950	—	270	—	—	270
175,950	2	61,600	1	(3)	—	—	—
—	—	—	—	3,812	—	—	3,812
—	—	—	—	—	126	—	126
8,854,465	89	23,460,880	235	362,777	(90,701)	(17)	463,008
—	—	—	—	—	10,613	—	10,613
—	—	—	—	—	—	(57)	(57)
—	—	—	—	—	—	136	136
—	—	—	—	—	(8,128)	—	(8,128)
—	—	—	—	—	(23,527)	—	(23,527)
5,797	—	6,724	—	244	—	—	244
175,950	1	64,100	—	(1)	—	—	—
(1,000)	—	—	—	(18)	—	—	(18)
—	—	(1,000)	—	—	—	—	—
—	—	—	—	4,068	—	—	4,068
—	—	—	—	—	(425)	—	(425)
9,035,212	90	23,530,704	235	367,070	(112,168)	62	445,914
—	—	—	—	—	49,469	—	49,469
—	—	—	—	—	—	19	19
—	—	—	—	—	—	(18)	(18)
—	—	—	—	—	(8,271)	—	(8,271)
—	—	—	—	—	(23,845)	—	(23,845)
—	—	—	—	(2,304)	—	—	67,696
—	—	—	—	1,870	—	—	(59,380)
6,347	—	6,811	—	248	—	—	248
152,000	2	80,500	1	(3)	—	—	—
—	—	(6,300)	—	—	—	—	—
—	—	—	—	4,098	—	—	4,098
—	—	—	—	—	(887)	—	(887)
<u>9,193,559</u>	<u>\$92</u>	<u>23,611,715</u>	<u>\$236</u>	<u>\$370,979</u>	<u>\$ (95,702)</u>	<u>\$ 63</u>	<u>\$475,043</u>

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 with a concentration in the metropolitan New York tri-state area outside of the City of New York. The Company’s major tenants include supermarket chains and other retailers who sell basic necessities. At October 31, 2014, the Company owned or had equity interests in 70 properties containing a total of 4.8 million square feet of gross leasable area (“GLA”).

Principles of Consolidation and Use of Estimates

The accompanying 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 Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, “Consolidation” and ASC Topic 970-810, “Real Estate-General-Consolidation.” The Company has determined that such joint ventures should be consolidated into the consolidated financial statements of the Company. In accordance with ASC Topic 970-323, “Real Estate-General-Equity Method and Joint Ventures,” joint ventures that the Company does not control but otherwise exercises significant influence in, are accounted for under the equity method of accounting. See Note 6 for further discussion of the unconsolidated joint ventures. 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 of America (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the disclosure of contingencies 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, fair value measurements and the collectability of tenant receivables and other assets. Actual results could differ from these estimates.

Federal Income Taxes

The Company has elected to be treated as a real estate investment trust 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 intends to distribute all of its taxable income for fiscal 2014 in accordance with the provisions of the Code. Accordingly, no provision has been made for Federal income taxes in the accompanying consolidated financial statements.

The Company follows the provisions of ASC Topic 740, “Income Taxes,” that, among other things, defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Based on its evaluation, the Company determined that it has no uncertain tax positions and no unrecognized tax benefits as of October 31, 2014. As of October 31, 2014, the fiscal tax years 2011 through and including 2013 remain open to examination by the Internal Revenue Service. There are currently no federal tax examinations in progress.

Real Estate Investments

All costs related to the improvement or replacement of real estate properties is 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 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 ASC Topic 805, “Business Combinations.” The Company utilizes methods similar to those used by independent appraisers in estimating the fair value of acquired assets and liabilities. The fair value of the tangible assets of an acquired property considers the value of the property “as-if-vacant.” The fair value reflects the depreciated replacement cost of the asset. In allocating purchase price to identified intangible assets and liabilities of an acquired property, the value of above-market and below-market leases are estimated based on the differences between (i) contractual rentals and the estimated market rents over the applicable lease term discounted back to the date of acquisition utilizing a discount rate adjusted for the credit

risk associated with the respective tenants and (ii) the estimated cost of acquiring such leases giving effect to the Company's history of providing tenant improvements and paying leasing commissions, offset by a vacancy period during which such space would be leased. The aggregate value of in-place leases is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates over (ii) the estimated fair value of the property "as-if-vacant," determined as set forth above.

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 recorded in the consolidated statement of income.

Depreciation and Amortization

The Company uses the straight-line method for depreciation and amortization. Real estate investment 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 and Discontinued Operations

The Company has early adopted FASB Accounting Standards Update No. 2014-08, "Presentation of Financial Statements (ASC Topic 205) and Property, Plant, and Equipment (ASC Topic 360)" (together, "ASU 2014-08"), which change the requirements for reporting discontinued operations in accordance with ASC Topic 205-20. As a result of this update, beginning in April 2014, the Company no longer classifies individual properties that have been sold or are classified as held for sale as discontinued operations in the consolidated statement of income if the removal, or anticipated removal, of the asset(s) from the reporting entity does not represent a strategic shift that has or will have a major effect on an entity's operations and financial results when disposed of. ASU 2014-08 requires previously reported assets that qualified

for discontinued operations reporting to continue to be reported in that manner.

In April 2014, the Company reached a decision to actively market for sale one of its properties located in Springfield, MA as that property no longer met the Company's investment objectives. The property was sold in September 2014 for \$31 million and the Company realized a gain on sale of property of \$24.3 million. In accordance with ASU 2014-08, the revenue, expenses and gain on sale of the property are not included in discontinued operations. The net book value of the Springfield asset at October 31, 2013 was insignificant to the financial statement presentation and as a result the Company did not include the asset as held for sale in accordance with ASC 360-10-45.

The operating results of the Springfield property which are included in the continuing operations were as follows (amounts in thousands):

	Year Ended October 31,		
	2014	2013	2012
Revenues	\$ 3,805	\$ 4,239	\$ 4,185
Property operating expense	(1,780)	(1,764)	(1,524)
Depreciation and amortization	(341)	(653)	(645)
Net Income	<u>\$ 1,684</u>	<u>\$ 1,822</u>	<u>\$ 2,016</u>

In December 2013, prior to the adoption of ASU 2014-08, the Company sold its two distribution service facilities in its non-core portfolio and one core property for \$18.1 million, resulting in a gain on sale of properties of \$12.5 million. In accordance with ASC 360 and 205 the operating results of the distribution service facilities are shown as discontinued operations on the consolidated statements of income for fiscal years ended October 31, 2014, 2013 and 2012. The operating results of the other property were insignificant to financial statement presentation and are not shown as discontinued operations. The net book value of the two distribution service facilities and the one core property at October 31, 2013 are insignificant to the financial statement presentation and as a result the Company will not include the assets as held for sale in accordance with ASC 360-10-45.

The combined operating results for the distribution service facilities have been reclassified as discontinued operations in the accompanying consolidated statements of income. The following table summarizes revenues and expenses for the Company's discontinued operations (amounts in thousands):

	Year Ended October 31,		
	2014	2013	2012
Revenues	\$141	\$1,356	\$1,565
Property operating expense	—	—	(3)
Depreciation and amortization	—	(48)	(84)
Income from discontinued operations	<u>\$141</u>	<u>\$1,308</u>	<u>\$1,478</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Cash flows from discontinued operations for the fiscal years ended October 31, 2014, 2013 and 2012 are combined with the cash flows from operations within each of the three categories presented. Cash flows from discontinued operations are as follows (amounts in thousands):

	Year Ended October 31,		
	2014	2013	2012
Cash flows from operating activities	\$(13,131)	\$1,356	\$1,562
Cash flows from investing activities	\$ 14,314	\$ —	\$ —
Cash flows from financing activities	\$ —	\$ —	\$ —

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 \$2,703,000 and \$3,043,000 as of October 31, 2014 and 2013, respectively.

Asset Impairment

On a periodic basis, management assesses whether there are any indicators that the value of its real estate investments 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 real estate investments is impaired at October 31, 2014.

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, 2014 and 2013, approximately \$13,368,000 and \$13,719,000, respectively, 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 are recognized in operating revenues when there is a signed termination agreement, all of the conditions of the agreement have been met, the tenant is no longer occupying the property and the termination consideration is probable of collection. Lease termination amounts are paid by tenants who want to terminate their lease obligations before the end of the contractual term of the lease by agreement with the Company. There is no way of predicting or forecasting the timing or amounts of future lease termination fees. 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 GAAP 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, 2014 and 2013, tenant receivables in the accompanying consolidated balance sheets are shown net of allowances for doubtful accounts of \$3,106,000 and \$3,604,000, respectively.

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 that are required to be held in separate bank accounts.

Derivative Financial Instruments

The Company occasionally utilizes derivative financial instruments, such as interest rate swaps, to manage its exposure to fluctuations in interest rates. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instruments. Derivative financial instruments must be effective in reducing the Company's interest rate risk exposure in order to qualify for hedge accounting. When the terms of an underlying transaction are modified, or when the underlying hedged item ceases to exist, all changes in the fair value of the instrument are marked-to-market with changes in value included in net income for each period until the derivative instrument matures or is settled. Any derivative instrument used for risk management that does not meet the hedging criteria is marked-to-market with the changes in value included in net income. The Company has not entered into, and does not plan to enter into, derivative financial instruments for trading or speculative purposes. Additionally, the Company has a policy of entering into derivative contracts only with major financial institutions.

As of October 31, 2014, the Company believes it has no significant risk associated with non-performance of the financial institutions that are the counterparty to its derivative contracts. At October 31, 2014, the Company had approximately \$19.7 million in secured mortgage financings subject to interest rate swaps. Such interest rate swaps converted the LIBOR-based variable rates on the mortgage financings to a fixed annual rate of 3.99% per annum. As of October 31, 2014, the Company had a deferred asset of \$63,000 (included in prepaid expenses and other assets on the consolidated balance sheets) relating to the fair value of the Company's interest rate swaps applicable to secured mortgages. Charges and/or credits relating to the changes in fair values of such interest rate swaps are made to other comprehensive income as the swap is deemed effective and is classified as a cash flow hedge. There were no significant amounts recorded in the Company's financial statements for the above swaps in either fiscal 2014 or fiscal 2013.

Comprehensive Income

Comprehensive income is comprised of net income applicable to Common and Class A Common stockholders 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 and unrealized gains and losses on interest rate swaps designated as cash flow hedges. At October 31, 2014, accumulated other comprehensive income (loss) consisted of net unrealized gains on interest rate swap agreements of approximately \$63,000. At October 31, 2013, accumulated other comprehensive income (loss) consisted of net unrealized losses on marketable securities of approximately \$19,000 and net unrealized gains on an interest rate swap agreement of approximately \$81,000. Unrealized gains and losses included in other comprehensive income (loss) will be reclassified into earnings as gains and losses are realized.

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 re-tenanting 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 the provisions of ASC Topic 260, "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.

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

	Year Ended October 31,		
	2014	2013	2012
Numerator			
Net income applicable to common stockholders—basic	\$11,401	\$2,409	\$3,166
Effect of dilutive securities:			
Stock awards	<u>723</u>	<u>182</u>	<u>236</u>
Net income applicable to common stockholders—diluted	<u>\$12,124</u>	<u>\$2,591</u>	<u>\$3,402</u>
Denominator			
Denominator for basic EPS—weighted average common shares	7,801	7,543	7,370
Effect of dilutive securities:			
Restricted stock and other awards	<u>735</u>	<u>840</u>	<u>834</u>
Denominator for diluted EPS—weighted average common equivalent shares	<u>8,536</u>	<u>8,383</u>	<u>8,204</u>
Numerator			
Net income applicable to Class A common stockholders—basic	\$38,068	\$8,204	\$9,800
Effect of dilutive securities:			
Stock awards	<u>(723)</u>	<u>(182)</u>	<u>(236)</u>
Net income applicable to Class A common stockholders—diluted	<u>\$37,345</u>	<u>\$8,022</u>	<u>\$9,564</u>
Denominator			
Denominator for basic EPS—weighted average Class A common shares	23,208	23,122	20,740
Effect of dilutive securities:			
Restricted stock and other awards	<u>219</u>	<u>235</u>	<u>224</u>
Denominator for diluted EPS—weighted average Class A common equivalent shares	<u>23,427</u>	<u>23,357</u>	<u>20,964</u>

Stock-Based Compensation

The Company accounts for its stock-based compensation plans under the provisions of ASC Topic 718, “Stock Compensation,” which requires that compensation expense be recognized based on the fair value of the stock awards less estimated forfeitures. 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.

Reclassification

Certain fiscal 2012 and 2013 amounts have been reclassified to conform to current period presentation.

New Accounting Standards

In April 2014, FASB issued ASU 2014-08 which changes the requirements for reporting discontinued operations in ASC Subtopic 205-20. This pronouncement has been early adopted by the Company in the second quarter of fiscal 2014 and as a result the Company has not included a property that sold in the fourth quarter of fiscal 2014 as discontinued operations.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”). The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying ASU 2014-09, companies will perform a five-step analysis of transactions to determine when and how revenue is recognized. ASU 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB’s ASC. ASU 2014-09 is effective for annual reporting periods (including interim periods within that reporting period) beginning after December 15, 2016 and shall be applied using either a full retrospective or modified retrospective approach. Early application is not permitted. The Company is currently assessing the potential impact that the adoption of ASU 2014-09 will have on its consolidated financial statements.

The Company has evaluated all other new Accounting Standards Updates issued by FASB and has concluded that these updates do not have a material effect on the Company’s consolidated financial statements as of October 31, 2014.

(2) REAL ESTATE INVESTMENTS

The Company’s investments in real estate, net of depreciation, were composed of the following at October 31, 2014 and 2013 (in thousands):

	Core Properties	Unconsolidated Joint Ventures	2014 Totals	2013 Totals
Retail	\$655,848	\$39,213	\$695,061	\$594,267
Office	13,269	—	13,269	13,521
Industrial	—	—	—	531
	<u>\$669,117</u>	<u>\$39,213</u>	<u>\$708,330</u>	<u>\$608,319</u>

The Company’s investments at October 31, 2014 consisted of equity interests in 70 properties, which are located in various regions throughout the northeastern part of the United States with a concentration in the metropolitan New York tri-state area outside of the City of New York.

The Company's primary investment focus is neighborhood and community shopping centers located in the region just described. These properties are considered core properties of the Company. The Company sold its two distribution service facilities in fiscal 2014 which were 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, 2014 and 2013 (in thousands):

	<u>2014</u>	<u>2013</u>
Northeast	\$708,330	\$607,788
Midwest	—	288
Southwest	—	243
	<u>\$708,330</u>	<u>\$608,319</u>

(3) CORE PROPERTIES

The components of the core properties consolidated in the financial statements are as follows (in thousands):

	<u>2014</u>	<u>2013</u>
Land	\$ 153,346	\$ 134,466
Buildings and improvements	676,958	597,098
	<u>830,304</u>	<u>731,564</u>
Accumulated depreciation	<u>(161,187)</u>	<u>(155,208)</u>
	<u>\$ 669,117</u>	<u>\$ 576,356</u>

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

Minimum rental payments on non-cancelable operating leases in the consolidated core properties totaling (in thousands) \$436,961 become due as follows: 2015—\$71,102; 2016—\$64,496; 2017—\$57,764; 2018—\$46,636; 2019—\$39,362 and thereafter—\$157,601.

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 1.00% of consolidated revenues in each of the three years ended October 31, 2014.

Owned Properties and Properties Under Contract to Purchase

In September 2014, the Company entered into a contract to purchase, for \$124.6 million, four retail properties totaling approximately 375,000 square feet located in the Company's target market of the metropolitan New York tri-state area outside of the City of New York ("Retail Properties"). Pursuant to the contract, the Company placed a deposit of \$2.5 million with the seller which is included in prepaid expenses and other assets on the consolidated balance sheet at October 31, 2014. The Company completed

the purchase in December 2014 and funded the acquisition with a combination of available cash remaining from the sale of Class A Common Stock and the sale of its Series G Preferred Stock (see Notes 7 & 13), borrowings under its Unsecured Revolving Credit Facility (the "Facility") and a non-recourse mortgage secured by the subject property (see Note 4).

In August 2014, the Company, through a wholly owned subsidiary, purchased for \$47.4 million, two retail properties totaling 88,000 square feet located in Greenwich, CT (the "Greenwich Properties"). The Company funded the acquisition with a combination of available cash, borrowings under its Facility, other unsecured borrowings and a non-recourse mortgage secured by the subject property (see Note 4). In conjunction with the purchase, the Company incurred acquisition costs totaling \$127,000, which have been expensed in the year ended October 31, 2014 consolidated statement of income.

In January 2014, the Company, through a wholly owned subsidiary, purchased for \$9 million a 31,000 square foot retail shopping center located in Bethel, CT (the "Bethel Property"). The Company funded the equity needed to complete the purchase with proceeds from the sale of its two non-core properties in December 2013. In conjunction with the purchase, the Company incurred acquisition costs totaling \$88,000, which have been expensed in the year ended October 31, 2014 consolidated statement of income.

In December 2013, the Company, through a wholly owned subsidiary, purchased for \$18.4 million a 63,000 square foot retail shopping center located in Boonton, NJ (the "Boonton Property"). The acquisition required the assumption of an existing mortgage in the amount of \$7.8 million. The assumption of the mortgage loan represents a non-cash financing activity and is therefore not included in the accompanying consolidated statement of cash flows for the fiscal year ended October 31, 2014. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 4.20% per annum. The mortgage matures in September 2022. The Company funded the equity needed to complete the purchase with borrowings under its Facility. In conjunction with the purchase, the Company incurred acquisition costs totaling \$225,000, which have been expensed in the year ended October 31, 2014 consolidated statement of income.

In December 2013, the Company, through a wholly owned subsidiary, purchased for \$11 million a 56,000 square foot retail shopping center located in Bloomfield, NJ (the "Bloomfield Property"). The acquisition required the assumption of an existing mortgage in the amount of \$7.7 million. The assumption of the mortgage loan represents a non-cash financing activity and is therefore not included in the accompanying consolidated statement of cash flows for the fiscal year ended October 31, 2014. The mortgage loan requires monthly payments of principal and interest

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

at a fixed rate of 5.5% per annum. The mortgage matures in August 2016. The Company funded the equity needed to complete the purchase with borrowings under its Facility. In conjunction with the purchase, the Company incurred acquisition costs totaling \$123,000, which have been expensed in the year ended October 31, 2014 consolidated statement of income.

In May 2013, the Company, through a wholly owned subsidiary, purchased 2 retail properties located in Greenwich, CT, with a combined GLA totaling 24,000 square feet ("Post Road Properties"), for \$18 million. In conjunction with the purchase, the Company assumed an existing first mortgage loan encumbering the properties at its estimated fair value of \$8.3 million. The assumption of the mortgage loan represents a non-cash financing activity and is therefore not included in the accompanying consolidated statement of cash flows for the year ended October 31, 2013. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 4.00% per annum. The mortgage matures in August 2016. The Company funded the remaining equity needed to complete the purchase with proceeds from its Class A Common Stock and Series F Preferred Stock offerings completed in October 2012. In conjunction with the purchase, the Company incurred acquisition costs totaling \$78,000, which have been expensed in the year ended October 31, 2013 consolidated statement of income.

In May 2013, the Company, through a wholly owned subsidiary, purchased a 107,000 square foot retail shopping center located in New Providence, New Jersey ("New Providence") for \$34.9 million. In connection with the purchase, the Company assumed a first mortgage loan encumbering the property at its estimated fair value of \$21.3 million. The assumption of the mortgage loan represents a non-cash financing activity and is therefore not included in the accompanying consolidated statement of cash flows for the year ended October 31, 2013. The mortgage loan requires monthly payments of principal and interest at the fixed rate of 4.00% per annum. The mortgage matures in January 2022. The Company funded its remaining equity needed to complete the purchase with proceeds from its Class A Common Stock and Series F Preferred Stock offerings completed in October 2012. In conjunction with the purchase, the Company incurred acquisition costs totaling \$227,000, which have been expensed in the year ended October 31, 2013 consolidated statement of income.

In January and March 2013, the Company purchased 6 free standing net leased properties ("Net Leased Properties") located in the Company's core marketplace with a combined GLA of 20,200 square feet. The gross purchase price of the six properties was \$7.8 million. The Company funded its equity with proceeds from its Class A Common Stock and Series F Preferred Stock offerings

completed in October 2012. In conjunction with the purchase, the Company incurred acquisition costs totaling \$73,000, which have been expensed in the year ended October 31, 2013 consolidated statement of income.

In December 2012, subsidiaries of the Company purchased 2 suburban office buildings ("NJ Office Buildings") located in the Company's core marketplace with a combined GLA of 23,500 square feet. The gross purchase price of the two properties was \$6.5 million. The Company funded its equity to complete the purchase with proceeds from its Class A Common Stock and Series F Preferred Stock offerings completed in October 2012. In conjunction with the purchase, the Company incurred acquisition costs totaling \$103,000, which have been expensed in the year ended October 31, 2013 consolidated statement of income.

On July 24, 2009, the state of Connecticut acquired certain areas of a property owned by two of the Company's wholly owned subsidiaries through a combination of condemnation and easement due to the re-construction of a bridge over the property and awarded the Company's subsidiaries a total of approximately \$2.0 million. In December 2012, the Company received an additional \$2.7 million award from the state of Connecticut for the condemnation and easement. Approximately \$4.3 million of the total award represents amounts paid to the Company for easements provided to the state of Connecticut for certain areas of the property through the end of the construction period, loss of rental income and property restoration costs. The Company will continue to amortize the original \$1.8 million easement and loss of rental income proceeds as an addition to income on a straight line basis evenly over the 10 year life of the easement and lost rent period and the newly awarded \$2.46 million easement and loss of rental income over the remaining 6.75 year life of the easement and loss of rent income.

The Company has accounted for the condemnation portion of the award in accordance with ASC Topic 605—Revenue Recognition, Subtopic 40—Gains and Losses which requires the Company to record a gain or loss on the excess or deficit of the proceeds received over the estimated net book value of the condemned non-monetary asset. As a result of the transaction, the Company has recorded an additional gain on condemnation of approximately \$213,000 which is recorded in other income on the consolidated statement of income for the fiscal year ended October 31, 2013.

In December 2011, a subsidiary of the Company acquired the Eastchester Plaza Shopping Center ("Eastchester") in the Town of Eastchester, Westchester County, New York for a purchase price of \$9 million. In connection with the purchase, the Company assumed a first mortgage encumbering the property at its estimated fair value of \$3.6

million. The assumption of the mortgage loan represents a non-cash financing activity and is therefore not included in the accompanying consolidated statement of cash flows for the year ended October 31, 2012. The mortgage matured in April 2012 and was repaid. The remaining equity needed to complete the acquisition was funded with available cash and borrowings on the Company's Facility. In conjunction with the purchase, the Company incurred acquisition costs totaling \$33,000, which have been expensed in the year ended October 31, 2012 consolidated statement of income.

In fiscal 2014, the Company completed evaluating the fair value of the in-place leases for its Boonton Property, Bethel Property and Bloomfield Property, all of which were acquired in fiscal 2014. As a result of its evaluation, the Company has allocated \$901,000 to a liability associated with the net fair value assigned to the acquired leases at the Bloomfield Property, a \$71,000 liability associated with the net fair value assigned to the acquired leases at the Boonton Property, and a \$92,000 asset associated with the net fair value assigned to the acquired leases at the Bethel Property, all of which amounts represent a non-cash investing activity and are therefore not included in the accompanying consolidated statement of cash flows for fiscal year ended October 31, 2014. The Company is in the process of evaluating the fair value of the in-place leases for its Greenwich Properties acquired in fiscal 2014; consequently no value has yet been assigned to the leases for these properties and the purchase price allocation is preliminary and may be subject to change.

In fiscal 2013, the Company completed evaluating the fair value of the in-place leases for UB Orangeburg, LLC ("Orangeburg"), acquired in fiscal 2012 and New Providence, acquired in fiscal 2013 and has concluded that no value needs to be assigned to those leases. In addition, the Company completed evaluating the fair value of the in-place leases for the properties it acquired in fiscal 2013 and as a result of its evaluation the Company has allocated \$234,000 to an asset associated with the net fair value assigned to the acquired leases for the Post Road Properties, a \$291,000 asset associated with the net fair value assigned to the acquired leases for the NJ Office Buildings and a \$402,000 liability associated with the net fair value assigned to the acquired leases for the Net Leased Properties. All of these amounts represent non-cash investing activities and are therefore not included in the accompanying consolidated statement of cash flows for the fiscal year ended October 31, 2013.

During fiscal 2012, the Company completed its evaluation of the acquired leases for Eastchester Plaza, which was acquired at the beginning of fiscal 2012, and its Fairfield Centre property and Fairfield Plaza properties, which were acquired in fiscal 2011. As a result of its evaluation, the Company has allocated \$392,000 to a liability associated with the net fair value assigned to the

acquired leases at Eastchester and \$765,000 to a liability associated with the net fair value assigned to the acquired leases at Fairfield Centre. These amounts represent a non-cash investing activity and are therefore not included in the accompanying consolidated statement of cash flows for the year ended October 31, 2012.

For the years ended October 31, 2014, 2013 and 2012, the net amortization of above-market and below-market leases amounted to \$410,000, \$419,000 and \$515,000, respectively, which amounts are included in base rents in the accompanying consolidated statements of income.

In fiscal 2014, the Company incurred costs of approximately \$19.3 million related to capital improvements to its properties and leasing costs.

(4) MORTGAGE NOTES PAYABLE, BANK LINES OF CREDIT AND OTHER LOANS

At October 31, 2014, mortgage notes payable and other loans are due in installments over various periods to fiscal 2024, the loans bear interest at rates ranging from 2.8% to 11.3% and are collateralized by real estate investments having a net carrying value of approximately \$333 million.

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

	Principal Repayments	Scheduled Amortization	Total
2015	\$ 7,253	\$ 4,591	\$ 11,844
2016	14,684	4,597	19,281
2017	49,524	4,253	53,777
2018	—	3,178	3,178
2019	26,879	2,840	29,719
Thereafter	<u>78,565</u>	<u>8,783</u>	<u>87,348</u>
	<u>\$176,905</u>	<u>\$28,242</u>	<u>\$205,147</u>

In August 2014, the Company borrowed \$25.0 million under a newly executed Unsecured Term Loan (the "Term Loan") with The Bank of New York Mellon as the lender. The Term Loan has a term of six months with a Company option for a six month extension. The Term Loan will bear interest at Eurodollar rate plus 1.4% to 1.9% based on consolidated indebtedness. The Term Loan has the same financial covenants as the Facility. The Company used the borrowings to fund a portion of the purchase price of the Greenwich Properties.

The Company has an \$80 million Unsecured Revolving Credit Facility (the "Facility") with a syndicate of 4 banks led by The Bank of New York Mellon, as administrative agent. The syndicate also includes Wells Fargo Bank N.A. (syndication agent), Bank of Montreal and Regions Bank (co-documentation agents). The Facility gives the Company the option, under certain conditions, to increase

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

the Facility's borrowing capacity up to \$125 million. The maturity date of the Facility is September 21, 2016 with a 1-year extension at the Company's option. Borrowings under the Facility can be used for, among other things, acquisitions, working capital, capital expenditures, and repayment of other indebtedness and the issuance of letters of credit (up to \$10 million). Borrowings will bear interest at the Company's option of Eurodollar rate plus 1.50% to 2.00% or The Bank of New York Mellon's prime lending rate plus 0.50% based on consolidated indebtedness, as defined. The Company will pay an annual fee on the unused commitment amount of up to 0.25% to 0.35% based on outstanding borrowings during the year. The Facility contains certain representations and financial and other covenants typical for this type of facility. The Company's ability to borrow under the Facility is subject to its compliance with the covenants and other restrictions on an ongoing basis. The principal financial covenants limit the Company's level of secured and unsecured indebtedness and additionally require the Company to maintain certain debt coverage ratios. The Company was in compliance with such covenants at October 31, 2014.

During the fiscal years ended October 31, 2014 and 2013, respectively, the Company borrowed \$65.1 million and \$38.4 million on its Facility to fund a portion of the equity for property acquisitions and capital improvements to its properties. During the fiscal years ended October 31, 2014 and 2013, respectively, the Company re-paid \$58.8 million and \$40.7 million on its Facility with proceeds from a combination of non-recourse mortgage financings, Class A Common stock and preferred stock offerings and available cash.

In November 2014, the Company entered into a commitment with a lender to place a \$62.7 million non-recourse first mortgage loan that will encumber the Retail Properties that the Company purchased in December 2014. The mortgage loan requires monthly payments of principal and interest in the amount of \$294,000 at a fixed interest rate of 3.85% per annum. The mortgage matures in January 2027. Proceeds from the mortgage were used to repay the Facility. The Company closed the mortgage financing in December of 2014. In conjunction with the commitment, the Company deposited \$628,000 with the lender, which is included in prepaid expenses and other assets at October 31, 2014.

During fiscal 2014, the Company, through a wholly owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the Boonton Property at its estimated fair value of \$7.8 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 4.2% per annum. The mortgage matures in September 2022.

During fiscal 2014, the Company, through a wholly owned subsidiary, assumed an existing non-recourse first

mortgage loan encumbering the Bloomfield Property at its estimated fair value of \$7.7 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 5.5% per annum. The mortgage matures in August 2016.

During fiscal 2014, the Company, through a wholly owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the McLean Plaza Property at its estimated fair value of \$2.8 million. The mortgage matured in December 2014 and was refinanced with a new lender. The new \$5 million mortgage matures in November 2024 and requires monthly payments of interest only at a fixed rate of interest of 3.7% per annum.

During fiscal 2014, the Company, through a wholly owned subsidiary, placed a non-recourse first mortgage loan encumbering the Greenwich Properties in the amount of \$24.5 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 4.07% per annum. The mortgage matures in November 2024. Proceeds from the mortgage were used to repay the Facility.

During fiscal 2014, the Company refinanced a non-recourse mortgage loan encumbering one of its retail properties in the amount of \$16.2 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 3.995% per annum. The mortgage matures in August 2024.

During fiscal 2013, the Company, through a wholly owned subsidiary, assumed an existing first mortgage loan encumbering the Post Road Properties at its estimated fair value of \$8.3 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 4.0% per annum. The mortgage matures in August 2016.

During fiscal 2013, the Company, through a wholly owned subsidiary, assumed a first mortgage loan encumbering the New Providence Property at its estimated fair value of \$21.3 million. The mortgage loan requires monthly payments of principal and interest at the fixed rate of 4.0% per annum. The mortgage matures in January 2022.

In June of fiscal 2013, the Company repaid, at maturity, its first mortgage payable secured by its Veteran's Plaza property in the amount of \$3.2 million.

During fiscal 2012, the Company, through a wholly owned subsidiary, assumed a first mortgage payable secured by its Eastchester Plaza property with an estimated fair value of approximately of \$3.6 million. The mortgage matured in April 2012 and was repaid.

During fiscal 2012, the Company assumed a first mortgage payable in the amount of \$7.4 million in conjunction with its investment in Orangeburg (see Note 5 below). The loan requires payments of principal and interest at a fair market value interest rate of 2.04% (6.19% contractual rate). Subsequent to the assumption, Orangeburg extended the loan with the current lender for

an additional 5 years, leaving all terms unchanged, except the interest rate was adjusted to a fixed rate of 2.78%. The loan now matures in October 2017. The operating agreement for Orangeburg requires that the loan be refinanced and not repaid at maturity.

In February 2012, the Company borrowed \$28.0 million by placing a non-recourse first mortgage on one of its unencumbered properties. The loan is for a term of ten years and will require payments of principal and interest based on a 30-year amortization schedule at the fixed interest rate of 4.85%.

In October 2012, the Company repaid, at maturity, its first mortgage payable secured by its New Milford Property in the amount of \$8.3 million.

In August 2012, a wholly owned subsidiary of the Company completed the installation of a solar power system (the "Ferry System") at the Company's Ferry Plaza Shopping Center in Newark, New Jersey at a total cost of approximately \$1.7 million. The subsidiary financed a portion of the project with a loan in the amount of \$1.1 million from The Public Service Electric and Gas Company of New Jersey ("PSE&G"), through PSE&G's "Solar Loan Program II." The loan requires monthly payments of principal and interest at 11.30% per annum through its maturity date of August 31, 2027. The subsidiary has the option of repaying all or part of the PSE&G loan, including interest, with Solar Renewable Energy Credits ("SREC's") that are expected to be generated by the Ferry System. The remaining cost of the Ferry System was funded by a renewable energy grant from the federal government.

Interest paid in the years ended October 31, 2014, 2013, and 2012 was approximately \$10.3 million, \$8.5 million and \$8.6 million, respectively.

(5) CONSOLIDATED JOINT VENTURES AND REDEEMABLE NONCONTROLLING INTERESTS

The Company has an investment in three joint ventures, UB Ironbound, LP ("Ironbound"), Orangeburg and McLean Plaza, each of which owns a commercial retail real estate property. The Company has evaluated its investment in these three joint ventures and has concluded that the ventures are not Variable Interest Entities ("VIE or VIE's"); however, the joint venture investments meet certain criteria of a sole general partner (or limited liability member) in accordance with ASC Topic 970-810, "Real Estate-Consolidation." The Company has determined that such joint ventures are fully controlled by the Company and that the presumption of control is not offset by any rights of any of the limited partners or non-controlling members in the ventures and that the joint ventures should be consolidated into the consolidated financial statements of the Company. The Company's investments in the consolidated joint ventures are more fully described below:

Ironbound (Ferry Plaza)

The Company, through a wholly owned subsidiary, is the general partner and owns 84% of one consolidated limited partnership, Ironbound, which owns a grocery anchored shopping center.

The Ironbound limited partnership has a defined termination date of December 31, 2097. The partners in Ironbound are entitled to receive an annual cash preference payable from available cash of the partnership. Any unpaid preferences accumulate and are paid from future cash, if any. The balance of available cash, if any, is distributed in accordance with the respective partner's interests. The limited partners in Ironbound currently have the right to require the Company to repurchase all or a portion of their remaining limited partner interests at prices as defined in the Ironbound partnership agreement. Upon liquidation of Ironbound, proceeds from the sale of partnership assets are to be distributed in accordance with the respective partnership interests. The limited partners are not obligated to make any additional capital contributions to the partnership. The Company retains an affiliate of one of the limited partners in Ironbound to provide management and leasing services to the property at an annual fee equal to 2.00% percent of rental income collected, as defined.

Orangeburg

The Company, through a wholly owned subsidiary, is the managing member and owns an approximate 21.7% interest in Orangeburg, which owns a CVS Pharmacy anchored shopping center in Orangeburg, NY. The other member (non-managing) of Orangeburg is the prior owner of the contributed property who, in exchange for contributing the net assets of the property, received units of Orangeburg equal to the value of the contributed property less the value of the assigned first mortgage payable. The Orangeburg operating agreement provides for the non-managing member to receive an annual cash distribution equal to the regular quarterly cash distribution declared by the Company for one share of the Company's Class A Common stock for each unit of Orangeburg ownership. The annual cash distribution will be paid from available cash, as defined, of Orangeburg. Upon liquidation, proceeds from the sale of Orangeburg assets are to be distributed in accordance with the operating agreement. Orangeburg has a defined termination date of December 31, 2097. Since purchasing this property, the Company has made additional investments in the amount of \$1.7 million in Orangeburg and as a result as of October 31, 2014 its ownership percentage has increased to 21.7% from approximately 2.00% at inception.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

McLean Plaza

In October 2014, the Company, through a wholly owned subsidiary, acquired a 51% interest in McLean Plaza Associates for a net investment of \$6.2 million. McLean Plaza's sole asset is a grocery anchored shopping center located in Yonkers, NY. Distributions of available cash flow are made in accordance with the joint venture owners, ownership percentage. McLean Plaza is encumbered by a first mortgage payable in the amount of \$2.8 million.

Noncontrolling interests:

The Company accounts for noncontrolling interests in accordance with ASC Topic 810, "Consolidation." Because the limited partners or noncontrolling members in Ironbound, Orangeburg and McLean Plaza have the right to require the Company to redeem all or a part of their limited partnership or limited liability company units at prices as defined in the governing agreements, the Company reports the noncontrolling interests in the consolidated joint ventures in the mezzanine section, outside of permanent equity, of the consolidated balance sheets at redemption value which approximates fair value. The value of the Orangeburg redemption is based solely on the price of the Company's Class A Common stock on the date of redemption. For the years ended October 31, 2014 and 2013, the Company adjusted the carrying value of the noncontrolling interests by \$887,000 and \$422,000, respectively, with the corresponding adjustment recorded in stockholders' equity.

The following table sets forth the details of the Company's redeemable noncontrolling interests at October 31, 2014 and 2013 (amounts in thousands):

	October 31,	
	2014	2013
Beginning balance	\$11,843	\$11,421
Initial McLean Plaza noncontrolling interest	6,134	—
Change in redemption value	887	422
Ending balance	<u>\$18,864</u>	<u>\$11,843</u>

(6) INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED JOINT VENTURES

At October 31, 2014 and 2013, investments in and advances to unconsolidated joint ventures consisted of the following (with the Company's ownership percentage in parentheses) (amounts in thousands):

	October 31,	
	2014	2013
Chestnut Ridge and Plaza 59 Shopping Centers (50.0%)	\$18,380	\$18,277
Gateway Plaza (50% in 2014 and 0% in 2013)	7,069	—
Midway Shopping Center, L.P. (11.642%)	5,322	5,668
Putnam Plaza Shopping Center (66.67%)	6,525	6,764
Applebee's at Riverhead (50% in 2014 and 0% in 2013)	1,194	—
81 Pondfield Road Company (20%)	723	723
Total	<u>\$39,213</u>	<u>\$31,432</u>

Gateway Plaza and Applebee's at Riverhead

In February 2014, the Company, through two wholly owned subsidiaries, purchased a 50% undivided equity interest in the Gateway Plaza Shopping Center ("Gateway") for \$6.1 million and Applebee's at Riverhead ("Applebee's") for \$1.1 million. Both investments were inclusive of the Company assuming its 50% interest in the mortgages encumbering both properties. Both properties are located in Riverhead, New York (together the "Riverhead Properties"). Gateway, a 194,000 square foot shopping center anchored by a 168,000 square foot newly constructed Walmart which also has 27,000 square feet of newly constructed in-line space that is partially leased. Applebee's has a 5,400 square foot free standing Applebee's restaurant with additional development rights for 7,200 square feet. The Company accounts for its investment in the Riverhead Properties under the equity method of accounting since it exercises significant influence, but does not control the ventures. The other venturer in both properties has substantial participation rights in the financial decisions and operation of the properties, which preclude the Company from consolidating the investments. The Company has evaluated its investment in the two properties and has concluded that the ventures are not VIE's. Under the equity method of accounting the initial investment is recorded at cost as an investment in unconsolidated joint venture, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions from the venture. Any difference between the carrying amount of the investment on the Company's balance sheet and the underlying equity in net assets of the venture is evaluated for impairment at each reporting period.

Simultaneously with the acquisition of Gateway, a \$14.0 million non-recourse first mortgage payable was placed on the property with \$12.0 million of the proceeds distributed to the seller. The remaining \$2.0 million of the principal is held in escrow by the lender until certain conditions are met regarding the leasing of the 27,000 square foot building. The new mortgage has a term of ten years and requires payments of principal and interest at a fixed rate of interest of 4.2% per annum.

Chestnut Ridge and Plaza 59 Shopping Centers

The Company, through two wholly owned subsidiaries, owns a 50% undivided equity interest in the 76,000 square foot Chestnut Ridge Shopping Center located in Montvale, New Jersey (“Chestnut”) and the 24,000 square foot Plaza 59 Shopping Center located in Spring Valley, New York (“Plaza 59”) for a combined investment of approximately \$18 million. The Company accounts for its investment in Chestnut and Plaza 59 under the equity method of accounting since it exercises significant influence, but does not control the ventures. The other venturer in both properties has substantial participation rights in the financial decisions and operation of each property, which preclude the Company from consolidating the investment. The Company has evaluated its investment in the two properties and has concluded that the ventures are not VIEs. Under the equity method of accounting the initial investment is recorded at cost as an investment in unconsolidated joint venture, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions from the venture. Any difference between the carrying amount of the investment on the Company’s balance sheet and the underlying equity in net assets of each venture is evaluated for impairment at each reporting period.

Midway Shopping Center, L.P.

The Company, through a wholly owned subsidiary, owns an 11.642% equity interest in Midway Shopping Center L.P. (“Midway”), which owns a 247,000 square foot shopping center in Westchester County, New York. In addition, the Company loaned Midway, in the form of an unsecured note, approximately \$13.2 million. The loan to Midway by the Company required monthly payments to the Company of interest only at 5.75% per annum. The loan matured on January 1, 2013 and was repaid. The Company has evaluated its investment in Midway and has concluded that the venture is not a VIE and should not be consolidated into the financial statements of the Company. Although the Company only has an approximate 12% equity interest in Midway, it controls 25% of the voting power of Midway and as such has determined that it exercises significant influence over the financial and operating decisions of Midway but does not control the venture and accounts for its investment in Midway under

the equity method of accounting. Under the equity method of accounting the initial investment is recorded at cost as an investment in unconsolidated joint venture, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions from the venture. Any difference between the carrying amount of the investment on the Company’s balance sheet and the underlying equity in net assets of the venture is evaluated for impairment at each reporting period.

The Company has allocated the \$7.4 million excess of the carrying amount of its investment in and advances to Midway over the Company’s share of Midway’s net book value to real property and is amortizing the difference over the property’s estimated useful life of 39 years.

Midway currently has a non-recourse first mortgage payable in the amount of \$32 million. The loan requires payments of principal and interest at the rate of 4.80% per annum and will mature in 2027.

Putnam Plaza Shopping Center

The Company, through a wholly owned subsidiary, owns a 66.67% undivided equity interest in the 189,000 square foot Putnam Plaza Shopping Center (“Putnam Plaza”). The Company accounts for its investment in the Putnam Plaza joint venture under the equity method of accounting since it exercises significant influence, but does not control the venture. The other venturer in Putnam Plaza has substantial participation rights in the financial decisions and operation of the property, which preclude the Company from consolidating the investment. The Company has evaluated its investment in Putnam Plaza and has concluded that the venture is not a VIE. Under the equity method of accounting the initial investment is recorded at cost as an investment in unconsolidated joint venture, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions from the venture. Any difference between the carrying amount of the investment on the Company’s balance sheet and the underlying equity in net assets of the venture is evaluated for impairment at each reporting period.

Putnam Plaza has a first mortgage payable in the amount of \$21 million. The mortgage requires monthly payments of principal and interest at a fixed rate of 4.17% and will mature in 2019.

81 Pondfield Road Company

The Company’s other investment in an unconsolidated joint venture is a 20% economic interest in a partnership which owns a retail and office building in Westchester County, New York.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(7) STOCKHOLDERS' EQUITY

Authorized Stock

The Company's Charter authorizes up to 200,000,000 shares of various classes of stock. The total number of shares of authorized stock consists of 100,000,000 shares of Class A Common Stock, 30,000,000 shares of Common Stock, 50,000,000 shares of Preferred Stock, and 20,000,000 shares of Excess Stock.

Preferred Stock

On October 22, 2014, we issued notice of our intent to redeem all of the outstanding shares of our 7.5% Series D Senior Cumulative Preferred Stock with a liquidation preference \$25 per share. As a result, as of October 31, 2014 the outstanding Series D preferred stock has been reclassified out of stockholders' equity and is reflected as a liability at redemption value and we recognized a loss of \$1.87 million on our consolidated statement of income for the fiscal year ended October 31, 2014, which represents the difference between redemption value and carrying value net of original deferred issuance costs. We completed this redemption on November 20, 2014.

The Series F Preferred Stock is non-voting, has no stated maturity and is redeemable for cash at \$25 per share at the Company's option on or after October 24, 2017. The holders of our Series F Preferred Stock have general preference rights with respect to liquidation and quarterly distributions. Except under certain conditions, holders of the Series F Preferred Stock will not be entitled to vote on most matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of Series F Preferred Stock, together with all of the Company's other series of preferred stock (voting as a single class without regard to series) will have the right to elect two additional members to serve on the Company's Board of Directors until the arrearage has been cured. Upon the occurrence of a Change of Control, as defined in the Company's Articles of Incorporation, the holders of the Series F Preferred Stock will have the right to convert all or part of the shares of Series F Preferred Stock held by such holders on the applicable conversion date into a number of the Company's shares of Class A Common Stock. Underwriting commissions and costs incurred in connection with the sale of the Series F Preferred Stock are reflected as a reduction of additional paid in capital.

During fiscal 2014, the Company completed the public offering of 2,800,000 shares of 6.75% Series G Senior Cumulative Preferred Stock (the "Series G Preferred Stock") at a price of \$25 per share for net proceeds of \$67.8 million after underwriting discounts but before offering expenses. These shares are nonvoting, have no stated maturity and are redeemable for cash at \$25 per share at the Company's option on or after October 28, 2019. Holders of these shares

are entitled to cumulative dividends, payable quarterly in arrears. Dividends accrue from the date of issue at the annual rate of \$1.6875 per share per annum. The holders of our Series G Preferred Stock have general preference rights with respect to liquidation and quarterly distributions. Except under certain conditions holders of the Series G Preferred Stock will not be entitled to vote on most matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of Series G Preferred Stock, together with all of the Company's other Series of preferred stock (voting as a single class without regard to series) will have the right to elect two additional members to serve on the Company's Board of Directors until the arrearage has been cured. Upon the occurrence of a Change of Control, as defined in the Company's Articles of Incorporation, the holder of the Series G Preferred Stock will have the right to convert all or part of the shares of Series G Preferred Stock held by such holder on the applicable conversion date into a number of the Company's shares of Class A common stock. Underwriting commissions and costs incurred in connection with the sale of the Series G Preferred Stock are reflected as a reduction of additional paid in capital. In November 2014, the underwriter notified the Company that it was exercising its over-allotment option and that it would purchase an additional 200,000 shares of Series G preferred stock at \$25 per share. As a result, in November 2014, the Company received an additional \$4.8 million in net proceeds.

In fiscal 2012, the Company repurchased its remaining Series C Senior Cumulative Preferred Stock outstanding and as a result included the \$892,000 and \$1.3 million excess of the repurchase price of the preferred shares paid over the carrying amount of the shares as a reduction of income available to Common and Class A Common shareholders in the accompanying consolidated statement of income for the years ended October 31, 2013 and 2012, respectively.

On November 21, 2012, the Company redeemed all of its outstanding Series E Senior Cumulative Preferred Stock. As a result, the Company included the \$3.3 million excess of the repurchase price of the preferred shares paid over the carrying amount of the Series E preferred stock as a reduction of income available to Common and Class A Common shareholders in the accompanying consolidated statement of income for the fiscal year ended October 31, 2013.

Common Stock

During fiscal 2012, the Company sold 2,500,000 shares of Class A Common Stock in an underwritten follow-on common stock offering for \$19.16 per share and raised net proceeds of \$47.5 million.

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 2014, the Company issued 6,347 shares of Common Stock and 6,811 shares of Class A Common Stock (5,797 shares of Common Stock and 6,724 shares of Class A Common Stock in fiscal 2013) through the DRIP. As of October 31, 2014, there remained 357,953 shares of Common Stock and 416,273 shares of Class A Common Stock available for issuance under the DRIP.

The Company has a stockholder rights agreement that expires on November 11, 2018. 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 2 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 will 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.

Stock Repurchase

Previously, the Board of Directors of the Company approved a share repurchase program (“Original Program”) for the repurchase of up to 1,500,000 shares of Common Stock, Class A Common Stock and the Company’s Series C and Series D Senior Cumulative Preferred Stock in open-market transactions. Recognizing

that the Company issued a new Series F Preferred Stock in October 2012 and that the remaining outstanding shares of the Series C Cumulative Preferred Stock were redeemed in May 2013, the Board of Directors terminated the Original Program in December 2013 and at the same time approved a new share repurchase program (the “Current Program”) for the repurchase of up to 2,000,000 shares of Common stock and Class A Common stock and Series D Senior Cumulative Preferred stock and Series F Cumulative Preferred stock in open market transactions. Prior to terminating the Original Program, the Company had repurchased 4,600 shares of Common Stock and 724,578 shares of Class A Common Stock under the Original Program.

(8) STOCK COMPENSATION AND OTHER BENEFIT PLANS

Restricted Stock Plan

The Company has a Restricted Stock Plan that provides a form of equity compensation for employees of the Company. The Plan, which is administered by the Company’s compensation committee, authorizes grants of up to an aggregate of 3,750,000 shares of the Company’s common equity consisting of 350,000 Common shares, 350,000 Class A Common shares and 3,050,000 shares, which at the discretion of the compensation committee, may be awarded in any combination of Class A Common shares or Common shares.

In accordance with ASC Topic 718, the Company recognizes compensation expense for restricted stock awards upon the earlier of the explicit vesting period or the date a participant first becomes eligible for retirement unless a waiver was received by an employee over the retirement age, waving his right to continued vesting after retirement. For non-vested restricted stock awards granted prior to the adoption of ASC Topic 718 in 2005, the Company continues to recognize compensation expense over the explicit vesting periods and accelerates any remaining unrecognized compensation cost when a participant actually retires.

In fiscal 2014, the Company awarded 152,000 shares of Common Stock and 80,500 shares of Class A Common Stock to participants in the Plan. The grant date fair value of restricted stock grants awarded to participants in 2014 was approximately \$3.8 million. As of October 31, 2014, there was \$12.6 million of unamortized restricted stock compensation related to non-vested restricted stock grants awarded under the Plan. The remaining unamortized expense is expected to be recognized over a weighted average period of 4.64 years. For the years ended October 31, 2014, 2013 and 2012, amounts charged to compensation expense totaled \$4,088,000, \$4,073,000 and \$3,824,000, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of the status of the Company's non-vested restricted stock awards as of October 31, 2014, and changes during the year ended October 31, 2014 are presented below:

	Common Shares		Class A Common Shares	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Non-vested at October 31, 2013	1,479,700	\$15.88	404,150	\$17.39
Granted	152,000	\$15.60	80,500	\$18.32
Vested	(250,900)	\$13.88	(78,400)	\$15.18
Forfeited	—	—	(6,300)	\$18.48
Non-vested at October 31, 2014	<u>1,380,800</u>	\$16.21	<u>399,950</u>	\$18.01

Profit Sharing and Savings Plan

The Company has a profit sharing and savings plan (the "401K Plan"), which permits eligible employees to defer a portion of their compensation in accordance with the Internal Revenue Code. Under the 401K Plan, the Company made contributions on behalf of eligible employees. The Company made contributions to the 401K Plan of approximately \$150,000 in each of the three years ended October 31, 2014, 2013 and 2012. The Company also has an Excess Benefit 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.

(9) FAIR VALUE MEASUREMENTS

ASC Topic 820, "Fair Value Measurements and Disclosures," defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants.

ASC Topic 820's valuation techniques are based on observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1—Quoted prices for identical instruments in active markets
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant value drivers are observable

- Level 3—Valuations derived from valuation techniques in which significant value drivers are unobservable

The Company calculates the fair value of the redeemable noncontrolling interests based on either quoted market prices on national exchanges or unobservable inputs considering the assumptions that market participants would make in pricing the obligations. The inputs used include an estimate of the fair value of the cash flow generated by the limited partnership in which the investor owns the partnership units.

The fair values of interest rate swaps are determined using widely accepted valuation techniques, including discounted cash flow analysis, on the expected cash flows of each derivative. The analysis reflects the contractual terms of the swaps, including the period to maturity, and uses observable market-based inputs, including interest rate curves ("significant other observable inputs.") The fair value calculation also includes an amount for risk of non-performance using "significant unobservable inputs" such as estimates of current credit spreads to evaluate the likelihood of default. The Company has concluded, as of October 31, 2014 and 2013, that the fair value associated with the "significant unobservable inputs" relating to the Company's risk of non-performance was insignificant to the overall fair value of the interest rate swap agreements and, as a result, the Company has determined that the relevant inputs for purposes of calculating the fair value of the interest rate swap agreements, in their entirety, were based upon "significant other observable inputs."

The Company measures its redeemable noncontrolling interests and interest rate swap derivatives at fair value on a recurring basis. The fair value of these financial assets and liabilities was determined using the following inputs at October 31, 2014 and 2013 (amounts in thousands):

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	Total			
Fiscal Year Ended October 31, 2014				
Assets:				
Interest Rate Swap Agreement	\$ 63	\$ —	\$63	\$ —
Liabilities:				
Redeemable noncontrolling interests	\$18,864	\$9,802	\$—	\$9,062
Fiscal Year Ended October 31, 2013				
Assets:				
Interest Rate Swap Agreement	\$ 81	\$ —	\$81	\$ —
Liabilities:				
Redeemable noncontrolling interests	\$11,843	\$8,946	\$—	\$2,897

Fair market value measurements based upon Level 3 inputs changed from \$2,837 at November 1, 2012 to \$2,897 at October 31, 2013 as a result of a \$60 increase in the redemption value of the Company's noncontrolling interest in Ironbound in accordance with the application of ASC Topic 810. Fair market value measurements based upon Level 3 inputs changed from \$2,897 at November 1, 2013 to \$9,062 at October 31, 2014 as a result of a \$31 increase in the redemption value of the Company's noncontrolling interest in Ironbound in accordance with the application of ASC Topic 810 and an increase in the amount of \$6,134 representing the non-controlling interest in the Company's McLean Plaza investment (see Note 5).

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, tenant receivables, prepaid expenses, other assets, accounts payable and accrued expenses are reasonable estimates of their fair values because of the short-term nature of these instruments. The carrying value of the revolving credit facility and the unsecured term loan are deemed to be at fair value since the outstanding debt is directly tied to monthly LIBOR contracts. Mortgage notes payable that were assumed in property acquisitions were recorded at their fair value at the time they were assumed.

Mortgage notes payable and other loans are estimated to have a fair value of approximately \$206 million and \$155 million at October 31, 2014 and October 31, 2013, 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. These fair value measurements fall within level 2 of the fair value hierarchy. When the Company acquires a property it is required to fair value

all of the assets and liabilities, including intangible assets and liabilities, relating to the property's in-place leases (see Note 1). Those fair value measurements fall within level 3 of the fair value hierarchy.

Although management is not aware of any factors that would significantly affect the estimated fair value amounts from October 31, 2013, 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.

(10) 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, 2014, the Company had commitments of approximately \$3.9 million for tenant-related obligations.

(11) 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, 2014 and 2013 adjusted to give effect to the property acquisitions completed in fiscal 2013, fiscal 2014 and acquisitions completed from November 1, 2014 to the date of this report (see Note 3) as though these transactions were completed on November 1, 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 that year nor does it purport to represent the results of future operations (amounts in thousands).

	Year Ended October 31,	
	2014	2013
Pro forma revenues	<u>\$117,136</u>	<u>\$116,494</u>
Pro forma income from continuing operations	<u>\$ 56,972</u>	<u>\$ 34,971</u>
Pro forma income from continuing operations applicable to Common and Class A Common stockholders:	<u>\$ 40,446</u>	<u>\$ 14,934</u>

The following table summarizes the revenues and income from continuing operations that is included in the Company's historical consolidated statement of income for the year ended October 31, 2014 for the properties acquired in fiscal 2014 as more fully described in Note 3 (amounts in thousands).

Revenues	<u>\$4,163</u>
Income from continuing operations	<u>\$ 886</u>

(12) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited quarterly results of operations for the years ended October 31, 2014 and 2013 are as follows (in thousands, except per share data):

	Year Ended October 31, 2014				Year Ended October 31, 2013			
	Quarter Ended				Quarter Ended			
	Jan 31	Apr 30	July 31	Oct 31	Jan 31	Apr 30	July 31	Oct 31
Revenues	<u>\$25,195</u>	<u>\$25,952</u>	<u>\$24,955</u>	<u>\$26,226</u>	<u>\$23,737</u>	<u>\$22,834</u>	<u>\$23,613</u>	<u>\$24,061</u>
Income from Continuing Operations	<u>\$ 6,621</u>	<u>\$ 6,482</u>	<u>\$ 7,494</u>	<u>\$32,494</u>	<u>\$ 6,814</u>	<u>\$ 7,173</u>	<u>\$ 7,840</u>	<u>\$ 7,278</u>
Net Income Attributable to								
Urstadt Biddle Properties Inc.	\$ 6,465	\$ 6,334	\$ 7,343	\$32,342	\$ 7,014	\$ 7,421	\$ 7,915	\$ 7,445
Preferred Stock Dividends	(3,453)	(3,453)	(3,453)	(3,453)	(3,961)	(3,929)	(3,606)	(3,453)
Redemption of Preferred Stock	—	—	—	(1,870)	(3,759)	(406)	(68)	—
Net Income Applicable to Common and Class A Common Stockholders	<u>\$ 3,012</u>	<u>\$ 2,881</u>	<u>\$ 3,890</u>	<u>\$27,019</u>	<u>\$ (706)</u>	<u>\$ 3,086</u>	<u>\$ 4,241</u>	<u>\$ 3,992</u>

Per Share Data:

Net Income from Continuing Operations—Basic:

Class A Common Stock	<u>\$.10</u>	<u>\$.10</u>	<u>\$.13</u>	<u>\$.90</u>	<u>\$ (.04)</u>	<u>\$.09</u>	<u>\$.13</u>	<u>\$.12</u>
Common Stock	<u>\$.09</u>	<u>\$.09</u>	<u>\$.11</u>	<u>\$.80</u>	<u>\$ (.03)</u>	<u>\$.08</u>	<u>\$.12</u>	<u>\$.11</u>

Net Income from Continuing Operations—Diluted:

Class A Common Stock	<u>\$.10</u>	<u>\$.09</u>	<u>\$.12</u>	<u>\$.87</u>	<u>\$ (.04)</u>	<u>\$.09</u>	<u>\$.13</u>	<u>\$.12</u>
Common Stock	<u>\$.09</u>	<u>\$.08</u>	<u>\$.11</u>	<u>\$.77</u>	<u>\$ (.03)</u>	<u>\$.08</u>	<u>\$.11</u>	<u>\$.11</u>

Amounts may not equal previously reported results due to reclassification between income from continuing operations and income from discontinued operations.

Amounts may not equal full year results due to rounding.

(13) SUBSEQUENT EVENTS

On December 11, 2014, the Board of Directors of the Company declared cash dividends of \$0.225 for each share of Common Stock and \$0.2550 for each share of Class A Common Stock. The dividends are payable on January 16, 2015 to stockholders of record on January 5, 2015. The Board of Directors also ratified the actions of the Company's compensation committee authorizing awards of 152,000 shares of Common Stock and 92,750 shares of Class A Common Stock to certain officers, directors and

employees of the Company effective January 2, 2015, pursuant to the Company's restricted stock plan. The fair value of the shares awarded totaling \$4.8 million will be charged to expense over the respective vesting periods.

In November 2014, the Company sold 2,500,000 shares of Class A Common Stock in an underwritten follow-on common stock offering for \$20.82 per share and raised net proceeds of \$52.1 million. In addition, in November 2014, the underwriters of the offering exercised their over-allotment option and purchased an additional 375,000 shares of Class A Common stock at the same price, which raised an additional \$7.8 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 sheets of Urstadt Biddle Properties Inc. (the “Company”) as of October 31, 2014 and 2013 and the related consolidated statements of income, comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended October 31, 2014. 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, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of October 31, 2014 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated January 12, 2015 expressed an unqualified opinion thereon.

New York, New York
January 12, 2015

PKF O’Connor Davies
a division of O’Connor Davies, 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 and Section 21E of the Exchange Act. 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, including, among other things, 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 forward-looking 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 AND OVERVIEW

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 with a concentration in the metropolitan New York tri-state area outside of the City of New York. Other real estate assets include office properties. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At October 31, 2014, the Company owned or had equity interests in 70 properties containing a total of 4.8 million square feet of GLA of which approximately 95.3% was leased (94.2% at October 31, 2013). The above percentages exclude the Company's White Plains property. In November 2014, the Company obtained a zoning change from the City of White Plains that will allow this property to be converted to a higher and better use. On this basis, the Company is maintaining vacancies to make potential redevelopment possible. Included in the 70 properties are equity interests in seven unconsolidated

joint ventures, these joint ventures were approximately 97.7% leased at October 31, 2014 (96.1% at October 31, 2013). The Company has paid quarterly dividends to its shareholders continuously since its founding in 1969 and has increased the level of dividend payments to its shareholders for 20 consecutive years.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to long-term leases and focuses its investment activities on community and neighborhood shopping centers, anchored principally by regional supermarket chains. The Company believes, because of the need of consumers to purchase food and other staple goods and services generally available at supermarket-anchored shopping centers, that the nature of its investments provide for relatively stable revenue flows even during difficult economic times.

The Company has a conservative capital structure and does not have any secured debt maturing until August 2015. Consistent with its business strategy, the Company expects to continue to explore acquisition opportunities that may arise.

Primarily as a result of property acquisitions in fiscal 2013 and 2014, 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 on properties in the metropolitan New York tri-state area outside of the City of New York
- Hold core properties for long-term investment and enhance their value through regular maintenance, periodic renovation and capital improvement
- Selectively dispose of underperforming 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

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

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. 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 are recognized in operating revenues when there is a signed termination agreement, all of the conditions of the agreement have been met, the tenant is no longer occupying the property and the termination consideration is probable of collection. Lease termination amounts are paid by tenants who want to terminate their lease obligations before the end of the contractual term of the lease by agreement with the Company. There is no way of predicting or forecasting the timing or amounts of future lease termination fees. 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 accounting principles generally accepted in the United States of America ("GAAP") have been met.

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 are subject to revision as these factors change and are 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.

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

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 their 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, 2014.

LIQUIDITY AND CAPITAL RESOURCES

In October 2014, the Company completed the sale of 2.8 million shares of Series G - 6.75% preferred stock that raised net proceeds of \$67.8 million. In November 2014 (subsequent to year end), the Company completed the sale of an additional 200,000 shares of the Series G preferred stock that raised an additional \$4.8 million of net proceeds. In addition, in November 2014, the Company completed the sale of 2,875,000 shares of Class A Common stock that raised proceeds of \$59.9 million. Subsequent to year end, the Company used a portion of the proceeds from these stock sales in connection with the following:

- On November 22, 2014, \$61.25 million to repurchase all of the Company's Series D Preferred Stock.
- On December 10, 2014, \$61.9 million to fund a portion of the \$124.5 million purchase of four retail properties in the Company's core marketplace.

At October 31, 2014, the Company had unrestricted cash and cash equivalents of \$73.0 million compared to \$2.9 million at October 31, 2013. 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 market financings and sales of real estate investments. Payments of expenses related to real estate operations, debt service, management and professional fees, and dividend requirements place demands on the Company's short-term liquidity.

The Company maintains a conservative capital structure with low leverage levels by commercial real estate standards. The Company maintains a ratio of total debt to total assets below 30% and a very strong fixed charge coverage ratio of over 2.19 to 1, which we believe will allow the Company to obtain additional secured mortgage borrowings if necessary. The Company does not have any fixed rate debt coming due until August 2015 and has forty-four properties in its consolidated core portfolio that are not encumbered by secured mortgage debt. At October 31, 2014, the Company had loan availability of \$64 million on its unsecured revolving line of credit.

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 2015 and to meet its dividend requirements necessary to maintain its REIT status. In fiscal 2014, 2013 and 2012, net cash flow provided by operations amounted to \$50.9 million, \$51.0 million and \$52.5 million, respectively. Cash dividends paid on common and preferred shares equaled \$45.9 million in fiscal 2014 compared to \$46.6 million in fiscal 2013 and \$42.6 million in fiscal 2012.

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 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, the Company's ability to re-lease space as leases expire and the ability of the Company to re-lease space at rents equal to or greater than expiring rents. In any of these cases, the Company's cash flow could be adversely affected. Over the last several years, the entire retail commercial real estate industry has seen increased competition from Internet commerce, which has made it more difficult for certain types of "brick and mortar" businesses to compete, the result of which has been to reduce the tenant pool for retail commercial real estate owners like us. The Company is aware of this threat and at this point does not believe it is material, but continues to monitor it. If Internet commerce continues to erode the need for traditional retail stores it could make it more difficult for the Company to lease available space and the Company's future cash flow could be adversely affected.

Net cash flows from:

Operating Activities

Net cash flows provided by operating activities amounted to \$50.9 million in fiscal 2014, compared to \$51.0 million in fiscal 2013, and \$52.5 million in fiscal 2012. The changes in operating cash flows were primarily the result of:

Decrease from fiscal 2013 to fiscal 2014:

Predominantly caused by a decrease in accounts receivable collected and an increase in restricted cash related to new escrow accounts associated with mortgages assumed with new property acquisitions in fiscal 2014 offset by the addition of the net operating results of the Company's acquired properties in fiscal 2013 and fiscal 2014.

Decrease from fiscal 2012 to fiscal 2013:

Predominantly caused by a decrease in accounts receivable collected and an increase in restricted cash related to new escrow accounts related to mortgages assumed with new property acquisitions in fiscal 2013 offset by the addition of the net operating results of the Company's acquired properties in fiscal 2012 and fiscal 2013.

Investing Activities

Net cash flows used in investing activities was \$54.6 million in fiscal 2014, \$49.6 million in fiscal 2013 and \$10.8 million in fiscal 2012. The change in investing cash flows was primarily the result of:

Increase in cash used from fiscal 2013 to fiscal 2014:

The Company acquired 8 properties in fiscal 2014 requiring \$81.7 million in equity versus acquiring 11 properties in fiscal 2013 requiring \$58.4 million in

equity. The Company also re-tenanted two shopping centers and as a result, the Company has expended \$19.3 million on improvements to its properties in fiscal 2014 versus only \$9.5 million in fiscal 2013. In addition, the Company had loaned \$13 million to one of its unconsolidated joint ventures in a prior year, that loan was repaid in fiscal 2013. This increase in cash used by investing activities was partially offset by proceeds in the amount of \$47.8 million from the sale of three of the Company's properties in fiscal 2014.

Increase in cash used from fiscal 2012 to fiscal 2013:

The Company acquired 11 properties in fiscal 2013 requiring \$58.4 million in equity versus acquiring two properties in fiscal 2012 that required only \$5.4 million in equity. In addition, the Company had deposits of \$3.3 million in fiscal 2013 to purchase additional commercial real estate. The Company also re-tenanted two shopping centers and as a result, the Company expended \$9.5 million on improvements to its properties in fiscal 2013 versus only \$6.5 million in fiscal 2012. This increase in cash used by investing activities was partially offset by proceeds in the amount of \$4.5 million from the sale of one of the Company's properties and by the proceeds from the sale of marketable securities at a gain in fiscal 2013 and the Company receiving, in fiscal 2013 loan repayments of \$13 million on a loan the Company had made to one of its unconsolidated joint ventures in a prior year.

The Company regularly makes capital investments in its properties for property improvements, tenant improvements costs and leasing commissions.

Financing Activities

Net cash flows provided by financing activities amounted to \$73.8 million in fiscal 2014 as compared with net cash used by financing activities in the amount of \$76.5 million in fiscal 2013 compared with net cash provided by financing activities in the amount of \$31.8 million in fiscal 2012. The change in net cash provided (used) by financing activities was primarily attributable to:

Cash generated:

Fiscal 2014: (Total \$198.8 million)

- Proceeds from revolving credit line borrowings of \$65.1 million.
- Proceeds from unsecured term loan borrowing of \$25 million.
- Proceeds from mortgage financings of \$40.7 million.
- Proceeds from issuance of Series G preferred stock of \$67.8 million.

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

Fiscal 2013: (Total \$39.9 million)

- Proceeds from revolving credit line borrowings of \$38.4 million.
- Return of escrow deposit of \$1.3 million.

Fiscal 2012: (Total \$259.1 million)

- Proceeds from revolving credit line borrowings for property acquisitions in the amount of \$58.0 million.
- Proceeds from mortgaging a previously unencumbered property in the amount of \$28.0 million.
- Proceeds from the sale of 2.5 million shares of Class A Common stock in a follow-on public offering.
- Proceeds from the sale of 5.175 million shares of a new series of redeemable Preferred Stock (Series F) in a public offering.

Cash used:

Fiscal 2014: (Total \$125.0 million)

- Dividends to shareholders in the amount of \$45.9 million.
- Repayments of mortgage notes payable in the amount of \$20.3 million.
- Repayments of revolving credit line borrowings in the amount of \$58.8 million.

Fiscal 2013: (Total \$116.3 million)

- Dividends to shareholders in the amount of \$46.6 million.
- Repayment of mortgage notes payable in the amount of \$6.6 million.
- Repayment of revolving credit line borrowings in the amount of \$40.7 million.
- Repurchase of shares of the Company's Series C Senior Cumulative Preferred Stock in the amount of \$22.4 million.

Fiscal 2012: (Total \$227.2 million)

- Dividends to shareholders in the amount of \$42.6 million.
- Repayment of mortgage notes payable in the amount of \$15.0 million.
- Repayment of revolving credit line borrowings in the amount of \$88.3 million.
- Repurchase of shares of the Company's Series C and redemption of all of the Series E Senior Cumulative Preferred Stock in the combined amount of \$81 million.

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

The Company has an \$80 million Unsecured Revolving Credit Facility (the "Facility") with a syndicate of four banks led by The Bank of New York Mellon, as administrative agent. The syndicate also includes Wells Fargo Bank N.A. (syndication agent), Bank of Montreal and Regions Bank (co-documentation agents). The Facility gives the Company the option, under certain conditions, to increase the Facility's borrowing capacity up to \$125 million. The maturity date of the Facility is September 21, 2016 with a 1-year extension at the Company's option. Borrowings under the Facility can be used for, among other things, acquisitions, working capital, capital expenditures, and repayment of other indebtedness and the issuance of letters of credit (up to \$10 million). Borrowings will bear interest at the Company's option of Eurodollar rate plus 1.5% to 2.0% or The Bank of New York Mellon's prime lending rate plus 0.50% based on consolidated indebtedness, as defined. The Company will pay an annual fee on the unused commitment amount of up to 0.25% to 0.35% based on outstanding borrowings during the year. The Facility contains certain representations and financial and other covenants typical for this type of facility. The Company's ability to borrow under the Facility is subject to its compliance with the covenants and other restrictions on an ongoing basis. The principal financial covenants limit the Company's level of secured and unsecured indebtedness and additionally require the Company to maintain certain debt coverage ratios. The Company was in compliance with such covenants at October 31, 2014.

During the fiscal years ended October 31, 2014 and 2013, respectively, the Company borrowed \$65.1 million and \$38.4 million on its Facility to fund a portion of its equity for property acquisitions and capital improvements to its properties. During the fiscal years ended October 31, 2014 and 2013, respectively, the Company re-paid \$58.8 million and \$40.7 million on its Facility with proceeds from a combination of non-recourse mortgage financings, Class A Common stock and preferred stock offerings and available cash.

In November 2014, the Company entered into a commitment with a lender to place a \$62.7 million non-recourse first mortgage loan that now encumbers the retail properties that the Company purchased in December 2014. In conjunction with the commitment, the Company deposited \$628,000 with the lender, which is included in prepaid expenses and other assets at October 31, 2014. The mortgage loan requires monthly payments of principal and interest in the amount of \$294,000 at a fixed interest rate of 3.85% per annum. The mortgage matures in January 2027. Proceeds from the mortgage were used to repay the Facility. The Company completed the mortgage financing in December of 2014.

During fiscal 2014, the Company, through a wholly owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the Boonton property at its estimated fair value of \$7.8 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 4.2% per annum. The mortgage matures in September 2022.

During fiscal 2014, the Company, through a wholly owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the Bloomfield property at its estimated fair value of \$7.7 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 5.5% per annum. The mortgage matures in August 2016.

During fiscal 2014, the Company, through a wholly owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the McLean Plaza property at its estimated fair value of \$2.8 million. The mortgage matured in November 2014 and was refinanced with a new lender. The new \$5 million mortgage matures in November 2024 and requires monthly payments of interest only at a fixed rate of interest of 3.7% per annum.

During fiscal 2014, the Company, through a wholly owned subsidiary, placed a non-recourse first mortgage loan encumbering the Greenwich properties in the amount of \$24.5 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 4.07% per annum. The mortgage matures in November 2024. Proceeds from the mortgage were used to repay the Facility.

During fiscal 2014, the Company refinanced a non-recourse mortgage loan encumbering one of its retail properties in the amount of \$16.2 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 3.995% per annum. The mortgage matures in August 2024. The interest rate prior to refinancing was 6.66%

During fiscal 2013, the Company, through a wholly owned subsidiary, assumed an existing first mortgage loan encumbering the Post Road properties at its estimated fair value of \$8.3 million. The mortgage loan requires monthly

payments of principal and interest at a fixed rate of 4.0% per annum. The mortgage matures in August 2016.

During fiscal 2013, the Company, through a wholly owned subsidiary, assumed a first mortgage loan encumbering the New Providence property at its estimated fair value of \$21.3 million. The mortgage loan requires monthly payments of principal and interest at the fixed rate of 4.0% per annum. The mortgage matures in January 2022.

In June of fiscal 2013, the Company repaid, at maturity, its first mortgage payable secured by its Veteran's Plaza property in the amount of \$3.2 million.

During fiscal 2012, the Company, through a wholly owned subsidiary, assumed a first mortgage payable secured by its Eastchester Plaza property with an estimated fair value of approximately \$3.6 million. The mortgage matured in April 2012 and was repaid.

During fiscal 2012, the Company assumed a first mortgage payable in the amount of \$7.4 million in conjunction with its investment in Orangeburg. The loan requires payments of principal and interest at a fair market value interest rate of 2.04% (6.19% contractual rate). Subsequent to the assumption, Orangeburg extended the loan with the current lender for an additional 5 years, leaving all terms unchanged, except the interest rate was adjusted to a fixed rate of 2.78%. The loan now matures in October 2017. The operating agreement for Orangeburg requires that the loan be refinanced and not repaid at maturity.

In February 2012, the Company borrowed \$28.0 million by placing a non-recourse first mortgage on its Dock Property. The loan is for a term of ten years and will require payments of principal and interest based on a 30-year amortization schedule at the fixed interest rate of 4.85%.

In October 2012, the Company repaid, at maturity, its first mortgage payable secured by its New Milford Property in the amount of \$8.3 million.

In August 2012, a wholly owned subsidiary of the Company completed the installation of a solar power system (the "Ferry System") at the Company's Ferry Plaza Shopping Center in Newark, New Jersey at a total cost of approximately \$1.7 million. The subsidiary financed a portion of the project with a loan in the amount of \$1.1 million from The Public Service Electric and Gas Company of New Jersey ("PSE&G"), through PSE&G's "Solar Loan Program II." The loan requires monthly payments of principal and interest at 11.3% per annum through its maturity date of August 31, 2027. The subsidiary has the option of repaying all or part of the PSE&G loan, including interest, with Solar Renewable Energy Credits ("SREC's") that are expected to be generated by the Ferry System. The remaining cost of the Ferry System was funded by a renewable energy grant from the federal government.

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

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. Mortgage notes payable and other loans in the amount of \$205.1 million consist of fixed rate mortgage loan indebtedness with a weighted average interest rate of 4.8% at October 31, 2014. The mortgage loans are secured by 19 properties with a net book value of \$333 million and have fixed rates of interest ranging from 2.8% to 11.3%. The Company made principal payments of \$20.3 million

(including the refinancing of a \$16.2 million mortgage in fiscal 2014) compared with \$6.6 million (including the repayment of \$3.2 million in mortgages that matured) in fiscal 2013 compared with \$15.0 million (including the repayment of \$11.8 million in mortgages that matured) in fiscal 2012. 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 re-financings can be achieved.

Contractual Obligations

The Company's contractual payment obligations as of October 31, 2014 were as follows (amounts in thousands):

	Payments Due by Period						There- after
	Total	2015	2016	2017	2018	2019	
Mortgage notes payable	\$205,147	\$11,844	\$19,281	\$53,777	\$3,178	\$29,719	\$87,348
Interest on mortgage notes payable	42,821	10,445	9,890	7,213	6,261	5,441	3,571
Revolving Credit Lines	15,550	—	15,550	—	—	—	—
Unsecured Term Loan	25,000	25,000	—	—	—	—	—
Tenant obligations*	3,899	3,899	—	—	—	—	—
Total Contractual Obligations	<u>\$292,417</u>	<u>\$51,188</u>	<u>\$44,721</u>	<u>\$60,990</u>	<u>\$9,439</u>	<u>\$35,160</u>	<u>\$90,919</u>

*Committed tenant-related obligations based on executed leases as of October 31, 2014.

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

The Company has seven off-balance sheet investments in real property including a 66.67% equity interest in the Putnam Plaza Shopping Center, an 11.642% equity interest in the Midway Shopping Center L.P., a 50% equity interest in the Chestnut Ridge Shopping Center and Plaza 59 Shopping Centers, a 50% equity interest in the Gateway Plaza Shopping Center and the Riverhead Applebee's Plaza and a 20% economic interest in a partnership that owns a primarily retail real estate investment. These unconsolidated joint ventures are accounted for under the equity method of accounting as we have the ability to exercise significant influence over, but not control of, the operating and financial decisions of these investments. Our

off-balance sheet arrangements are more fully discussed in Note 6, "Investments in and Advances to Unconsolidated Joint Ventures" in the Company's financial statements in this report.

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 fiscal 2014, the Company paid approximately \$19.3 million for property improvements, tenant improvement and leasing commission costs. The amount of these expenditures was slightly higher than normal in fiscal 2014 as the Company was re-tenanting two properties, which re-tenanting required more capital disbursement than the Company's norm. The Company does not anticipate this type of expenditure to be recurring. The amounts of these expenditures can vary significantly depending on tenant negotiations, market conditions and rental rates. The Company expects to incur approximately \$3.9 million for anticipated capital and tenant improvements and leasing

costs in fiscal 2015. These expenditures are expected to be funded from operating cash flows or bank borrowings.

Acquisitions and Significant Property Transactions

The Company seeks to acquire properties which are primarily shopping centers located in the northeastern part of the United States with a concentration in the metropolitan New York tri-state area outside of the City of New York.

Properties under contract to purchase

In September 2014, the Company entered into a contract to purchase, for \$124.6 million, four retail properties totaling approximately 375,000 square feet located in northern New Jersey (“Retail Properties”). The Company completed the purchase in December 2014. The Company funded the acquisition with a combination of available cash remaining from the sale of Class A Common Stock and the sale of its Series G Preferred Stock, borrowings under its Facility and a non-recourse mortgage secured by the subject property (see “Financings and Debt” in this report).

Completed acquisitions

In October 2014, the Company, through a wholly owned subsidiary, acquired a 51% interest in McLean Plaza Associates for a net investment of \$6.2 million. McLean Plaza’s sole asset is a grocery anchored shopping center located in Yonkers, NY. McLean Plaza is encumbered by a first mortgage payable in the amount of \$2.8 million. Subsequent to year end the mortgage encumbering McLean Plaza was refinanced. The new loan in the amount of \$5 million has a term of ten years and requires payments of interest only at the fixed rate of 3.7%.

In August 2014, the Company, through a wholly owned subsidiary, purchased for \$47.4 million two retail properties totaling 88,000 square feet located in Greenwich, CT. The Company funded the acquisition with a combination of available cash, borrowings under its Facility, other unsecured borrowings and a non-recourse mortgage secured by the subject property.

In January 2014, the Company, through a wholly owned subsidiary, purchased for \$9 million a 31,000 square foot retail shopping center located in Bethel, CT. The Company funded the equity needed to complete the purchase with proceeds from the sale of its two non-core properties in December 2013.

In December 2013, the Company, through a wholly owned subsidiary, purchased for \$18.4 million a 63,000 square foot retail shopping center located in Boonton, NJ. The acquisition required the assumption of an existing mortgage in the amount of \$7.8 million. The mortgage loan requires monthly payments of principal and interest at a

fixed rate of 4.2% per annum. The mortgage matures in September 2022. The Company funded the equity needed to complete the purchase with borrowings under its Facility.

In December 2013, the Company, through a wholly owned subsidiary, purchased for \$11.0 million a 56,000 square foot retail shopping center located in Bloomfield, NJ. The acquisition required the assumption of an existing mortgage in the amount of \$7.7 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 5.5% per annum. The mortgage matures in August 2016. The Company funded the equity needed to complete the purchase with borrowings under its Facility.

In May 2013, the Company, through a wholly owned subsidiary, purchased two retail properties located in Greenwich, CT, with a combined GLA totaling 24,000 square feet, for \$18 million. In conjunction with the purchase, the Company assumed an existing first mortgage loan encumbering the properties at its estimated fair value of \$8.3 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 4.0% per annum. The mortgage matures in August 2016. The Company funded the remaining equity needed to complete the purchase with proceeds from its Class A Common Stock and Series F Preferred Stock offerings completed in October 2012.

In May 2013, the Company, through a wholly owned subsidiary, purchased a 107,000 square foot retail shopping center located in New Providence, New Jersey for \$34.9 million. In connection with the purchase, the Company assumed a first mortgage loan encumbering the property at its estimated fair value of \$21.3 million. The mortgage loan requires monthly payments of principal and interest at the fixed rate of 4.0% per annum. The mortgage matures in January 2022. The Company funded the remaining equity needed to complete the purchase with proceeds from its Class A Common Stock and Series F Preferred Stock offerings completed in October 2012.

In January and March 2013, the Company purchased six free standing net leased properties located in the Company’s core marketplace with a combined GLA of 20,200 square feet. The gross purchase price of the six properties was \$7.8 million. The Company funded the equity with proceeds from its Class A Common Stock and Series F Preferred Stock offerings completed in October 2012.

In March 2012, the Company acquired an approximate 2% interest in Orangeburg, a newly formed limited liability company in which the Company is the sole managing member. Orangeburg acquired, by contribution, a 74,000 square foot shopping center in Orangeburg, New York, at its estimated fair value of \$16.0 million and the assumption

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

of an existing first mortgage loan on the property at its estimated fair value of \$7.4 million bearing interest at a fixed rate of 2.04% (6.19% contractual rate). The Company's net investment in Orangeburg amounted to \$186,000. The other member (non-managing) of Orangeburg is the prior owner of the contributed property who, in exchange for contributing the net assets of the property, received units of Orangeburg equal to the value of the contributed property less the value of the assigned first mortgage payable. The Orangeburg operating agreement provides for the non-managing member to receive an annual cash distribution equal to the regular quarterly cash distribution declared by the Company for one share of the Company's Class A Common stock for each unit of Orangeburg ownership. The annual cash distribution will be paid from available cash, as defined, of Orangeburg. Upon liquidation, proceeds from the sale of Orangeburg assets are to be distributed in accordance with operating agreement. Orangeburg has a defined termination date of December 31, 2097. Since the purchase of this investment the Company has made additional investments in the amount of \$1.7 million in Orangeburg, and as a result, as of October 31, 2014 its ownership percentage has increased from 2% to 21.7%.

In December 2012, subsidiaries of the Company purchased two suburban office buildings located in the Company's core marketplace with a combined GLA of 23,500 square feet. The gross purchase price of the two properties was \$6.5 million. The Company funded its equity to complete the purchase with proceeds from its Class A Common Stock and Series F Preferred Stock offerings completed in October 2012.

In December 2011 (fiscal 2012), a subsidiary of the Company acquired the Eastchester Plaza Shopping Center ("Eastchester") in the Town of Eastchester, Westchester County, New York for a purchase price of \$9 million. In connection with the purchase, the Company assumed a first mortgage encumbering the property at its estimated fair value of \$3.6 million. The mortgage matured in April 2012 and was repaid. The remaining equity needed to complete the acquisition was funded with available cash and borrowings on the Company's Facility.

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 years.

In December 2013, the Company sold its remaining two non-core properties and realized a gain on sale of \$12.5 million and reinvested the proceeds from the sale into commercial real estate located in its core marketplace.

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 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 us may not be comparable to similarly titled items reported by other real estate investment trusts due to possible differences in the application of the NAREIT definition used by such REITs. The table below provides a reconciliation of net income applicable to Common and Class A Common Stockholders in accordance with GAAP to FFO for each of the three years in the period ended October 31, 2014 (amounts in thousands):

	Year Ended October 31,		
	2014	2013	2012
Net Income Applicable to Common and Class A Common Stockholders	\$ 49,469	\$10,613	\$ 12,966
Real property depreciation	15,020	14,147	13,277
Amortization of tenant improvements and allowances	3,298	2,957	2,875
Amortization of deferred leasing costs	520	593	426
Depreciation and amortization on discontinued operations	341	47	84
Depreciation and amortization on unconsolidated joint ventures	1,255	974	911
(Gain)/loss on sale of properties	(36,871)	175	88
Funds from Operations Applicable to Common and Class A Common Stockholders	\$ 33,032	\$ 29,506	\$ 30,627
Net Cash Provided by (Used in):			
Operating Activities	\$ 50,915	\$ 50,952	\$ 52,504
Investing Activities	\$(54,624)	\$(49,631)	\$(10,778)
Financing Activities	\$ 73,793	\$(76,468)	\$ 31,837

FFO amounted to \$33.0 million in fiscal 2014 compared to \$29.5 million in fiscal 2013 and \$30.6 million in fiscal 2012. The change in FFO was predominantly attributable to: a) the Company incurring \$4.2 million in one-time preferred stock redemption charges in fiscal 2013 versus only \$1.87 million in fiscal 2014; b) a decrease of \$1.1 million in preferred stock dividends in fiscal 2014 mainly the result of the Company issuing a new preferred stock series in October 2012 in

advance of being able to redeem its Series C Preferred Stock series in fiscal 2013; and c) the additional net operating income related to the Company's acquisitions in fiscal 2013 and fiscal 2014 in excess of the financing cost of that capital.

The net decrease in FFO in fiscal 2013, when compared with fiscal 2012 was predominantly attributable, among other things, to: a) the Company incurring \$4.2 million in one-time preferred stock redemption charges in fiscal 2013 versus only \$2.0 million in fiscal 2012; b) an increase of \$1.7 million in preferred stock dividends mainly the result of the Company issuing a new preferred stock series in October 2012 in advance of being able to redeem its Series C Preferred Stock series; and c) a \$666,000 increase in general and administration expense, primarily the result of increased compensation and benefits related to additional staffing, and an increase in restricted stock amortization as a result of new tranches of shares being valued at a considerably higher stock price than fully amortized tranches, and an increase in legal fees relating to its redemption of its Series C Cumulative Preferred Stock in May of 2013; offset by: d) an increase from the net operating income (including investments accounted for by the equity method of accounting) relating to property acquisitions in the second half of fiscal 2012 and fiscal 2013; e) an increase in interest, dividends and other investment income as a result of the Company investing, at the beginning of fiscal 2013, approximately \$27 million of proceeds from its completed stock offerings in October 2012 in fixed income marketable securities; and f) the Company recording a gain on sale of marketable securities in the amount of \$1.5 million that was realized when the Company sold the above mentioned marketable securities in fiscal 2013.

RESULTS OF OPERATIONS

Fiscal 2014 vs. Fiscal 2013

The following information summarizes the Company's results of operations for the years ended October 31, 2014 and 2013 (amounts in thousands):

	Year Ended October 31,				Change Attributable to:	
	2014	2013	Increase (Decrease)	% Change	Property Acquisitions/ Sales	Properties Held In Both Periods (Note 1)
Revenues						
Base rents	\$75,099	\$70,052	\$ 5,047	7.2%	\$4,753	\$ 294
Recoveries from tenants	24,947	22,594	2,353	10.4%	1,934	419
Other income	2,099	2,343	(244)	(10.4)%	77	(321)
Operating Expenses						
Property operating	18,926	17,471	1,455	8.3%	1,260	195
Property taxes	16,997	15,524	1,473	9.5%	1,029	444
Depreciation and amortization	19,249	17,769	1,480	8.3%	1,235	245
General and administrative	8,016	8,211	(195)	(2.4)%	n/a	n/a
Non-Operating Income/Expense						
Interest expense	10,235	9,094	1,141	12.5%	1,277	(136)
Interest, dividends, and other investment income	134	1,345	(1,211)	(90.0)%	n/a	n/a

Note 1—Properties held in both periods includes only properties owned for the entire periods of 2014 and 2013. All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

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

Revenues:

Base rents increased by 7.2% to \$75.1 million in fiscal 2014 as compared with \$70.1 million in the comparable period of 2013. The increase in base rents and the changes in other income statement line items were attributable to:

Property Acquisitions and Properties Sold:

In fiscal 2013 and fiscal 2014, the Company purchased 17 properties totaling approximately 475,000 square feet of GLA. These properties accounted for all of the revenue and expense changes attributable to property acquisitions during fiscal 2014 when compared with 2013. The Company also sold two properties in fiscal 2014 that are included in continuing operations, the revenues and expense changes for these two properties are also included in this column. In addition, the Company purchased a 50% equity interest in two other properties that it accounts for under the equity method of accounting. These two properties are not included in any of the variance analysis presented above.

Properties Held in Both Periods:

The net increase in base rents for properties held during the entire period of fiscal 2014 and fiscal 2013 was a result of the leasing of vacant space in our portfolio in excess of new vacancies. In fiscal 2014, we increased the lease rate at the Meriden property by 25% and those new leases began to generate cash flow at various points throughout fiscal 2014. The new leases at Meriden provided an additional \$440,000 in base rental revenue in fiscal 2014.

In fiscal 2014, the Company leased or renewed approximately 552,000 square feet (or approximately 14.6% of total consolidated property leasable area) at a combined average per square foot increase of 0.48%. At October 31, 2014, the Company's core properties were approximately 94.8% leased, an increase of 1.54% from the end of fiscal 2013. The above percentages exclude the Company's White Plains property. In November 2014, the Company obtained a zoning change from the City of White Plains that will allow this property to be converted to a higher and better use. On this basis, the Company is maintaining vacancies to make potential redevelopment possible.

For the fiscal year ended October 31, 2014, recoveries from tenants for properties owned in both periods (which represent reimbursements from tenants for operating expenses and property taxes) increased by a net \$419,000.

This net increase was a result of higher operating expenses at its properties held in both periods due predominantly to an increase in expenses relating to snow removal; this increase was partially offset by a decrease in parking lot and building repairs.

Interest, dividends and other investment income decreased in the fiscal year ended October 31, 2014 when compared to the corresponding period in the prior year by \$1.2 million, predominantly as a result of the Company investing approximately \$27 million of the proceeds from its two equity offerings completed in October 2012 in income producing securities for the first six months of fiscal 2013, these securities were sold in May 2013 and the proceeds were invested into investment properties.

Expenses:

Property operating expenses for properties held in both fiscal year 2014 and 2013 increased by \$195,000 as a result of an increase in expenses relating to snow removal. This increase was partially offset by a decrease in parking lot and building repairs.

Real estate taxes for properties in both fiscal year 2014 and 2013 increased by \$444,000 as a result of normal tax assessment increases at some of our properties.

Interest expense for properties held in the fiscal year ended October 31, 2014 when compared to the corresponding prior period decreased by \$136,000 as a result of the normal amortization payments and the reduction of interest caused by the refinancing of a \$16 million mortgage on our Arcadian shopping center in August. The new mortgage reduced the interest rate to 3.995% from 6.66%.

Depreciation and amortization expense from properties held in the fiscal year ended October 31, 2014 when compared to the corresponding prior period increased by \$245,000 as a result of an increase in capital improvements on properties held in both periods, most notably our Townline Square Center in Meriden, CT. That center was in the process of being re-tenanted, which included increased tenant improvement costs and additional capital improvements on the property.

General and administrative expenses were relatively unchanged in fiscal 2014 when compared with fiscal 2013.

Fiscal 2013 vs. Fiscal 2012

The following information summarizes the Company's results of operations for the years ended October 31, 2013 and 2012 (amounts in thousands):

	Year Ended October 31,		Change Attributable to:			
	2013	2012	Increase (Decrease)	% Change	Property Acquisitions/ Sales	Properties Held In Both Periods (Note 2)
Revenues						
Base rents	\$70,052	\$67,543	\$2,509	3.7%	\$2,623	\$ (114)
Recoveries from tenants	22,594	20,603	1,991	9.7%	595	1,396
Other income	2,343	2,160	183	8.5%	(134)	317
Operating Expenses						
Property operating	17,471	14,200	3,271	23.0%	488	2,783
Property taxes	15,524	15,114	410	2.7%	513	(103)
Depreciation and amortization	17,769	16,637	1,132	6.8%	801	331
General and administrative	8,211	7,545	666	8.8%	n/a	n/a
Non-Operating Income/Expense						
Interest expense	9,094	9,148	(54)	(0.6)%	620	(674)
Interest, dividends, and other investment income	1,345	892	453	50.8%	n/a	n/a

Note 2—Properties held in both periods includes only properties owned for the entire periods of 2013 and 2012. All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

Revenues:

Base rents increased by 3.7% to \$70.1 million in fiscal 2013 as compared with \$67.5 million in the comparable period of 2012. The increase in base rents and the changes in other income statement line items were attributable to:

Property Acquisitions:

In fiscal 2012 and fiscal 2013, the Company purchased eleven properties totaling approximately 177,000 square feet of GLA. These properties accounted for all of the revenue and expense changes attributable to property acquisitions during fiscal 2013 when compared with fiscal 2012. In addition, the Company purchased a 50% equity interest in two other properties that it accounts for under the equity method of accounting. These two properties are not included in any of the variance analysis presented above.

Properties Held in Both Periods:

The net decrease in base rents for properties held during fiscal 2013 when compared to the same period in fiscal 2012 was a result of a decrease in straight-line rent in the amount of \$593,000, which is included in base rent in the consolidated statement of income. Actual base rents billed to tenants for properties held in the fiscal year ended 2013 when compared with the corresponding prior period increased by \$430,000 as result of normal rent increases in the portfolio and the base rent additions caused by new leasing in excess of tenant vacancies.

In fiscal 2013, the Company leased or renewed approximately 1.23 million square feet (or approximately 26.7% of total consolidated property leasable area) at a combined average per square foot increase of 0.79%.

For the fiscal year ended October 31, 2013, recoveries from tenants for properties owned in both periods (which represent reimbursements from tenants for operating expenses and property taxes) increased by a net \$1.4 million. This net increase was a result of higher operating expenses at its properties held in both periods due predominantly to an increase in expenses relating to parking lots, building roofs and building repairs.

Interest, dividends and other investment income increased in the fiscal year ended October 31, 2013 when compared to the corresponding period in the prior year by \$453,000, predominantly as a result of the Company investing approximately \$27 million of the proceeds from its two equity offerings completed in October 2012 in income producing securities for the first six months of fiscal 2013.

Expenses:

Property operating expenses for properties held in both fiscal year 2013 and 2012 increased by \$2.78 million as a result of an increase in expenses relating to parking lots, building roofs and building repairs.

Real estate taxes for properties held in both periods were relatively unchanged.

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

Interest expense for properties held in the fiscal year ended October 31, 2013 when compared to the corresponding prior period decreased by \$674,000 as a result of the Company having \$22 million outstanding on its unsecured line of credit in last year's second and third quarter and no borrowings in this year's first and second quarter, only \$4 million outstanding through three quarters, and \$9.25 million outstanding at October 31, 2013, coupled with the Company repaying one mortgage in fiscal 2013 when that mortgage matured.

Depreciation and amortization expense from properties held in the fiscal year ended October 31, 2013 when compared to the corresponding prior period increased by \$331,000 as a result of some tenant improvement write-offs for tenants that vacated their spaces before lease expiration.

General and administrative expenses increased by \$666,000 in fiscal 2013 when compared to fiscal 2012, primarily due to an increase in compensation costs related to an increase in staffing and restricted stock amortization on new tranches of stock grants being valued at higher stock prices than fully amortized tranches of stock grants and an increase in legal costs related to the Company redeeming its Series C Cumulative Preferred Stock in May of fiscal 2013.

Lease Rollovers

For the fiscal year ended 2014, we signed leases for a total of 552,000 square feet of retail space in our consolidated core portfolio. New leases for vacant spaces were signed for 178,000 square feet at an average rental decrease of 1.54% on a cash basis, excluding 13,400 square feet of new leases for which there was no prior rent history available. Renewals for 361,000 square feet of space previously occupied were signed at an average rental increase of 1.69% on a cash basis.

Tenant improvements averaged \$25.43 per square foot for new leases and \$12.80 per square foot for renewals for the fiscal year ended October 31, 2014. The average term for new leases was 7.1 years and the average term for renewal leases was 3 years.

The rental increases/decreases associated with new and renewal leases generally include all leases signed in arms-length transactions reflecting market leverage between landlords and tenants during the period. The comparison between average rent for expiring leases and new leases is determined by including minimum rent paid on the expiring lease and minimum rent to be paid on the new lease in the first year. In some instances, management exercises judgment as to how to most effectively reflect

the comparability of spaces reported in this calculation. The change in rental income on comparable space leases is impacted by numerous factors including current market rates, location, individual tenant creditworthiness, use of space, market conditions when the expiring lease was signed, the age of the expiring lease, capital investment made in the space and the specific lease structure. Tenant improvements include the total dollars committed for the improvement (fit-out) of a space as it relates to a specific lease but may also include base building costs (i.e. expansion, escalators or new entrances) which are required to make the space leasable. Incentives (if applicable) include amounts paid to tenants as an inducement to sign a lease that do not represent building improvements.

The leases signed in 2014 generally become effective over the following one to two years. There is risk that some new tenants will not ultimately take possession of their space and that tenants for both new and renewal leases may not pay all of their contractual rent due to operating, financing or other matters. However, these increases/decreases do provide information about the tenant/landlord relationship and the potential increase we may achieve in rental income over time.

In 2015, we believe our leasing volume will be in-line with our historical averages with overall positive increases in rental income for new leases and flat to slightly positive increases for renewal leases. However, changes in rental income associated with individual signed leases on comparable spaces may be positive or negative, and we can provide no assurance that the rents on new leases will continue to increase at the above described levels, if at all.

Property Held for Sale and Discontinued Operations

The Company has early adopted FASB Accounting Standards Update No. 2014-08, "Presentation of Financial Statements (ASC Topic 205) and Property, Plant, and Equipment (ASC Topic 360)" (together, "ASU 2014-08"), which change the requirements for reporting discontinued operations in accordance with ASC Topic 205-20. As a result of this update, beginning in April 2014, the Company no longer classifies individual properties that have been sold or are classified as held for sale as discontinued operations in the consolidated statement of income if the removal, or anticipated removal, of the asset(s) from the reporting entity does not represent a strategic shift that has or will have a major effect on an entity's operations and financial results when disposed of. ASU 2014-08 requires previously reported assets that qualified for discontinued operations reporting to continue to be reported in that manner.

In April 2014, the Company reached a decision to actively market for sale one of its properties located in Springfield, MA as that property no longer met the Company's investment objectives. The property was sold in September 2014 for \$31 million and the Company realized a gain on sale of property of \$24.3 million. In accordance with ASU 2014-08, the revenue, expenses and gain on sale of the property are not included in discontinued operations. The net book value of the Springfield asset at October 31, 2013 was insignificant to financial statement presentation and as a result the Company did not include the asset as held for sale in accordance with ASC 360-10-45.

The operating results of the Springfield property which are included in the continuing operations were as follows (amounts in thousands):

	For Year Ended October 31,		
	2014	2013	2012
Revenues	\$ 3,805	\$ 4,239	\$ 4,185
Property operating expense	(1,780)	(1,764)	(1,524)
Depreciation and amortization	(341)	(653)	(645)
Net Income	<u>\$ 1,684</u>	<u>\$ 1,822</u>	<u>\$ 2,016</u>

In December 2013, prior to the adoption of ASU 2014-08, the Company sold its two distribution service facilities in its non-core portfolio and one core property for \$18.1 million, resulting in a gain on sale of properties of \$12.5 million. In accordance with ASC 360 and 205 the operating results of the distribution service facilities are shown as discontinued operations on the consolidated statements of income for fiscal years ended October 31, 2014, 2013 and 2012. The operating results of the other property were insignificant to financial statement presentation and are not shown as discontinued operations. The net book value of the two distribution service facilities and the one core property at October 31, 2013 are insignificant to financial statement presentation and as a result the Company will not include the assets as held for sale in accordance with ASC 360-10-45.

The combined operating results for the distribution service facilities have been reclassified as discontinued operations in the accompanying consolidated statements of income. The following table summarizes revenues and expenses for the Company's discontinued operations (amounts in thousands):

	For The Year Ended October 31,		
	2014	2013	2012
Revenues	\$141	\$1,356	\$1,565
Property operating expense	—	—	(3)
Depreciation and amortization	—	(48)	(84)
Income from discontinued operations	<u>\$141</u>	<u>\$1,308</u>	<u>\$1,478</u>

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 could adversely affect the Company's financial condition and results of operations.

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, 2014. 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 (2013). Based on its assessment, management determined that the Company's internal control over financial reporting was effective as of October 31, 2014. The Company's independent registered public accounting firm, PKF O'Connor Davies, a division of O'Connor Davies, LLP, has audited the effectiveness of the Company's internal control over financial reporting, as indicated in their attestation report which is included on the following page.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited Urstadt Biddle Properties Inc.'s internal control over financial reporting as of October 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission-("COSO") (2013 Framework). 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, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on 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, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated 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, Urstadt Biddle Properties Inc. maintained, in all material respects, effective internal control over financial reporting as of October 31, 2014 based on criteria established in Internal Control—Integrated Framework issued by COSO (2013 Framework).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Urstadt Biddle Properties Inc. as of October 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended October 31, 2014 and our report dated January 12, 2015 expressed an unqualified opinion thereon.

New York, New York
January 12, 2015

PKF O'Connor Davies
a division of O'Connor Davies, LLP

TAX STATUS

The following tables set forth the dividends declared per Common share and Class A Common share and tax status for Federal income tax purposes of the dividends paid during the fiscal years ended October 31, 2014 and 2013:

Dividend Payment Date	Common Shares				Class A Common Shares			
	Gross Dividend Paid Per Share	Ordinary Income	Capital Gain	Non-Taxable Portion	Gross Dividend Paid Per Share	Ordinary Income	Capital Gain	Non-Taxable Portion
January 17, 2014	\$.225	\$.108	\$.031	\$.086	\$.2525	\$.12125	\$.035	\$.09625
April 17, 2014	\$.225	\$.108	\$.031	\$.086	\$.2525	\$.12125	\$.035	\$.09625
July 18, 2014	\$.225	\$.108	\$.031	\$.086	\$.2525	\$.12125	\$.035	\$.09625
October 17, 2014	<u>\$.225</u>	<u>\$.108</u>	<u>\$.031</u>	<u>\$.086</u>	<u>\$.2525</u>	<u>\$.12125</u>	<u>\$.035</u>	<u>\$.09625</u>
	<u>\$.90</u>	<u>\$.432</u>	<u>\$.124</u>	<u>\$.344</u>	<u>\$ 1.01</u>	<u>\$.485</u>	<u>\$.140</u>	<u>\$.385</u>

Dividend Payment Date	Common Shares				Class A Common Shares			
	Gross Dividend Paid Per Share	Ordinary Income	Capital Gain	Non-Taxable Portion	Gross Dividend Paid Per Share	Ordinary Income	Capital Gain	Non-Taxable Portion
January 18, 2013	\$.225	\$.108	\$.014	\$.103	\$.25	\$.12	\$.016	\$.114
April 19, 2013	\$.225	\$.108	\$.014	\$.103	\$.25	\$.12	\$.016	\$.114
July 19, 2013	\$.225	\$.108	\$.014	\$.103	\$.25	\$.12	\$.016	\$.114
October 18, 2013	<u>\$.225</u>	<u>\$.108</u>	<u>\$.014</u>	<u>\$.103</u>	<u>\$.25</u>	<u>\$.12</u>	<u>\$.016</u>	<u>\$.114</u>
	<u>\$.90</u>	<u>\$.432</u>	<u>\$.056</u>	<u>\$.412</u>	<u>\$ 1.00</u>	<u>\$.48</u>	<u>\$.064</u>	<u>\$.456</u>

The Company has paid quarterly dividends since it commenced operations as a real estate investment trust in 1969. During the fiscal year ended October 31, 2014, the Company made distributions to stockholders aggregating \$0.90 per Common share and \$1.01 per Class A Common share. On December 11, 2014, the Company's Board of Directors approved the payment of a quarterly dividend payable January 16, 2015 to stockholders of record on January 5, 2015. The quarterly dividend rates were declared in the amounts of \$0.2250 per Common share and \$0.255 per Class A Common share.

MARKET PRICE RANGES

Shares of Common Stock and Class A Common Stock of the Company are traded on the New York Stock Exchange under the symbols “UBP” and “UBA,” respectively. The following table sets forth the high and low closing sales prices for the Company’s Common Stock and Class A Common Stock during the fiscal years ended October 31, 2014 and 2013 as reported on the New York Stock Exchange:

	<u>Fiscal Year Ended</u> <u>October 31, 2014</u>		<u>Fiscal Year Ended</u> <u>October 31, 2013</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<u>Common shares:</u>				
First Quarter	\$15.39	\$16.39	\$17.48	\$18.72
Second Quarter	\$15.64	\$17.99	\$18.29	\$19.60
Third Quarter	\$17.28	\$18.44	\$17.52	\$20.13
Fourth Quarter	\$16.90	\$18.65	\$16.27	\$19.00
<u>Class A Common shares:</u>				
First Quarter	\$18.13	\$19.64	\$18.12	\$20.25
Second Quarter	\$18.45	\$20.96	\$20.24	\$22.27
Third Quarter	\$20.04	\$21.48	\$19.75	\$23.05
Fourth Quarter	\$19.88	\$22.08	\$18.91	\$21.46

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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.

The following table sets forth the Company’s long-term debt obligations by principal cash payments and maturity dates, weighted average fixed interest rates and estimated fair value at October 31, 2014 (amounts in thousands, except weighted average interest rate):

	<u>For the years ended October 31,</u>							<u>Estimated</u> <u>Fair Value</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Thereafter</u>	<u>Total</u>	
Mortgage notes payable	\$11,844	\$19,281	\$53,777	\$3,178	\$29,719	\$87,348	\$205,147	\$205,675
Weighted average interest rate for debt maturing	4.62%	4.75%	5.17%	n/a	6.11%	4.42%		

October 31, 2014, the Company had \$40.6 million in outstanding variable rate debt (based on LIBOR). If LIBOR were to increase or decrease by 1%, the Company’s interest expense would increase or decrease by approximately \$406,000.

The Company believes that its weighted average fixed interest rate of 4.8% on its debt is not materially different from current market interest rates for debt instruments with similar risks and maturities.

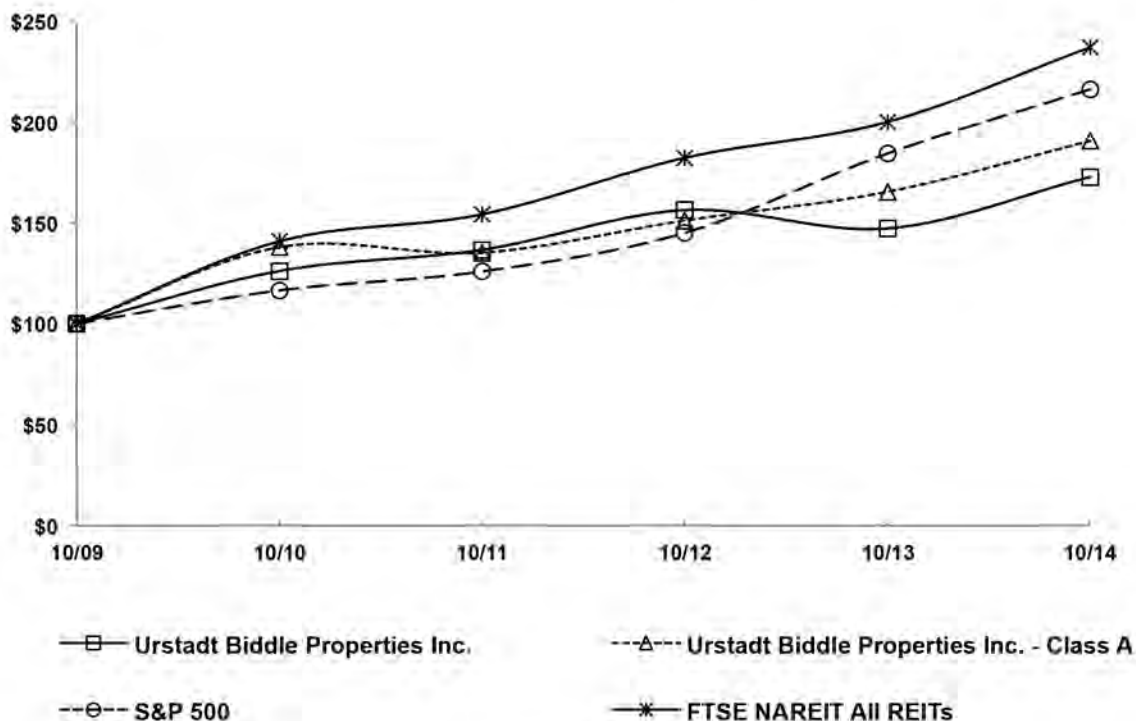
The Company may enter into certain types of derivative financial instruments to reduce exposure to interest rate risk. The Company uses interest rate swap agreements, for example, to convert some of its variable rate debt to a fixed-rate basis. As of October 31, 2014, the Company has four open derivative financial instruments. These interest rate swaps are cross collateralized with three mortgages on properties in Rye, NY and one property in Ossining, NY. The Rye swaps expire in October 2019 and the Ossining swap expires in October 2024, concurrent with the maturity of the respective mortgages.

PERFORMANCE GRAPH

The following graph compares, for the five-year period beginning October 31, 2009 and ended October 31, 2014, the Company's cumulative total return to holders of the Company's Class A Common Shares and Common Shares with the returns for the NAREIT All—REITs Total Return Index (a peer group index) published by the National Association of Real Estate Investment Trusts (NAREIT) and for the S&P 500 Index for the same period.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Urstadt Biddle Properties Inc., the S&P 500 Index
and the FTSE NAREIT All REITs Index



*\$100 invested on 10/31/09 in stock or index, including reinvestment of dividends. Fiscal year ending October 31.

	10/09	10/10	10/11	10/12	10/13	10/14
Urstadt Biddle Properties Inc.	100.00	126.15	136.68	156.40	147.28	172.89
Urstadt Biddle Properties Inc.—Class A	100.00	137.97	135.29	151.23	165.52	190.76
S&P 500	100.00	116.52	125.94	145.09	184.52	216.39
FTSE NAREIT All REITs	100.00	140.88	154.30	182.36	200.20	237.27

The stock price performance shown on the graph is not necessarily indicative of future price performance.

DIRECTORS

CHARLES J. URSTADT
Chairman
Urstadt Biddle Properties Inc.

KEVIN J. BANNON
Managing Director
Highmount Capital LLC

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

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

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

CATHERINE U. BIDDLE
Executive Vice President
Urstadt Property Company, Inc.

RICHARD GRELLIER
Managing Director
Deutsche Bank Securities Inc.

CHARLES D. URSTADT
President
CD Property Brokerage and
Consulting LLC

WILLING L. BIDDLE
President and
Chief Executive Officer
Urstadt Biddle Properties Inc.

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

Officers

CHARLES J. URSTADT
Chairman

JAMES M. ARIES
Senior Vice President
Acquisitions

JACKIE PERLA
Vice President
Leasing

JANINE IAROSSI
Assistant Vice President
Insurance and Benefit
Administrator

WILLING L. BIDDLE
President and
Chief Executive Officer

JOHN CANNON
Senior Vice President
Management and Construction

ANDREW ALBRECHT
Assistant Vice President
Management and Construction

DANIEL LOGUE
Assistant Vice President
Management and Construction

THOMAS D. MYERS
Executive Vice President,
Chief Legal Officer and
Secretary

LINDA LACEY
Senior Vice President
Leasing

HEIDI BRAMANTE
Assistant Vice President
Assistant Controller

SUZANNE MOORE
Assistant Vice President
Billing Manager

JOHN T. HAYES
Senior Vice President,
Chief Financial Officer,
and Treasurer

NICHOLAS CAPUANO
Vice President and
Real Estate Counsel

STEVE DUDZIEC
Assistant Vice President
Leasing

ROBERT WEEKS
Assistant Vice President
Leasing

STEPHAN A. RAPAGLIA
Senior Vice President,
Chief Operating Officer,
Real Estate Counsel and
Assistant Secretary

DIANE MIDOLLO
Vice President
Controller

ZACH FOX
Assistant Vice President
Acquisitions

Corporate Information

Securities Traded

New York Stock Exchange
Symbols: UBA, UBP, UBPPRF and UBPPRG
Stockholders of Record as of
December 31, 2014:
Common Stock: 739 and
Class A Common Stock: 732

Annual Meeting

The annual meeting of stockholders
will be held at 2:00 P.M. on March 25,
2015 at Six Landmark Square, 9th Floor,
Stamford, CT 06901.

Form 10-K

A copy of the company's 2014 Annual
Report on Form 10-K filed with the
Securities and Exchange Commission,
without exhibits, 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, Computershare Inc., Shareowner
Services Department, P.O. Box 30170,
College Station, TX 77842-3170 or by
calling toll-free at 1-866-203-6250. The
company has a dividend reinvestment
plan that 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 Alina Smolitsky,
Investor Relations, telephone
(203) 863-8200. Investors are also
encouraged to visit our website at:
www.ubproperties.com

Independent Registered Public Accounting Firm

PKF O'Connor Davies
a Division of O'Connor Davies, LLP

General Counsel

Baker & McKenzie LLP

Internal Audit

Berdon LLP, CPAs and Advisors

Executive Office of the Company

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

Memberships

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

From top to bottom: Cedar Hill Shopping Center, Wyckoff, New Jersey; Meadtown Shopping Center, Kinnelon, New Jersey; Midland Park Shopping Center, Midland Park, New Jersey; Pompton Lakes Town Square, Pompton Lakes, New Jersey



We have always believed—
We are the RIGHT Company.
In the RIGHT Business.
In the RIGHT Place.
At the RIGHT Time.



URSTADT BIDDLE
PROPERTIES INC.

321 RAILROAD AVENUE
GREENWICH, CONNECTICUT 06830