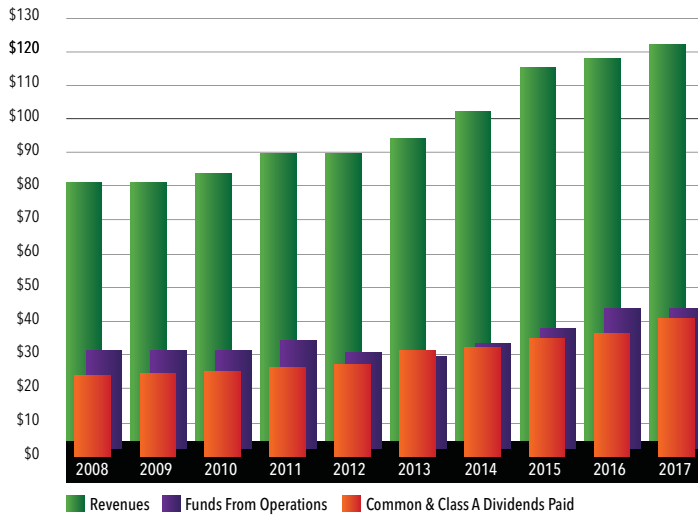




# URSTADT BIDDLE PROPERTIES INC.



(In Millions)



48 CONSECUTIVE  
YEARS OF  
UNINTERRUPTED  
DIVIDENDS.

24 CONSECUTIVE  
YEARS OF  
INCREASED  
DIVIDENDS.

Stock prices are only opinions. But dividends are facts.



# URSTADT BIDDLE PROPERTIES INC.

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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 investment 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 G Preferred Shares and Series H Preferred Shares of the Company trade on the New York Stock Exchange under the symbols "UBA," "UBP," "UBPPRG" and "UBPPRH."

## SELECTED FINANCIAL DATA

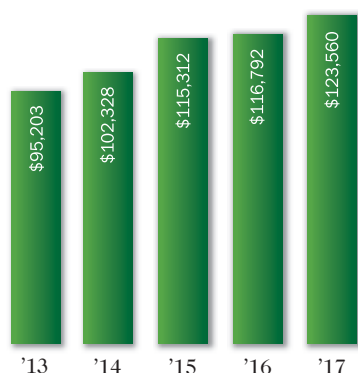
(Amounts in thousands, except share data)

Year Ended October 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Balance Sheet Data:</b>					
Total Assets	\$996,713	\$931,324	\$ 861,075	\$819,005	\$650,026
Revolving Credit Lines and Unsecured Term Loan	\$ 4,000	\$ 8,000	\$ 22,750	\$ 40,550	\$ 9,250
Mortgage Notes Payable and Other Loans	\$297,071	\$273,016	\$ 260,457	\$205,147	\$166,246
Preferred Stock Called for Redemption	\$ —	\$ —	\$ —	\$ 61,250	\$ —
<b>Operating Data:</b>					
Total Revenues	\$123,560	\$116,792	\$115,312	\$102,328	\$ 95,203
Total Expenses and Payments to Noncontrolling Interests	\$ 91,774	\$ 85,337	\$ 88,594	\$ 75,927	\$ 70,839
Income from Continuing Operations before Discontinued Operations	\$ 55,432	\$ 34,605	\$ 50,212	\$ 53,091	\$ 29,105
<b>Per Share Data:</b>					
<b>Net Income from Continuing Operations – Basic:</b>					
Class A Common Stock	\$ .92	\$ .57	\$1.04	\$1.22	\$ .31
Common Stock	\$ .82	\$ .50	\$ .92	\$1.09	\$ .28
<b>Net Income from Continuing Operations – Diluted:</b>					
Class A Common Stock	\$ .90	\$ .56	\$1.02	\$1.19	\$ .30
Common Stock	\$ .80	\$ .49	\$ .90	\$1.06	\$ .27
<b>Cash Dividends Paid on:</b>					
Class A Common Stock	\$1.06	\$1.04	\$1.02	\$1.01	\$1.00
Common Stock	\$ .94	\$ .92	\$ .90	\$ .90	\$ .90
<b>Other Data:</b>					
<b>Net Cash Flow Provided by (Used in):</b>					
Operating Activities	\$ 62,995	\$ 62,081	\$ 53,041	\$ 52,519	\$ 52,270
Investing Activities	\$ 16,262	\$ (82,072)	\$ (106,975)	\$ (56,228)	\$ (50,949)
Financing Activities	\$ (77,854)	\$ 20,639	\$ (12,472)	\$ 73,793	\$ (76,468)
Funds from Operations <i>(Note)</i>	<u>\$ 43,203</u>	<u>\$ 43,603</u>	<u>\$ 38,056</u>	<u>\$ 33,032</u>	<u>\$ 29,506</u>

*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.

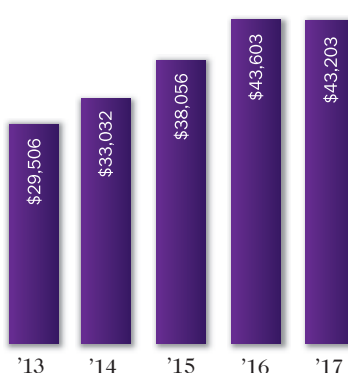
### TOTAL REVENUES

(In thousands)



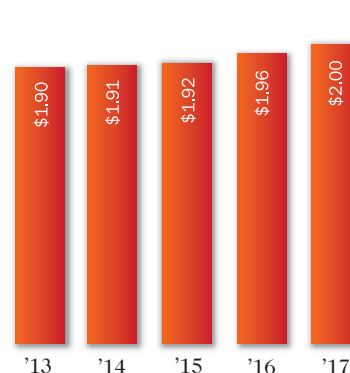
### FUNDS FROM OPERATIONS

(In thousands)



### COMBINED DIVIDENDS PAID ON COMMON AND CLASS A COMMON SHARES

(Per Share)



## LETTER TO OUR STOCKHOLDERS

We are often asked by shareholders, bankers and others with whom we do business, *“How is the internet affecting your business?”* It seems every day there is a story about Amazon or another online retailer making business tougher and tougher for retailers who operate physical stores. We share this concern, but we want you to know that we are confident in the future of our business. To understand why, we would like to highlight the specific nature of our retail real estate business and why we feel many of the threats you read and hear about are not readily applicable to us.

Take a look at a typical UBP property—our Carmel ShopRite Center in Putnam County, NY, which we purchased about 22 years ago. This property is an open air shopping center containing 129,000 square feet of retail space on 19 acres of land with 740 parking spaces. It is anchored by a very successful 49,000 square foot regional supermarket. A common way to analyze the performance of a supermarket is its “health ratio” which is the ratio of the total rent the supermarket pays divided by the supermarket’s sales. This supermarket’s “health ratio” is less than 2%, and we estimate that the supermarket produces an annual profit of at least \$1.5 million to its owner. Sales have been trending upward over the years, and the tenant is currently seeking municipal approvals to significantly expand its store at its sole cost and expense. In our view, this supermarket is well-positioned as the dominant supermarket in an area relatively insulated from competition. The other tenants are a national drugstore, laundromat, cell phone store, tanning salon, nail salon, hair salon, health club, bank, wine & liquor store, nutrition service provider, regional movie theater, various restaurants and a medical practice currently negotiating with us to expand. Ask yourself “which of these smaller tenants are seriously threatened by e-commerce?” and go over the tenant list. You don’t need to be a real estate expert to see that these tenants mostly provide services or food. Many of these tenants have been operating profitable businesses at this center for years, benefitting from the high daily customer traffic provided by the supermarket and the drugstore, and as long as each of these tenants continues to keep a close eye on its business and provide excellent customer service and



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



**Charles J. Urstadt**  
Chairman

quality, its business will be relatively insulated from online competition.

Additionally, this center, like most of our other shopping centers, is geographically well situated in terms of potential future competition. Not only is there a scarcity of nearby suitable land zoned to permit a shopping center, but the high cost of land and construction in this area would make it very difficult, we believe, to build a competing shopping center at an adequate return on investment, based on current market rents. This center is representative of many other properties we own in our portfolio and emblematic of the type of property that we seek to acquire.

It is also critical to understand that UBP is not in the enclosed mall business where much of the square footage is occupied by department stores and clothing stores that struggle to compete against online retailers. Approximately 81% of the square footage in our portfolio is anchored by high-volume supermarkets, warehouse clubs selling a high percentage of food, and drugstores selling prescription drugs and convenience items. UBP does have some big box tenants that do not fall into these categories (for example, TJX Companies is UBP’s third largest tenant in terms of rent paid), but these big box stores are primarily located at larger grocery-anchored centers.

Our experience tells us that perishable food and related items are most efficiently sold via the supermarket business model, as consumers prefer the in-person sensory experience of seeing and selecting their own produce and other food items. In fact, a number of our supermarket tenants are so

**In fact, a number of our supermarket tenants are so confident in their businesses that they are currently undergoing expansions and/or major renovations.**





Revenues grew 6% to a record \$124 million, funds from operations grew 8% on a dollar value basis and 1.2% on a per share basis after removing the effect of a one-time, non-operating charge for the redemption of our Series F Preferred Stock.



**Andrew Albrecht**  
Vice President  
Management and  
Construction

confident in their businesses that they are currently undergoing expansions and/or major renovations. Moreover, many supermarkets are working to further counter the threat of online retailers by supplementing their traditional in-store sales with online ordering, at-store pick-up and home delivery. As we have said before, while we constantly and proactively assess the risks facing our investment strategy, we find it difficult to

believe that drones will be delivering boxes of food any time soon through suburban airspace to people's doorsteps.

It is worth mentioning that the properties in our portfolio are also differentiated by their concentration in the strong demographic suburbs around New York City, one of the best suburban retail markets in the country. The median household income within a 3-mile radius of our properties averages approximately \$95,400, close to 85% higher than the national average, and this metric is one of the highest of all retail REITs.



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

**Now that you better understand why we feel our future is secure, we are happy to report that 2017 was another record-breaking year for Urstadt Biddle Properties.** Revenues grew 6% to a record \$124 million, funds from operations grew 8% on a dollar value basis and 1.2% on a per share basis after removing the effect of a one-time, non-operating charge for the redemption of our Series F Preferred Stock. General and administrative expenses remained at

less than 1% of total assets, essentially flat compared to 2016. We sold our White Plains, NY development site (the former Westchester Pavilion) in March 2017 for total proceeds of \$57 million, and our acquisition team did a terrific job of redeploying this capital during the year into seven quality properties in our backyard valued at \$119 million. We are currently working on the acquisition of a number of additional quality properties commensurate with our growth strategy. Four of the seven properties that we acquired this year were via the formation of "DownREIT" joint ventures, in which UBP effectively trades its stock for property interests in

a structure that is tax-efficient for the contributing property owner. We find this method of acquiring property interests to be of great benefit to both UBP and contributing property owners, and it distinguishes UBP in the competition to acquire desirable properties.

We successfully leased all but one of the nine supermarkets impacted by A&P's bankruptcy, but we unfortunately had to evict one of the replacement supermarkets when it could not obtain adequate financing. This leaves us two supermarket locations (Wayne, NJ and Pompton Lakes, NJ) that we are currently marketing for lease. We made good progress in filling the few other key vacancies in our portfolio during the year, and our occupancy remained essentially flat at around 93%.

The degree of change in the retail industry is the greatest we have seen in years, but change also presents opportunity. We believe that savvy retailers who position themselves strategically to better take advantage of these changes, as well as businesses that focus on food, basic necessities and services, such as supermarkets, warehouse clubs, drugstores, fitness centers, medical facilities and restaurants, which are less susceptible to online retail encroachment, will not only survive but thrive in the years to come.

For example, we are inundated with stories of retailers that have failed to keep up with the times and are closing—Radio Shack, Payless Shoes, Sears, etc. However, these stories rarely mention the many other retailers that are opening numerous new locations, such as TJX, Five Below and Dollar Tree. Various statistics abound, but one recent study by IHL Group found that in 2017 there was a net increase (openings less closings) of over 4,000 stores in the U.S., and this number is projected to be even greater in 2018. Sears makes national news when it closes stores in the Midwest, but restaurants opening in the NYC suburbs do not. Retail real estate cannot be effectively analyzed on a national level—it's all about specific location and specific property type.

Moreover, while we are deluged with stories about Amazon and other online retailers making business more challenging for retailers who operate physical stores, it has been refreshing to see that certain all-Internet retailers like Bonobos, Warby Parker and Amazon are now opening physical locations, as they realize that having a physical presence is essential to



**Linda Lacey**  
Senior Vice President  
Leasing

growing a brand and an integral part of an “omni-channel” sales strategy. Conversely, many brick-and-mortar retailers have learned to harness the power of Internet advertising to increase or supplement their sales.

We will continue to execute on the same growth strategy we have been following for years, which is to focus on acquiring grocery-anchored properties in dense, affluent areas within our submarket. We feel strongly that such properties provide the best chance of attracting multiple replacement tenants in the event of a vacancy. For the same reason, we have no interest in owning big box or department store-anchored properties situated in isolated or thinly populated areas. We will also grow by remaining receptive to acquiring properties that are smaller than those typically sought by other shopping center investors because (i) our narrow focus on the NYC suburbs allows us to efficiently manage a portfolio that includes smaller properties, (ii) we believe we have a lower cost of capital than many competing local buyers, and (iii) we are confident that no one knows our submarkets like we do.



**Nicholas Capuano**  
Vice President and  
Real Estate Counsel



**Suzanne Moore**  
Vice President and  
Director of Accounts  
Receivable



**Joseph Allegretti**  
Vice President  
Leasing

## CAPITAL MARKET EVENTS

We continued this year to take full advantage of historically low interest rates to lower UBP’s cost of capital. In July, we refinanced our \$44 million, 5.52% mortgage on our Ridgeway Shopping Center with a larger \$50 million mortgage at a fixed interest rate of 3.398%, a transaction that will save UBP over \$934,000 in annual interest expense going forward. Notably, we remain one of the lowest leveraged REITs with aggregate mortgage debt equal to only 27% of total book capitalization at year-end. Also, in



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



**Diane Midollo**  
Vice President and  
Controller



**Miyun Sung**  
Senior Vice President,  
Chief Legal Officer and  
Secretary

September, we completed the public offering of 4,600,000 shares of 6.25% Series H preferred stock for net proceeds of \$111.3 million. We used the entire proceeds of this offering, as well as some of the proceeds remaining from the sale of the former Westchester Pavilion property, to redeem our 7.125% Series F preferred stock, a transaction that will save UBP over \$2 million per annum in preferred stock dividends.

## ACQUISITIONS

In 2017, we acquired interests in the following properties:

### 1. High Ridge Shopping Center, Stamford, CT

**DESCRIPTION:** 92,000 square foot shopping center on 7 acres of land.

**KEY TENANTS:** Trader Joes Supermarket, DSW Shoes, Starbucks & Chase Bank

**VALUATION:** \$62,400,000, subject to a \$10 million, 3.65% mortgage loan assumed at closing

**LOCATION:** High Ridge Road, Stamford, a quarter mile south of the Merritt Parkway in a dense neighborhood location, with 30,000 cars passing daily, approximately 155,000 people living within a 3-mile radius of the property, and an estimated median household income of \$150,000.

**CLOSING DATE:** March 2017

### 2. CVS Pharmacy, Old Greenwich, CT

**DESCRIPTION:** 8,000 square foot free-standing single tenant building 100% occupied by CVS on .75 acres of land.

**TENANT:** CVS

**VALUATION:** \$4,800,000, subject to a \$1.2 million, 4.2%

The issuance of our new 6.25% Series H preferred stock and the redemption of our more expensive 7.125% Series F preferred stock will save the company over \$2 million in preferred stock dividends in fiscal 2018 and all years beyond.





**James M. Aries**  
Senior Vice President  
Acquisitions



**Zach Fox**  
Vice President  
Acquisitions

mortgage loan assumed at closing  
**LOCATION:** Well located in the historic downtown area of Old Greenwich, CT, a prominent area of Fairfield County, CT.  
**CLOSING DATE:** March 2017

**3. Stratfield Market, Fairfield, CT.**

**DESCRIPTION:** 12,900 square foot, free-standing retail building on .90 acres of land. In 2006, a national pharmacy signed a 20 year lease, but due to its inability to attain zoning approvals the building sat vacant. The national pharmacy continued to pay rent until they negotiated a lease buyout with UBP. Following the lease buyout, UBP sold the property to a private individual.  
**PURCHASE PRICE:** \$3,055,000  
**AGGREGATE LEASE BUYOUT/SALE PRICE:** \$4,400,000  
**CLOSING DATE:** March 2017

**4. Van Houten Farms, Passaic, NJ**

**DESCRIPTION:** 37,000 square foot shopping center on 2.9 acres of land.  
**KEY TENANTS:** Gala Fresh Supermarket & Valley National Bank  
**PRICE:** \$7,100,000 million, subject to a \$3.5 million, 4.0% mortgage loan assumed at closing  
**LOCATION:** Van Houten Farms occupies roughly an entire block fronting on Van Houten Avenue with two points of ingress/egress on each side of the center. Van Houten Avenue is an important commuter artery in Passaic. The center is 0.6 miles from the NJ Transit Passaic Train Station. The estimated population within a 3-mile radius of the property is 284,500 with an estimated median household income of \$71,000.  
**CLOSING DATE:** March 2017

**5. Waldwick Plaza, Waldwick, NJ**

**DESCRIPTION:** 27,000 square foot shopping center on 1.75 acres of land.  
**KEY TENANTS:** Supercuts, Verizon, USPO & Massage Envy  
**VALUATION:** \$8,400,000  
**LOCATION:** Located at the traffic-lighted intersection of Franklin Turnpike & Wyckoff Avenue, the most prominent retail location in the town of Waldwick, which is a highly desirable Bergen County town. Seventy-nine thousand people live within a 3-mile radius of the property with an estimated median household income of \$150,000.  
**CLOSING DATE:** July 2017

**6. Washington Commons, Dumont, NJ**

**DESCRIPTION:** 74,000 square foot mixed-use property on 5.5 acres of land.

**KEY TENANTS:** Stop & Shop, Valley Medical Group & PetValu  
**VALUATION:** \$22,600,000, subject to a \$10 million, 3.87% mortgage loan assumed at closing

**LOCATION:** Dumont is a highly attractive northern New Jersey town in Bergen County with approximately 30,000 people living within a 1-mile radius of the property with an estimated median household income of approximately \$94,000. The shopping center is located at the traffic-lighted intersection of Washington Avenue & Columbia Avenue, with over 20,000 cars passing by every day.  
**CLOSING DATE:** August 2017

**7. Aldi Plaza, Derby, CT (formerly Pershing Square)**

**DESCRIPTION:** 39,000 square foot shopping center on 5.3 acres of land.  
**KEY TENANTS:** Aldi, Panera Bread, Pet Valu, AT&T and Popeye's  
**PRICE:** \$9,075,000  
**LOCATION:** Located on Pershing Drive with access to State Route 8—the major north/south access highway in central Connecticut over which 64,300 vehicles travel each day. Its location on Pershing Drive is complemented by over a million square feet of surrounding retail, including national and big box retailers such as Wal-Mart, Lowe's, Target, Home Depot, and BJ's Wholesale Club. The property shares a traffic light with a ShopRite anchored shopping center, and the parking lot is shared with Planet Fitness in an adjoining shopping center. There are 55,000 people living within a 3 mile radius of the property with an estimated median household income of \$68,000.  
**CLOSING DATE:** January 2017

Given the extremely competitive nature of our business, it has always been our policy to keep our acquisition prospects very close to the vest, but we are encouraged by the robust activity we have experienced and are hopeful that 2018 will be another solid year in terms of growth of the portfolio.

**OUTLOOK**

In December 2017, UBP's Board of Directors increased the annualized dividend rate on each of UBP's Class A common stock and common stock by \$.02 per share. This increase represents the 48th consecutive year that UBP has paid a dividend and the 24th consecutive year that UBP has increased the dividend level, which is reflective of the Board's continued confidence in UBP.

We greatly appreciate the hard work of our dedicated staff and directors, as well as the continued support of our shareholders, tenants and the members of the many communities of which our properties form an integral part.

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

**Charles J. Urstadt**  
Chairman

January 2018

SELECTED CORE PROPERTIES

# URSTADT BIDDLE PROPERTIES INC.



**1** Corporate Headquarters  
Greenwich



**2** Greenwich Commons  
Greenwich



**2** Cos Cob Plaza  
Cos Cob



**2** Kings Shopping Center  
Old Greenwich



**2** Cos Cob Commons  
Cos Cob



**3** Ridgeway Shopping Center  
Stamford



**3** Newfield Green  
Stamford



**3** 970 High Ridge Road  
Stamford



**3** High Ridge Shopping Center  
Stamford



**4** Goodwives Shopping Center  
Darien



**5** Fairfield Centre  
Fairfield



**6** Ridgefield Center  
Ridgefield



**7** Airport Plaza  
Danbury



**7** Danbury Square  
Danbury



**8** Veteran's Plaza  
New Milford



**8** New Milford Plaza  
New Milford



**8** Fairfield Plaza  
New Milford



**9** The Hub Center  
Bethel



**10** Starbucks Center  
Monroe



**11** The Dock  
Stratford





12 Aldi Center, Derby



13 Orange Meadows Shopping Center, Orange



14 Carmel ShopRite Center, Carmel



14 Putnam Plaza, Carmel



15 Towne Centre Shopping Center, Somers



15 Somers Commons, Somers



15 Heritage 202 Center, Somers



16 Village Commons, Katonah



17 Staples Plaza, Yorktown Heights



18 Arcadian Shopping Center, Ossining



19 Chilmark Shopping Center, Briarcliff Manor



20 Orangetown Shopping Center, Orangeburg



21 4 "Street Retail" Properties, Rye



22 Harrison Towne Center, Harrison



23 Shoppes at Eastchester, Eastchester



23 Eastchester Plaza, Eastchester



24 Midway Shopping Center, Scarsdale



25 McLean Plaza, Yonkers



26 H-Mart Plaza, Fort Lee



27 Washingtons Commons, Dumont



28 Van Houten Farms Shopping Center, Passaic



29 Emerson Shopping Plaza, Emerson



30 Waldwick Plaza, Waldwick



31 Chestnut Ridge Shopping Center, Montvale



32 Cedar Hill Shopping Center, Wyckoff



32 Midland Park Shopping Center, Midland Park



33 Meadtown Shopping Center, Kinnelon



34 Pompton Lakes Town Square, Pompton Lakes



35 Boonton A&P Shopping Center, Boonton



36 Valley Ridge Shopping Center, Wayne



37 Village Shopping Center, New Providence



38 Gateway Plaza, Riverhead

# URSTADT BIDDLE PROPERTIES INC.

## INVESTMENT PORTFOLIO (as of January 16, 2018)

UBP owns or has equity interests in 81 properties including ten office buildings which total 5,080,000 square feet.

LOCATION	SQUARE FEET	PRINCIPAL TENANT	PROPERTY TYPE
<b>CONNECTICUT</b>			
<b>Fairfield County, CT</b>			
Stamford	374,000	Stop & Shop Supermarket	Shopping center
Stratford	278,000	Stop & Shop Supermarket	Shopping center
Danbury	194,000	Christmas Tree Shops	Shopping center
Darien	96,000	Stop & Shop Supermarket	Shopping center
Stamford	87,000	Trader Joe's	Shopping center
Stamford	72,000	ShopRite - Grade A Market	Shopping center
Ridgefield	62,000	Keller Williams	Street retail
Fairfield	62,000	Marshalls	Shopping center
Greenwich	58,000	UBP	5 Office buildings
Cos Cob	48,000	CVS	Retail/Office
Westport	40,000	Rio Bravo Restaurant	Shopping center
Old Greenwich	39,000	Kings Supermarket	Retail/Office
Danbury	33,000	Buffalo Wild Wings	Shopping center
Bethel	31,000	Rite Aid	Shopping center
Stamford	27,000	Federal Express	Shopping center
Cos Cob	15,000	Jos A. Bank	Retail/Office
Monroe	10,000	Starbucks	Shopping center
Greenwich	10,000	Cava Mezza Grill	Shopping center
Old Greenwich	8,000	CVS	Retail
Stamford	4,000	Chase Bank	Bank
	1,548,000		
<b>Litchfield County, CT</b>			
New Milford	235,000	Walmart	Shopping center
New Milford	81,000	Big Y Supermarket	Shopping center
New Milford	72,000	T.J. Maxx	Shopping center
	388,000		
<b>New Haven County, CT</b>			
Orange	78,000	Trader Joe's Supermarket	Shopping center
Derby	39,000	Aldi Supermarket	Shopping center
	117,000		
<b>NEW YORK</b>			
<b>Westchester County, NY</b>			
Scarsdale	250,000	ShopRite Supermarket	Shopping center
Ossining	137,000	Stop&Shop Supermarket	Shopping center
Somers	135,000	Home Goods	Shopping center
Yorktown	121,000	Staples	Shopping center
Somers	80,000	CVS	Shopping center
Eastchester	70,000	Acme Supermarket	Shopping center
Yonkers	58,000	Acme Supermarket	Shopping center
Briarcliff Manor	47,000	CVS	Shopping center
Rye	39,000	A&S Deli	Street retail (4 buildings)
Ossining	29,000	Westchester Community College	Shopping center
Katonah	28,000	Squires	Retail/Office
Harrison	26,000	Key Food Supermarket	Shopping center
Pelham	25,000	Key Food Supermarket	Shopping center
Eastchester	24,000	CVS	Shopping center
Bronxville and Yonkers	19,000	People's United Bank, Chase Bank	Retail (4 buildings)
Somers	19,000	Putnam County Savings Bank	Shopping center
	1,107,000		
<b>Putnam County, NY</b>			
Carmel	189,000	Tops Markets	Shopping center
Carmel	129,000	ShopRite Supermarket	Shopping center
Carmel	4,000	Vacant	Net leased property
	322,000		

LOCATION	SQUARE FEET	PRINCIPAL TENANT	PROPERTY TYPE
<b>Suffolk County, NY</b>			
Riverhead	211,000	Walmart	Shopping center
<b>Rockland County, NY</b>			
Orangeburg	74,000	CVS	Shopping center
Spring Valley	24,000	Spring Valley Foods Supermarket	Shopping center
	98,000		
<b>Ulster County, NY</b>			
Kingston	3,000	Taste of Italy	Net leased property
<b>Orange County, NY</b>			
Unionville	3,000	Unionville Family Restaurant	Net leased property
<b>Columbia County, NY</b>			
Hillsdale	2,000	Friendly's Restaurant	Net leased property
<b>NEW JERSEY</b>			
<b>Bergen County, NJ</b>			
Midland Park	130,000	Kings Supermarket	Shopping center
Emerson	93,000	ShopRite Supermarket	Shopping center
Montvale	79,000	The Fresh Market Supermarket	Shopping center
Dumont	74,000	Stop & Shop	Shopping center
Wyckoff	43,000	Walgreens	Shopping center
Waldwick	27,000	United States Post Office	Shopping center
Waldwick	20,000	Rite Aid	Retail—Single tenant
Fort Lee	7,000	H-Mart Supermarket	Retail supermarket— Single Tenant
	473,000		
<b>Passaic County, NJ</b>			
Pompton Lakes	125,000	Planet Fitness	Shopping center
Wayne	102,000	PNC Bank	Shopping center
Passaic	37,000	Gala Fresh Market	Shopping center
	264,000		
<b>Essex County, NJ</b>			
Newark	108,000	Acme Supermarket	Shopping center
Bloomfield	59,000	SuperFresh Supermarket	Shopping center
Bloomfield	3,000	Friendly's Restaurant	Net leased property
	170,000		
<b>Morris County, NJ</b>			
Kinnelon	77,000	Marshall's	Shopping center
Boonton	63,000	Acme Supermarket	Shopping center
Chester	9,000	REE Childcare	Retail—Single tenant
	149,000		
<b>Union County, NJ</b>			
New Providence	109,000	Acme Supermarket	Shopping center
<b>Somerset County, NJ</b>			
Bernardsville	14,000	Laboratory Corp.	Office building
<b>NEW HAMPSHIRE</b>			
<b>Rockingham County, NH</b>			
Newington	102,000	Savers	Shopping center

# FINANCIALS

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# FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	October 31,	
	2017	2016
<b>ASSETS</b>		
Real Estate Investments:		
Real Estate—at cost	\$1,090,402	\$1,016,838
Less: Accumulated depreciation	(195,020)	(186,098)
	<u>895,382</u>	<u>830,740</u>
Investments in and advances to unconsolidated joint ventures	38,049	38,469
Mortgage note receivable	—	13,500
	<u>933,431</u>	<u>882,709</u>
Cash and cash equivalents	8,674	7,271
Restricted cash	2,306	2,024
Tenant receivables	19,632	18,890
Prepaid expenses and other assets	20,803	13,338
Deferred charges, net of accumulated amortization	11,867	7,092
Total Assets	<u>\$ 996,713</u>	<u>\$ 931,324</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Revolving credit lines	\$ 4,000	\$ 8,000
Mortgage notes payable and other loans	297,071	273,016
Accounts payable and accrued expenses	4,200	4,977
Deferred compensation—officers	96	130
Other liabilities	22,755	27,915
Total Liabilities	<u>328,122</u>	<u>314,038</u>
Redeemable Noncontrolling Interests	<u>81,361</u>	<u>18,253</u>
Commitments and Contingencies		
<b>Stockholders' Equity:</b>		
7.125% Series F Cumulative Preferred Stock (liquidation preference of \$25 per share); -0- and 5,175,000 shares issued and outstanding	—	129,375
6.75% Series G Cumulative Preferred Stock (liquidation preference of \$25 per share); 3,000,000 shares issued and outstanding	75,000	75,000
6.25% Series H Cumulative Preferred Stock (liquidation preference of \$25 per share); 4,600,000 and -0- shares issued and outstanding	115,000	—
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; 9,664,778 and 9,507,973 shares issued and outstanding	97	96
Class A Common Stock, par value \$0.01 per share; 100,000,000 shares authorized; 29,728,744 and 29,633,520 shares issued and outstanding	297	296
Additional paid in capital	514,217	509,660
Cumulative distributions in excess of net income	(120,123)	(114,091)
Accumulated other comprehensive income (loss)	2,742	(1,303)
Total Stockholders' Equity	<u>587,230</u>	<u>599,033</u>
Total Liabilities and Stockholders' Equity	<u>\$ 996,713</u>	<u>\$ 931,324</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,		
	2017	2016	2015
<b>Revenues</b>			
Base rents	\$ 88,383	\$ 87,172	\$ 83,885
Recoveries from tenants	28,676	25,788	28,703
Lease termination income	2,432	619	472
Mortgage interest and other	4,069	3,213	2,252
Total Revenues	<u>123,560</u>	<u>116,792</u>	<u>115,312</u>
<b>Expenses</b>			
Property operating	20,074	18,717	21,267
Property taxes	19,621	18,548	18,224
Depreciation and amortization	26,512	23,025	22,435
General and administrative	9,183	9,284	8,576
Provision for tenant credit losses	583	1,161	1,271
Acquisition costs	—	412	2,068
Directors' fees and expenses	321	318	330
Total Operating Expenses	<u>76,294</u>	<u>71,465</u>	<u>74,171</u>
<b>Operating Income</b>	47,266	45,327	41,141
<b>Non-Operating Income (Expense):</b>			
Interest expense	(12,981)	(12,983)	(13,475)
Equity in net income from unconsolidated joint ventures	2,057	2,019	1,941
Interest, dividends and other investment income	356	242	228
<b>Income before gain on sale of properties</b>	<u>36,698</u>	<u>34,605</u>	<u>29,835</u>
<b>Gain on sale of properties</b>	<u>18,734</u>	<u>—</u>	<u>20,377</u>
<b>Net Income</b>	<u>55,432</u>	<u>34,605</u>	<u>50,212</u>
<b>Noncontrolling interests:</b>			
Net income attributable to noncontrolling interests	(2,499)	(889)	(948)
Net income attributable to Urstadt Biddle Properties Inc.	<u>52,933</u>	<u>33,716</u>	<u>49,264</u>
Preferred stock dividends	(14,960)	(14,280)	(14,605)
Redemption of preferred stock	(4,075)	—	—
<b>Net Income Applicable to Common and Class A Common Stockholders</b>	<u>\$ 33,898</u>	<u>\$ 19,436</u>	<u>\$ 34,659</u>
<b>Basic Earnings Per Share:</b>			
Per Common Share	\$0.82	\$0.50	\$0.92
Per Class A Common Share	\$0.92	\$0.57	\$1.04
<b>Diluted Earnings Per Share:</b>			
Per Common Share	\$0.80	\$0.49	\$0.90
Per Class A Common Share	\$0.90	\$0.56	\$1.02

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,		
	2017	2016	2015
<b>Net Income</b>	<b>\$ 55,432</b>	<b>\$ 34,605</b>	<b>\$ 50,212</b>
<b>Other comprehensive income:</b>			
Change in unrealized gains (losses) on interest rate swaps	<u>4,045</u>	<u>(73)</u>	<u>(1,293)</u>
<b>Total comprehensive income</b>	<b>59,477</b>	<b>34,532</b>	<b>48,919</b>
Comprehensive income attributable to noncontrolling interests	<u>(2,499)</u>	<u>(889)</u>	<u>(948)</u>
<b>Total comprehensive income attributable to Urstadt Biddle Properties Inc.</b>	<b>56,978</b>	<b>33,643</b>	<b>47,971</b>
Preferred stock dividends	<u>(14,960)</u>	<u>(14,280)</u>	<u>(14,605)</u>
Redemption of preferred stock	<u>(4,075)</u>	<u>—</u>	<u>—</u>
<b>Total comprehensive income applicable to Common and Class A Stockholders</b>	<b><u>\$ 37,943</u></b>	<b><u>\$ 19,363</u></b>	<b><u>\$ 33,366</u></b>

*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,		
	2017	2016	2015
<b>Cash Flows from Operating Activities:</b>			
Net income	\$ 55,432	\$ 34,605	\$ 50,212
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	26,512	23,025	22,435
Straight-line rent adjustment	(507)	(1,902)	(1,551)
Provisions for tenant credit losses	583	1,161	1,271
Restricted stock compensation expense and other adjustments	3,956	4,442	4,201
Deferred compensation arrangement	(35)	(26)	(31)
Gain on sale of properties	(18,734)	—	(20,377)
Equity in net (income) from unconsolidated joint ventures	(2,057)	(2,019)	(1,941)
Distributions of operating income from unconsolidated joint ventures	2,057	2,019	1,941
Changes in operating assets and liabilities:			
Tenant receivables	(825)	4,203	(2,033)
Accounts payable and accrued expenses	3,635	1,464	530
Other assets and other liabilities, net	(6,740)	(5,057)	(1,548)
Restricted cash	(282)	166	(68)
<b>Net Cash Flow Provided by Operating Activities</b>	<b>62,995</b>	<b>62,081</b>	<b>53,041</b>
<b>Cash Flows from Investing Activities:</b>			
Acquisitions of real estate investments	(30,599)	(58,737)	(136,304)
Investments in and advances to unconsolidated joint ventures	(158)	(700)	(247)
Investment in mortgage note	—	(13,500)	—
Repayment of mortgage note	13,500	—	—
Deposits on acquisition of real estate investments	(715)	(750)	(695)
Returns of deposits on real estate investments	500	640	627
Improvements to properties and deferred charges	(9,676)	(21,462)	(12,175)
Net proceeds from sale of properties	45,438	—	43,806
Deposits received on sale of property	—	11,900	—
Distributions to noncontrolling interests	(2,499)	(889)	(1,990)
Return of capital from unconsolidated joint ventures	471	1,426	3
<b>Net Cash Flow Provided by (Used in) Investing Activities</b>	<b>16,262</b>	<b>(82,072)</b>	<b>(106,975)</b>
<b>Cash Flows from Financing Activities:</b>			
Dividends paid—Common and Class A Common Stock	(40,596)	(37,092)	(35,387)
Dividends paid—Preferred Stock	(14,960)	(14,280)	(14,605)
Principal repayments on mortgage notes payable	(6,776)	(20,744)	(12,909)
Proceeds from mortgage note	50,000	33,663	68,219
Repayment of mortgage note	(43,675)	—	—
Proceeds from revolving credit line borrowings	52,000	52,000	104,750
Repayment of term loan borrowing	—	—	(25,000)
Sales of additional shares of Common and Class A Common Stock	200	73,842	59,983
Repayments on revolving credit line borrowings	(56,000)	(66,750)	(97,550)
Repurchase of shares of Class A Common Stock	—	—	(3,363)
Net proceeds from issuance of Preferred Stock	111,328	—	4,640
Redemption of preferred stock including restricted cash	(129,375)	—	(61,250)
<b>Net Cash Flow Provided by (Used in) Financing Activities</b>	<b>(77,854)</b>	<b>20,639</b>	<b>(12,472)</b>
<b>Net Increase/(Decrease) In Cash and Cash Equivalents</b>	<b>1,403</b>	<b>648</b>	<b>(66,406)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>7,271</b>	<b>6,623</b>	<b>73,029</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 8,674</b>	<b>\$ 7,271</b>	<b>\$ 6,623</b>

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)

	7.125% Series F Preferred Stock		6.75% Series G Preferred Stock		6.25% Series H Preferred Stock	
	Issued	Amount	Issued	Amount	Issued	Amount
<b>Balances—October 31, 2014</b>	5,175,000	\$ 129,375	2,800,000	\$70,000	—	\$ —
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized (loss) on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.90 per share)	—	—	—	—	—	—
Class A common stock (\$1.02 per share)	—	—	—	—	—	—
Issuance of Series G Preferred Stock	—	—	200,000	5,000	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Issuance of Class A Common stock	—	—	—	—	—	—
Repurchase of Class A common stock	—	—	—	—	—	—
Restricted stock compensation and other adjustment	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
<b>Balances—October 31, 2015</b>	5,175,000	129,375	3,000,000	75,000	—	—
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized (loss) on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.92 per share)	—	—	—	—	—	—
Class A common stock (\$1.04 per share)	—	—	—	—	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Issuance of Class A Common stock	—	—	—	—	—	—
Restricted stock compensation and other adjustment	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
<b>Balances—October 31, 2016</b>	5,175,000	129,375	3,000,000	75,000	—	—
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized losses on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.94 per share)	—	—	—	—	—	—
Class A common stock (\$1.06 per share)	—	—	—	—	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Issuance of Series H Preferred Stock	—	—	—	—	4,600,000	115,000
Redemption of Series F Preferred Stock	(5,175,000)	(129,375)	—	—	—	—
Restricted stock compensation and other adjustments	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
<b>Balances—October 31, 2017</b>	<u>—</u>	<u>\$ —</u>	<u>3,000,000</u>	<u>\$75,000</u>	<u>4,600,000</u>	<u>\$115,000</u>

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				
9,193,559	\$92	23,611,715	\$236	\$370,979	\$ (95,702)	\$ 63	\$ 475,043
—	—	—	—	—	34,659	—	34,659
—	—	—	—	—	—	(1,293)	(1,293)
—	—	—	—	—	(8,413)	—	(8,413)
—	—	—	—	—	(26,974)	—	(26,974)
—	—	—	—	(360)	—	—	4,640
5,326	—	6,104	—	223	—	—	223
152,000	2	92,750	1	(3)	—	—	—
—	—	(26,600)	—	—	—	—	—
—	—	2,875,000	29	59,731	—	—	59,760
—	—	(188,753)	(2)	(3,360)	—	—	(3,362)
—	—	—	—	4,201	—	—	4,201
—	—	—	—	—	2,294	—	2,294
9,350,885	94	26,370,216	264	431,411	(94,136)	(1,230)	540,778
—	—	—	—	—	19,436	—	19,436
—	—	—	—	—	—	(73)	(73)
—	—	—	—	—	(8,745)	—	(8,745)
—	—	—	—	—	(28,348)	—	(28,348)
4,988	—	5,854	—	219	—	—	219
152,100	2	95,600	1	(3)	—	—	—
—	—	(650)	—	—	—	—	—
—	—	3,162,500	31	73,623	—	—	73,654
—	—	—	—	4,410	—	—	4,410
—	—	—	—	—	(2,298)	—	(2,298)
9,507,973	96	29,633,520	296	509,660	(114,091)	(1,303)	599,033
—	—	—	—	—	33,898	—	33,898
—	—	—	—	—	—	4,045	4,045
—	—	—	—	—	(9,082)	—	(9,082)
—	—	—	—	—	(31,514)	—	(31,514)
4,705	—	5,399	—	200	—	—	200
152,100	1	96,225	1	(2)	—	—	—
—	—	(6,400)	—	—	—	—	—
—	—	—	—	(3,672)	—	—	111,328
—	—	—	—	4,075	—	—	(125,300)
—	—	—	—	3,956	—	—	3,956
—	—	—	—	—	666	—	666
9,664,778	\$97	29,728,744	\$297	\$514,217	\$(120,123)	\$ 2,742	\$ 587,230

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

### **Business**

Urstadt Biddle Properties Inc. (“Company”), a Maryland Corporation, is a real estate investment trust (REIT), 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, 2017, the Company owned or had equity interests in 81 properties containing a total of 5.1 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.” 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 7 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 contingent assets and liabilities, the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the periods covered by the financial statements. The most significant assumptions and estimates relate to the valuation of real estate, depreciable lives, revenue recognition, fair value measurements and the collectability of tenant receivables. 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 2017 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, 2017. As of October 31, 2017, the fiscal tax years 2013 through and including 2016 remain open to examination by the Internal Revenue Service. There are currently no federal tax examinations in progress.

### **Acquisitions of Real Estate Investments and Capitalization Policy**

#### *Acquisition of Real Estate Investments:*

In January 2017, the FASB issued an ASU 2017-01 that clarifies the framework for determining whether an integrated set of assets and activities meets the definition of a business. The revised framework establishes a screen for determining whether an integrated set of assets and activities is a business and narrows the definition of a business, which is expected to result in fewer transactions being accounted for as business combinations. Acquisitions of integrated sets of assets and activities that do not meet the definition of a business are accounted for as asset acquisitions. This update is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted for transactions that have not been reported in previously issued (or available to be issued) financial statements.

The Company early adopted this accounting standard effective November 1, 2016. As a result of this adoption, we evaluated eight real estate acquisitions completed during the fiscal 2017 under the new framework and determined that the assets acquired did not meet the definition of a business. Accordingly, we accounted for

these transactions as an asset acquisitions. Refer to Note 3—Investment Properties and Note 6—Consolidated Joint Ventures and Redeemable Noncontrolling Interests in our consolidated financial statements for a further discussion regarding these acquisitions.

*Evaluation of business combination or asset acquisition:*

The Company evaluates each acquisition of real estate or in-substance real estate (including equity interests in entities that predominantly hold real estate assets) to determine if the integrated set of assets and activities acquired meet the definition of a business and need to be accounted for as a business combination. If either of the following criteria is met, the integrated set of assets and activities acquired would not qualify as a business:

- Substantially all of the fair value of the gross assets acquired is concentrated in either a single identifiable asset or a group of similar identifiable assets; or
- The integrated set of assets and activities is lacking, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs (i.e. revenue generated before and after the transaction).

An acquired process is considered substantive if:

- The process includes an organized workforce (or includes an acquired contract that provides access to an organized workforce), that is skilled, knowledgeable, and experienced in performing the process;
- The process cannot be replaced without significant cost, effort, or delay; or
- The process is considered unique or scarce.

Generally, we expect that acquisitions of real estate or in-substance real estate will not meet the revised definition of a business because substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets (i.e. land, buildings, and related intangible assets) or because the acquisition does not include a substantive process in the form of an acquired workforce or an acquired contract that cannot be replaced without significant cost, effort or delay.

For acquisitions of real estate or in-substance real estate, prior to the adoption of ASU 2017-01, which were accounted for as business combinations, we recognized the assets acquired (including the intangible value of acquired above- or below-market leases, acquired in-place leases and other intangible assets or liabilities), liabilities assumed, noncontrolling interests and previously existing ownership interests at fair value as of the acquisition date. Any excess (deficit) of the consideration transferred relative to the fair value of the net assets acquired was accounted for as goodwill. Acquisition costs related to the business combinations were expensed as incurred.

Acquisitions of real estate and in-substance real estate which do not meet the definition of a business are accounted for as asset acquisitions. The accounting model for asset acquisitions is similar to the accounting model for business combinations except that the acquisition consideration (including acquisition costs) is allocated to the individual assets acquired and liabilities assumed on a relative fair value basis. As a result, asset acquisitions do not result in the recognition of goodwill or a bargain purchase gain. The relative fair values used to allocate the cost of an asset acquisition are determined using the same methodologies and assumptions as we utilize to determine fair value in a business combination.

The value of tangible assets acquired is based upon our estimation of value on an “as if vacant” basis. The value of acquired in-place leases includes the estimated costs during the hypothetical lease-up period and other costs that would have been incurred in the execution of similar leases under the market conditions at the acquisition date of the acquired in-place lease. We assess the fair value of tangible and intangible assets based on numerous factors, including estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors, including the historical operating results, known trends, and market/economic conditions that may affect the property.

The values of acquired above- and below-market leases, which are included in prepaid expenses and other assets and other liabilities, respectively, are amortized over the terms of the related leases and recognized as either an increase (for below-market leases) or a decrease (for above-market leases) to rental revenue. The values of acquired in-place leases are classified in other assets in the accompanying consolidated balance sheets and amortized over the remaining terms of the related leases.

***Capitalization Policy:***

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.

**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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

### Sale of Investment Property and Property Held for Sale

The Company reports properties that are either disposed of or are classified as held for sale in continuing 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.

In March 2017, the Company sold for \$56.6 million its property located in White Plains, NY, as that property no longer met the Company's investment objectives. In conjunction with the sale, the Company realized a gain on sale of property in the amount of \$19.5 million, which is included in continuing operations in the consolidated statement of income for the year ended October 31, 2017. The net book value of the White Plains asset at October 31, 2016 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.

In July 2017, the Company sold for \$1.2 million its property located in Fairfield, CT (the "Fairfield Property"), which it purchased in the second quarter of fiscal 2017. In conjunction with the sale the Company realized a loss on sale of property in the amount of \$729,000, which is included in continuing operations in the consolidated statement of income for the year ended October 31, 2017.

In August 2015, the Company sold, for \$44.5 million, its property located in Meriden, CT, as that property no longer met the Company's investment objectives. In conjunction with the sale, the Company realized a gain on sale of property in the amount of \$20.4 million, which is included in continuing operations in the consolidated statement of income for the year ended October 31, 2015.

The combined operating results of the White Plains Property, the Fairfield Property and the Meriden property, which are included in continuing operations, were as follows (amounts in thousands):

	Year Ended October 31,		
	2017	2016	2015
Revenues	\$ 130	\$ 5,656	\$ 5,829
Property operating expense	(330)	(1,341)	(3,234)
Depreciation and amortization	(91)	(476)	(1,787)
Net Income (loss)	<u>\$(291)</u>	<u>\$ 3,839</u>	<u>\$ 808</u>

### Deferred Charges

Deferred charges consist principally of leasing commissions (which are amortized ratably over the life of the tenant leases). Deferred charges in the accompanying consolidated balance sheets are shown at cost, net of accumulated amortization of \$4,279,000 and \$3,703,000 as of October 31, 2017 and 2016, 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, 2017.

### Revenue Recognition

Our leases with tenants are classified as operating leases. 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, 2017 and 2016, approximately \$17,349,000 and \$16,829,000, 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.

In July 2017, the Company entered into a lease termination agreement with the single tenant of its property located in Fairfield, CT, which was purchased in the second quarter of fiscal 2017, so the Company could sell the property vacant. The agreement provided that the tenant pay the Company \$3.2 million in exchange for the tenant to be released from all future obligations under its lease. The Company received payment in July 2017 and has recorded the payment received as lease termination income in its consolidated statements of income for the year ended October 31, 2017, as the payment met all of the revenue recognition conditions under U.S. GAAP. In addition, when the aforementioned property was acquired, the Company allocated \$1.2 million of the consideration paid to acquire the asset to this over-market lease (see note 3). As a result of this termination, the Company wrote-off the remaining \$1.1 million asset as a reduction of lease termination income for the year ended October 31, 2017.

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, 2017 and 2016, tenant receivables in the accompanying consolidated balance sheets are shown net of allowances for doubtful accounts of \$4,543,000 and \$4,097,000, 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, 2017, 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, 2017, the Company had approximately \$89.5 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 3.62% per annum. As of October 31, 2017 and 2016, the Company had a deferred liability of \$574,000 and \$1,726,000, respectively (included in accounts payable and accrued expenses on the consolidated balance sheets) and a deferred asset of \$3,316,000 and \$423,000, respectively (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 swap are made to other comprehensive (loss) as the swap is deemed effective and is classified as a cash flow hedge.

#### **Comprehensive Income**

Comprehensive income is comprised of net income applicable to Common and Class A Common stockholders and other comprehensive income (loss).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other comprehensive income (loss) includes items that are otherwise recorded directly in stockholders' equity, such as unrealized gains and losses on interest rate swaps designated as cash flow hedges. At October 31, 2017 and 2016, accumulated other comprehensive income (loss) consisted of net unrealized gains (losses) on interest rate swap agreements of approximately \$2,742,000 and \$(1,303,000), respectively. 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.

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

	Year Ended October 31,		
	2017	2016	2015
<b>Numerator</b>			
Net income applicable to common stockholders—basic	\$ 6,857	\$ 4,142	\$ 7,412
Effect of dilutive securities:			
Restricted stock awards	376	236	431
Net income applicable to common stockholders—diluted	<u>\$ 7,233</u>	<u>\$ 4,378</u>	<u>\$ 7,843</u>
<b>Denominator</b>			
Denominator for basic EPS—weighted average common shares	8,383	8,241	8,059
Effect of dilutive securities:			
Restricted stock awards	643	669	669
Denominator for diluted EPS—weighted average common equivalent shares	<u>9,026</u>	<u>8,910</u>	<u>8,728</u>
<b>Numerator</b>			
Net income applicable to Class A common stockholders—basic	\$27,041	\$15,294	\$27,247
Effect of dilutive securities:			
Restricted stock awards	(376)	(236)	(431)
Net income applicable to Class A common stockholders—diluted	<u>\$26,665</u>	<u>\$15,058</u>	<u>\$26,816</u>
<b>Denominator</b>			
Denominator for basic EPS—weighted average Class A common shares	29,317	26,921	26,141
Effect of dilutive securities:			
Restricted stock awards	186	191	191
Denominator for diluted EPS—weighted average Class A common equivalent shares	<u>29,503</u>	<u>27,112</u>	<u>26,332</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. The Company recognizes compensation expense for its stock awards by amortizing the fair value of stock awards over the requisite service periods of such awards.

### Segment Reporting

The Company's primary business is the ownership, management, and redevelopment of retail properties. The Company reviews operating and financial information for each property on an individual basis and therefore, each property represents an individual operating segment. The Company evaluates financial performance using property operating income, which consists of base rental income and tenant reimbursement income, less rental expenses and

real estate taxes. Only one of the Company's properties, located in Stamford, CT ("Ridgeway"), is considered significant as its revenue is in excess of 10% of the Company's consolidated total revenues and accordingly is a reportable segment. The Company has aggregated the remainder of our properties as they share similar long-term economic characteristics and have other similarities including the fact that they are operated using consistent business strategies, are typically located in the same major metropolitan area, and have similar tenant mixes.

Ridgeway is located in Stamford, Connecticut and was developed in the 1950's and redeveloped in the mid 1990's. The property contains approximately 374,000 square feet of GLA. It is the dominant grocery-anchored center and the largest non-mall shopping center located in the City of Stamford, Fairfield County, Connecticut.

Segment information about Ridgeway as required by ASC Topic 280 is included below:

	Year Ended October 31,		
	2017	2016	2015
Ridgeway Revenues	11.2%	11.3%	11.7%
All Other Property Revenues	88.8%	88.7%	88.3%
Consolidated Revenue	100.0%	100.0%	100.0%

	Year Ended October 31,	
	2017	2016
Ridgeway Assets	7.2%	7.6%
All Other Property Assets	92.8%	92.4%
Consolidated Assets (Note 1)	100.0%	100.0%

Note 1—Ridgeway did not have any significant expenditures for additions to long lived assets in any of the fiscal years ended October 31, 2017, 2016 and 2015.

	Year Ended October 31,		
	2017	2016	2015
Ridgeway Percent Leased	96%	98%	97%

Ridgeway Significant Tenants  
(by base rent):

	Year Ended October 31,		
	2017	2016	2015
The Stop & Shop Supermarket Company	19%	19%	19%
Bed, Bath & Beyond	14%	14%	14%
Marshall's Inc., a division of the TJX Companies	11%	11%	11%
All Other Tenants at Ridgeway (Note 2)	56%	56%	56%
Total	100%	100%	100%

Note 2—No other tenant accounts for more than 10% of Ridgeway's annual base rents in any of the three years presented. Percentages are calculated as a ratio of the tenants' base rent divided by total base rent of Ridgeway.

Income Statement  
(In thousands):

	Year Ended October 31, 2017		
	Ridgeway	All Other Operating Segments	Total Consolidated
Revenues	\$13,832	\$109,728	\$123,560
Operating Expenses	\$ 3,809	\$ 35,886	\$ 39,695
Interest Expense	\$ 2,034	\$ 10,947	\$ 12,981
Depreciation and Amortization	\$ 3,016	\$ 23,496	\$ 26,512
Income from Continuing Operations	\$ 4,973	\$ 31,725	\$ 36,698

	Year Ended October 31, 2016		
	Ridgeway	All Other Operating Segments	Total Consolidated
Revenues	\$13,192	\$103,600	\$116,792
Operating Expenses	\$ 3,649	\$ 33,616	\$ 37,265
Interest Expense	\$ 2,487	\$ 10,496	\$ 12,983
Depreciation and Amortization	\$ 2,468	\$ 20,557	\$ 23,025
Income from Continuing Operations	\$ 4,588	\$ 30,017	\$ 34,605

	Year Ended October 31, 2015		
	Ridgeway	All Other Operating Segments	Total Consolidated
Revenues	\$13,485	\$101,827	\$115,312
Operating Expenses	\$ 3,768	\$ 35,723	\$ 39,491
Interest Expense	\$ 2,545	\$ 10,930	\$ 13,475
Depreciation and Amortization	\$ 2,358	\$ 20,077	\$ 22,435
Income from Continuing Operations	\$ 4,814	\$ 25,021	\$ 29,835

### Reclassification

Certain fiscal 2015 and 2016 amounts have been reclassified to conform to current period presentation.

### New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. In August 2015, FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 for all public companies for all annual periods beginning after December 15, 2017 with early adoption permitted only as of annual reporting periods beginning after December 31, 2016, including interim periods within the reporting period. In March 2016, the FASB issued ASU 2016-08 as an amendment to ASU 2014-09, the amendment clarifies how to identify the unit of accounting for the principal versus agent evaluation, how to apply the control principle to certain types of arrangements, such as service transaction, and reframed the indicators in the guidance to focus on evidence that an entity is acting as a principal rather than as an agent. The Company is currently assessing the potential impact that the adoption of ASU 2014-09 and ASU 2016-08 will have on its consolidated financial statements. While we are still completing the assessment of the impact of ASU 2014-09 and ASU 2016-08 on our consolidated financial statements, we believe the majority of our revenue falls outside of the scope of this guidance.

In February 2016, the FASB issued ASU 2016-02, "Leases." ASU 2016-02 significantly changes the accounting for leases by requiring lessees to recognize assets and liabilities for leases greater than 12 months on their balance sheet. The lessor model stays substantially the same; however, there were modifications to conform lessor accounting with the lessee model, eliminate real estate specific guidance, further define certain lease and non-lease components, and change the definition of initial direct costs of leases requiring significantly more leasing related costs to be expensed up front. ASU 2016-02 is effective for the Company in the first quarter of fiscal 2020, and we are currently assessing the impact this standard will have on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15 that provides guidance, amongst other things, on classification of cash distributions received from equity method investments, including unconsolidated joint ventures. The ASU provides two approaches to determine the classification of cash distributions received: (i) the "cumulative earnings" approach, under which distributions up to the amount of cumulative equity in

earnings recognized will be classified as cash inflows from operating activities, and those in excess of that amount will be classified as cash inflows from investing activities, and (ii) the "nature of the distribution" approach, under which distributions will be classified based on the nature of the underlying activity that generated cash distributions. Companies will elect either the "cumulative earnings" or the "nature of the distribution" approach. Entities that elect the "nature of the distribution" approach but lack the information to apply it will apply the cumulative earnings approach as an accounting change on a retrospective basis. ASU 2016-15 is effective for reporting periods beginning after December 15, 2017, with early adoption permitted, and will be applied retrospectively (exceptions apply). We are currently assessing the effect that ASU 2016-15 will have on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01 that clarified the definition of a business. The ASU 2017-01 is effective for reporting periods beginning after December 15, 2017, with early adoption permitted. We adopted ASU 2017-01 on November 1, 2016. Refer to "Acquisitions of Real Estate Investments and Capitalization Policy" above for a discussion of this new accounting pronouncement.

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, 2017.

### (2) REAL ESTATE INVESTMENTS

The Company's investments in real estate, net of depreciation, were composed of the following at October 31, 2017 and 2016 (in thousands):

	<b>Consolidated Investment Properties</b>	<b>Unconsolidated Joint Ventures</b>	<b>2017 Totals</b>	<b>2016 Totals</b>
Retail	\$885,069	\$38,049	\$923,118	\$872,292
Office	10,313	—	10,313	10,417
	<u>\$895,382</u>	<u>\$38,049</u>	<u>\$933,431</u>	<u>\$882,709</u>

The Company's investments at October 31, 2017 consisted of equity interests in 81 properties. The 81 properties 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. 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.



**(3) INVESTMENT PROPERTIES**

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

	October 31,	
	2017	2016
Land	\$ 218,501	\$ 187,676
Buildings and improvements	871,901	829,162
	<u>1,090,402</u>	<u>1,016,838</u>
Accumulated depreciation	(195,020)	(186,098)
	<u>\$ 895,382</u>	<u>\$ 830,740</u>

Space at the Company's 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 for the Company's consolidated properties totaling \$525.0 million become due as follows (in millions): 2018—\$89.3; 2019—\$82.2; 2020—\$72.3; 2021—\$62.6; 2022—\$51.8; and thereafter—\$166.8.

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, 2017.

**Significant Investment Property Transactions**

In July 2017, the Company, through a wholly owned subsidiary, purchased for \$8.2 million a 26,500 square foot shopping center located in Waldwick, NJ ("Waldwick Property"). The Company funded the purchase with available cash and the assumption of an environmental remediation obligation in the amount of \$3.3 million which is included in other liabilities on the October 31, 2017 consolidated balance sheet.

In March 2017, the Company, through a wholly owned subsidiary, purchased for \$7.1 million a 36,500 square foot

grocery-anchored shopping center located in Passaic, NJ ("Passaic Property"). The Company funded the purchase with available cash, the assumption of a mortgage note secured by the property in the amount of \$3.5 million (see note 5) and proceeds from the sale of the Company's White Plains, NY property (see note 1).

In March 2017, the Company purchased the Fairfield Property for \$3.1 million. The Fairfield property is a 12,900 square foot single tenant property located in Fairfield, CT. In July 2017, the Company reached agreement with the one tenant to terminate its lease with the Company, and this property was sold in July 2017 (see note 1).

In January 2017, the Company, through a wholly owned subsidiary, purchased for \$9.0 million a 38,800 square foot grocery-anchored shopping center located in Derby, CT ("Derby Property"). The Company funded the purchase with a combination of available cash and borrowings on its Unsecured Revolving Credit Facility (the "Facility").

The Company evaluated the above transactions under the new framework for determining whether an integrated set of assets and activities meets the definition of a business, pursuant to ASU 2017-01, which the Company early-adopted effective November 1, 2016. Acquisitions that do not meet the definition of a business are accounted for as asset acquisitions (see note 1).

Accordingly, the Company accounted for the purchase of the Derby Property, the Passaic Property, the Fairfield Property, the Waldwick Property, and four properties acquired through a joint venture, which the Company consolidates (see note 6), as asset acquisitions and allocated the total consideration transferred for the acquisitions, including transaction costs, to the individual assets and liabilities acquired on a relative fair value basis.

The financial information set forth below summarizes the Company's purchase price allocation for the properties acquired during the fiscal year ended October 31, 2017 (in thousands).

	Derby	Passaic	Fairfield	Waldwick	High Ridge	Chase	CVS	Dumont
<b>Assets:</b>								
Land	\$ 651	\$2,038	\$ 572	\$2,740	\$17,163	\$2,376	\$2,295	\$ 6,646
Building and improvements	\$7,652	\$5,614	\$1,323	\$5,528	\$43,640	\$1,458	\$2,700	\$15,341
In-place leases	\$ 771	\$ 480	\$ 80	\$ 203	\$ 1,552	\$ 121	\$ 181	\$ 1,478
Above market leases	\$ —	\$ —	\$1,090	\$ 37	\$ 335	\$ 288	\$ —	\$ 20
<b>Liabilities:</b>								
In-place leases	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Below Market Leases	\$ —	\$ 769	\$ —	\$ 157	\$ 263	\$ —	\$ 373	\$ 844

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the operating results included in the Company's historical consolidated statements of income for the properties acquired during the fiscal year ended 2017 (in thousands).

	Year Ended October 31, 2017
Revenues	\$6,825
Net income attributable to Urstadt Biddle Properties Inc.	\$1,846

Prior to adopting ASU 2017-01, the Company acquired two properties in fiscal 2016, which were accounted for as business combinations as required by ASC Topic 805. ASC Topic 805 required the fair value of the real estate purchased to be 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). Acquisition costs related to the business combinations were expensed as incurred.

In October 2016, the Company purchased, for \$13.3 million, the 27,000 square foot 970 High Ridge Road shopping center located in Stamford, CT ("High Ridge Road Property"). The Company funded the purchase with available cash. In conjunction with the purchase, the Company incurred acquisition costs totaling \$61,000, which have been expensed in the year ended October 31, 2016 consolidated statement of income.

In July 2016, the Company purchased, for \$45.3 million, the 72,000 square foot Newfield Green shopping center located in Stamford, CT ("Newfield Property"). The Company funded the purchase with a combination of available cash, borrowings on its Facility and proceeds generated by placing a non-recourse first mortgage on the property in the approximate amount of \$22.7 million (see note 5). In conjunction with the purchase, the Company incurred acquisition costs totaling \$185,000, which have been expensed in the year ended October 31, 2016 consolidated statement of income.

In fiscal 2017, the Company completed the process of analyzing the fair value of the acquired assets and liabilities, including intangible assets and liabilities, for the Newfield Green and the 970 High Ridge Road properties acquired in 2016 and has made the following purchase price adjustments to land and building based on the fair market value of intangible assets acquired when the properties were purchased (in thousands).

	Newfield Green	970 High Ridge Road
<b>Assets:</b>		
In-place leases	\$ 961	\$62
Above market leases	\$ 118	\$—
<b>Liabilities:</b>		
In-place leases	\$ —	\$—
Below market leases	\$ 1,061	\$74

The value of above and below market leases are amortized as a reduction/increase to base rental revenue over the term of the respective leases. The value of in-place leases described above are amortized as an expense over the terms of the respective leases.

For the fiscal year ended October 31, 2017, 2016 and 2015, the net amortization of above-market and below-market leases was approximately \$223,000, \$157,000 and \$415,000, respectively, which is included in base rents in the accompanying consolidated statements of income.

In Fiscal 2017, the Company incurred costs of approximately \$9.7 million related to capital improvements and leasing costs to its properties.

#### (4) MORTGAGE NOTE RECEIVABLE

In October 2016, the Company, through a wholly owned subsidiary originated a loan in the amount of \$13.5 million secured by a first mortgage on a shopping center located in Rockland County, NY. The loan required payments to the Company of interest only recognized on the effective yield method at the rate of one-month LIBOR plus 3.25% per annum. The loan matured in October 2017 and was repaid.

#### 5) MORTGAGE NOTES PAYABLE, BANK LINES OF CREDIT AND OTHER LOANS

At October 31, 2017, the Company has mortgage notes payable and other loans that are due in installments over various periods to fiscal 2031. The mortgage loans bear interest at rates ranging from 3.4% to 6.6% and are collateralized by real estate investments having a net carrying value of approximately \$570.8 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
2018	\$ 9,904	\$ 6,391	\$ 16,295
2019	26,880	6,197	33,077
2020	—	5,848	5,848
2021	—	6,200	6,200
2022	49,486	5,503	54,989
Thereafter	171,006	9,656	180,662
	<u>\$257,276</u>	<u>\$39,795</u>	<u>\$297,071</u>

The Company has a \$100 million unsecured revolving credit facility with a syndicate of three banks led by The Bank of New York Mellon, as administrative agent. The syndicate also includes Wells Fargo Bank N.A. and Bank of Montreal (co-syndication agent). The Facility gives the Company the option, under certain conditions, to increase the Facility's borrowing capacity up to \$150 million (subject to lender approval). The maturity date of the Facility is August 23, 2020 with a one-year extension at the Company's option. Borrowings under the Facility can be used for general corporate purposes and the issuance of letters of credit (up to \$10 million). Borrowings will bear interest at the Company's option of Eurodollar rate plus 1.35% to 1.95% or The Bank of New York Mellon's prime lending rate plus 0.35% to 0.95% based on consolidated indebtedness, as defined. The Company pays a quarterly fee on the unused commitment amount of 0.15% to 0.25% per annum based on outstanding borrowings during the year. The Facility contains certain representations, 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, 2017.

As of October 31, 2017, \$95 million was available to be drawn on the Facility.

During the fiscal years ended October 31, 2017 and 2016, the Company borrowed \$52 million and \$52 million, respectively, on its Facility to fund capital improvements, the repayment of the Company's mortgage encumbering its Stamford Property (see below) and property acquisitions. During the fiscal years ended October 31, 2017 and 2016, the Company re-paid \$56.0 million and \$66.8 million, respectively, on its Facility with mortgage proceeds from refinancing the mortgage on the Company's Stamford property (see below) and available cash.

In October 2017, the Company, through a subsidiary (see note 6), refinanced its \$6.1 million non-recourse first mortgage loan secured by our Orangeburg property with the existing lender. The new mortgage requires payments of interest only for the first five years at the rate of LIBOR plus 2.15%; in years six and seven of the term, the mortgage requires monthly principal payments of \$10,000 per month and interest at the aforementioned rate. Concurrent with entering into the mortgage, the Company also entered into an interest rate swap contract with the lender as the counterparty, which will convert the variable interest rate (based on LIBOR) to a fixed rate of 4.48% per annum. The mortgage matures on October 1, 2024.

In August 2017, the Company, through a wholly owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the Washington Commons Property (see note 6) with a balance of \$10 million. The mortgage loan requires monthly payments of principal and interest at the fixed rate of 3.87% per annum. The mortgage matures on April 1, 2018.

In July 2017, the Company, through a wholly owned subsidiary, repaid at maturity the existing \$44 million first mortgage loan encumbering its Ridgeway property, located in Stamford, CT, with available cash and a \$33 million borrowing on its Facility. Subsequently in July, the Company placed a new \$50 million non-recourse first mortgage loan encumbered by the subject property and used a portion of the proceeds to repay the \$33 million borrowing on the Facility. The new loan has a term of 10 years and requires payments of principal and interest at the rate of LIBOR plus 1.90% based on a 30-year amortization. The Company entered into an interest rate swap agreement with the lender as the counterparty which converts the variable interest rate (based on LIBOR) to a fixed rate of 3.398% per annum.

In March 2017, the Company, through a wholly owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the Passaic Property (see note 3) with a balance of \$3.5 million. The mortgage loan requires monthly payments of principal and interest at the fixed rate of 4.64% per annum. The mortgage matures on October 7, 2022.

In March 2017, the Company, through a wholly owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the High Ridge Shopping Center (see note 6) with a balance of \$10 million. The mortgage loan requires monthly payments of interest only at the fixed rate of 3.65% per annum. The mortgage matures on March 1, 2025.

In March 2017, the Company, through a wholly owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the CVS Property (see note 6) with a balance of \$1.2 million. The mortgage loan requires monthly payments of principal and interest at the fixed rate of 4.75% per annum. The mortgage matures on June 1, 2037.

In September 2016, the Company refinanced its \$7.2 million mortgage secured by 2 properties with the existing lender. The new mortgage principal balance is \$11 million and has a term of 10 years and requires payments of principal and interest at the rate of LIBOR plus 2.00%. Concurrent with entering into the mortgage, the Company also entered into an interest rate swap contract, with the lender as the counterparty, which converted the variable interest rate (based on LIBOR) to a fixed rate of 3.475% per annum.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In July 2016, the Company placed a \$22.7 million mortgage secured by its Newfield Green shopping center located in Stamford, CT. The mortgage has a term of fifteen years and requires payments of principal and interest at the fixed rate of 3.89% per annum.

In May 2016, the Company repaid a \$7.5 million mortgage that was secured by its Bloomfield, NJ property.

Interest paid in the years ended October 31, 2017, 2016, and 2015 was approximately \$12.9 million, \$13.1 million and \$13.4 million, respectively.

### (6) CONSOLIDATED JOINT VENTURES AND REDEEMABLE NONCONTROLLING INTERESTS

The Company has an investment in five joint ventures, UB Ironbound, LP (“Ironbound”), UB Orangeburg, LLC (“Orangeburg”), McLean Plaza Associates, LLC (“McLean”) and UB Dumont I, LLC (“Dumont”), each of which owns a commercial retail property, and UB High Ridge, LLC (“UB High Ridge”), which owns three commercial real estate properties. The Company has evaluated its investment in these five joint ventures and has concluded that these 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 these ventures and that the joint ventures should be consolidated into the consolidated financial statements of the Company in accordance with ASC Topic 810 “Consolidation”. The Company’s investment in these consolidated joint ventures is 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. 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.

#### *Orangeburg*

The Company, through a wholly owned subsidiary, is the managing member and owns a 40.6% interest in

Orangeburg, which owns a drug store-anchored shopping center. 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, which amount is attributable to each unit of Orangeburg ownership. The annual cash distribution is paid from available cash, as defined, of Orangeburg. The balance of available cash, if any, is fully distributable to the Company. Upon liquidation, proceeds from the sale of Orangeburg assets are to be distributed in accordance with the operating agreement. The non-managing member is not obligated to make any additional capital contributions to the partnership. Orangeburg has a defined termination date of December 31, 2097. Since purchasing this property, the Company has made additional investments in the amount of \$5.7 million in Orangeburg and as a result as of October 31, 2017 its ownership percentage has increased to 40.6% from approximately 2.92% at inception.

#### *McLean Plaza*

The Company, through a wholly owned subsidiary, is the managing member and owns a 53% interest in McLean Plaza Associates, LLC, a limited liability company (“McLean”), which owns a grocery-anchored shopping center. The McLean operating agreement provides for the non-managing members to receive a fixed annual cash distribution equal to 5.05% of their invested capital. The annual cash distribution is paid from available cash, as defined, of McLean. The balance of available cash, if any, is fully distributable to the Company. Upon liquidation, proceeds from the sale of McLean assets are to be distributed in accordance with the operating agreement. The non-managing members are not obligated to make any additional capital contributions to the entity.

#### *UB High Ridge*

In March 2017, the Company acquired an 8.80% interest in UB High Ridge, LLC (“UB High Ridge”) for a net investment of \$5.5 million. UB High Ridge owns three commercial real estate properties, High Ridge Shopping Center, a grocery-anchored shopping center, (“High Ridge”) and two single tenant commercial retail properties, one leased to JP Morgan Chase (“Chase Property”) and one leased to CVS (“CVS Property”). Two of the properties are located in Stamford, CT and one in Greenwich, CT. High Ridge is a grocery-anchored shopping center anchored by a Trader Joes grocery store. The properties were contributed to the new entities by the former

owners who received units of ownership of UB High Ridge equal to the value of properties contributed less liabilities assumed (see note 5). The UB High Ridge operating agreement provides for the non-managing members to receive an annual cash distribution, currently equal to 5.46% of their invested capital.

#### **UB Dumont I, LLC**

In August 2017, the Company acquired a 31.4% interest in UB Dumont I, LLC (“Dumont”) for a net investment of \$3.9 million. Dumont owns a retail and residential real estate property, which retail portion is anchored by a Stop and Shop grocery store. The property is located in Dumont, NJ. The property was contributed to the new entity by the former owners who received units of ownership of Dumont equal to the value of contributed property less liabilities assumed (see note 4). The Dumont operating agreement provides for the non-managing members to receive an annual cash distribution, currently equal to 5.05% of their invested capital.

#### **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, McLean, UB High Ridge and Dumont have the right to require the Company to redeem all or a part of their limited partnership or limited liability company units for cash, or at the option of the Company shares of its Class A Common stock, 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, McLean and a portion of the UB High Ridge and Dumont redemptions are based solely on the price of the Company’s Class A Common stock on the date of redemption. For the years ended October 31, 2017 and 2016, the Company adjusted the carrying value of the non-controlling interests by \$(666,000) and \$2.3 million, respectively, with the corresponding adjustment recorded in stockholders’ equity.

The following table sets forth the details of the Company’s redeemable non-controlling interests (amounts in thousands):

	October 31,	
	2017	2016
Beginning Balance	\$18,253	\$15,955
Initial UB High Ridge		
Noncontrolling Interest-Net	55,217	—
Initial Dumont Noncontrolling		
Interest-Net	8,557	—
Change in Redemption Value	(666)	2,298
Ending Balance	<u>\$81,361</u>	<u>\$18,253</u>

#### **(7) INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED JOINT VENTURES**

At October 31, 2017 and 2016, 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,	
	2017	2016
Chestnut Ridge and Plaza 59		
Shopping Centers (50.0%)	\$18,032	\$18,200
Gateway Plaza (50%)	6,873	7,160
Putnam Plaza Shopping Center (66.67%)	5,968	5,970
Midway Shopping Center, L.P.		
(11.642%)	4,639	4,856
Applebee’s at Riverhead (50%)	1,814	1,560
81 Pondfield Road Company (20%)	723	723
Total	<u>\$38,049</u>	<u>\$38,469</u>

#### **Chestnut Ridge and Plaza 59 Shopping Centers**

The Company, through two wholly owned subsidiaries, owns a 50% undivided tenancy-in-common equity interest in the 76,000 square foot Chestnut Ridge Shopping Center located in Montvale, New Jersey (“Chestnut”), which is anchored by a Fresh Market grocery store, and the 24,000 square foot Plaza 59 Shopping Center located in Spring Valley, New York (“Plaza 59”), which is anchored by a local grocer.

#### **Gateway Plaza and Applebee’s at Riverhead**

The Company, through two wholly owned subsidiaries, owns a 50% undivided tenancy-in-common equity interest in the Gateway Plaza Shopping Center (“Gateway”) and Applebee’s at Riverhead (“Applebee’s”). Both properties are located in Riverhead, New York (together the “Riverhead Properties”). Gateway, a 198,500 square foot shopping center anchored by a 168,000 square foot Walmart which also has 27,000 square feet of in-line space that is partially leased and a newly constructed 3,500 square foot outparcel that is leased. Applebee’s has a 5,400 square foot free standing Applebee’s restaurant with a newly constructed 7,200 square foot pad site that is leased.

Gateway is subject to a \$12.7 million non-recourse first mortgage. The mortgage matures on March 1, 2024 and requires payments of principal and interest at a fixed rate of interest of 4.2% per annum.

#### **Putnam Plaza Shopping Center**

The Company, through a wholly owned subsidiary, owns a 66.67% undivided tenancy-in-common equity interest in the 189,000 square foot Putnam Plaza Shopping Center (“Putnam Plaza”), which is anchored by a Tops grocery store.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Putnam Plaza has a first mortgage payable in the amount of \$19.0 million. The mortgage requires monthly payments of principal and interest at a fixed rate of 4.17% and will mature in 2019.

### *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 grocery-anchored shopping center in Westchester County, New York. Although the Company only has an 11.642% 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.

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 \$28.4 million. The loan requires payments of principal and interest at the rate of 4.80% per annum and will mature in 2027.

### *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.

The Company accounts for the above investments under the equity method of accounting since it exercises significant influence, but does not control the joint ventures. The other venturers in the joint ventures have substantial participation rights in the financial decisions and operation of the ventures or properties, which preclude the Company from consolidating the investments. The Company has evaluated its investment in the joint ventures and has concluded that the joint 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.

## (8) 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**

The 6.75% Series G Senior Cumulative Preferred Stock (“Series G 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 28, 2019. 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 Supplementary to the Charter, the holders 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 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 G Preferred Stock are reflected as a reduction of additional paid in capital.

During fiscal 2017, the Company completed the public offering of 4,600,000 shares of 6.25% Series H Senior Cumulative Preferred Stock (the “Series H Preferred Stock”) at a price of \$25 per share for net proceeds of \$111.3 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 September 18, 2022. 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 \$1.5625 per share per annum. The holders of our Series H Preferred Stock have general preference rights with respect to liquidation and quarterly distributions. Except under certain conditions holders of the Series H 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 H 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 H Preferred Stock will have the right to convert all or part of the shares of Series H 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 H Preferred Stock are reflected as a reduction of additional paid in capital.

In October 2017, we redeemed all of the outstanding shares of our \$25 Series F Cumulative Preferred Stock with a liquidation preference \$25 per share. As a result we recognized a charge of \$4.1 million on our consolidated statement of income for the fiscal year ended October 31, 2017, which represents the difference between redemption value and carrying value net of original deferred issuance costs.

### **Common Stock**

In July and August 2016, the Company sold 3,162,500 shares of Class A Common Stock in an underwritten follow-on common stock offering for \$23.29 per share and raised net proceeds of \$73.7 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 2017, the Company issued 4,705 shares of Common Stock and 5,399 shares of Class A Common Stock (4,988 shares of Common Stock and 5,854 shares of Class A Common Stock in fiscal 2016) through the DRIP. As of October 31, 2017, there remained 342,934 shares of Common Stock and 398,916 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**

The Board of Directors of the Company has approved a share repurchase program ("Program") for the repurchase of up to 2,000,000 shares, in the aggregate, of Common stock, Class A Common stock and Series F Cumulative Preferred stock and Series G Cumulative Preferred stock in open market transactions.

The Company has repurchased 4,600 shares of Common Stock and 913,331 shares of Class A Common Stock under the Program. For the year ended October 31, 2017, the Company did not repurchase any shares under the Program.

## **(9) 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 4,500,000 shares of the Company's common equity consisting of 350,000 Common shares, 350,000 Class A Common shares and 3,800,000 shares, which at the discretion of the compensation committee, may be awarded in any combination of Class A Common shares or Common shares.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In fiscal 2017, the Company awarded 152,100 shares of Common Stock and 96,225 shares of Class A Common Stock to participants in the Plan. The grant date fair value of restricted stock grants awarded to participants in 2017 was approximately \$5.2 million. As of October 31, 2017, there was \$13.6 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 4.7 years. For the years ended October 31, 2017, 2016 and 2015, amounts charged to compensation expense totaled \$4,156,000, \$4,426,000 and \$4,121,000, respectively.

A summary of the status of the Company's non-vested restricted stock awards as of October 31, 2017, and changes during the year ended October 31, 2017 is 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, 2016	1,258,000	\$16.77	384,600	\$19.40
Granted	152,100	\$19.28	96,225	\$24.07
Vested	(135,950)	\$17.21	(62,150)	\$19.81
Forfeited	—	—	(6,400)	\$21.54
Non-vested at October 31, 2017	<u>1,274,150</u>	\$17.02	<u>412,275</u>	\$20.60

### 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 \$208,000, \$187,000 and \$150,000 in each of the three years ended October 31, 2017, 2016 and 2015, respectively. 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.

- 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 for those interests based on the Company's Class A Common stock 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 or limited liability company in which the investor owns the joint venture units capitalized at prevailing market rates for properties with similar characteristics or located in similar areas.

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

### (10) 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:



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, 2017 and 2016, 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, 2017 and 2016 (amounts in thousands):

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b><u>Fiscal Year Ended October 31, 2017</u></b>				
Assets:				
Interest Rate Swap Agreements	\$ 3,316	\$ —	\$ 3,316	\$ —
Liabilities:				
Interest Rate Swap Agreements	\$ 574	\$ —	\$ 574	\$ —
Redeemable noncontrolling interests	\$81,361	\$23,709	\$53,788	\$3,864
<b><u>Fiscal Year Ended October 31, 2016</u></b>				
Assets:				
Interest Rate Swap Agreements	\$ 423	\$ —	\$ 423	\$ —
Liabilities:				
Interest Rate Swap Agreements	\$ 1,726	\$ —	\$ 1,726	\$ —
Redeemable noncontrolling interests	\$18,253	\$14,407	\$ —	\$3,846

Fair market value measurements based upon Level 3 inputs changed (in thousands) from \$2,851 at November 1, 2015 to \$3,846 at October 31, 2016 as a result of a \$995 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 \$3,846 at November 1, 2016 to \$3,864 at October 31, 2017 as a result of a \$18 increase in the redemption value of the Company’s noncontrolling interest in Ironbound in accordance with the application of ASC Topic 810.

### Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, mortgage note receivable, 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 Facility is 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.

The estimated fair value of mortgage notes payable and other loans was approximately \$296 million and \$287 million at October 31, 2017 and October 31, 2016, respectively. The estimated fair value of mortgage notes payable is based on discounting the future cash flows at a year-end risk adjusted borrowing rates 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.

Although management is not aware of any factors that would significantly affect the estimated fair value amounts from October 31, 2016, 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (11) COMMITMENTS AND CONTINGENCIES

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

At October 31, 2017, the Company had commitments of approximately \$6.0 million for tenant-related obligations.

### (12) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited quarterly results of operations for the years ended October 31, 2017 and 2016 are as follows (in thousands, except per share data):

	Year Ended October 31, 2017				Year Ended October 31, 2016			
	Quarter Ended				Quarter Ended			
	Jan 31	Apr 30	July 31	Oct 31	Jan 31	Apr 30	July 31	Oct 31
Revenues	\$29,202	\$30,024	\$32,020	\$32,313	\$27,451	\$29,166	\$28,276	\$31,899
Income from Continuing Operations	\$ 7,204	\$27,919	\$10,613	\$ 9,696	\$ 6,672	\$ 8,556	\$ 8,827	\$10,550
Net Income Attributable to								
Urstadt Biddle Properties Inc.	\$ 6,982	\$27,672	\$ 9,631	\$ 8,648	\$ 6,447	\$ 8,339	\$ 8,610	\$10,320
Preferred Stock Dividends	(3,570)	(3,571)	(3,570)	(4,249)	(3,570)	(3,570)	(3,570)	(3,570)
Redemption of Preferred Stock	—	—	—	(4,075)	—	—	—	—
Net Income Applicable to Common and Class A Common Stockholders	\$ 3,412	\$24,101	\$ 6,061	\$ 324	\$ 2,877	\$ 4,769	\$ 5,040	\$ 6,750
Per Share Data:								
Basic:								
Class A Common Stock	\$0.09	\$0.66	\$0.16	\$0.01	\$0.09	\$0.14	\$0.15	\$0.18
Common Stock	\$0.08	\$0.58	\$0.15	\$0.01	\$0.08	\$0.13	\$0.13	\$0.16
Diluted:								
Class A Common Stock	\$0.09	\$0.64	\$0.16	\$0.01	\$0.08	\$0.14	\$0.15	\$0.18
Common Stock	\$0.08	\$0.57	\$0.14	\$0.01	\$0.08	\$0.12	\$0.13	\$0.16

Amounts may not equal full year results due to rounding.

Certain prior period amounts are reclassified to correspond to current period presentation.

### (13) SUBSEQUENT EVENTS

On December 14, 2017, the Board of Directors of the Company declared cash dividends of \$0.24 for each share of Common Stock and \$0.27 for each share of Class A Common Stock. The dividends are payable on January 19, 2018 to stockholders of record on January 5, 2018. The Board of Directors also ratified the actions of the Company's compensation committee authorizing awards of 152,700 shares of Common Stock and 103,800 shares of Class A Common Stock to certain officers, directors and employees of the Company effective January 2, 2018, pursuant to the Company's restricted stock plan. The fair value of the shares awarded totaling \$5.0 million will be charged to expense over the requisite service periods (see note 1).

# 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, 2017 and 2016 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, 2017. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Urstadt Biddle Properties Inc. at October 31, 2017 and 2016, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 31, 2017, 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, 2017 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 11, 2018 expressed an unqualified opinion thereon.

New York, New York  
January 11, 2018

PKF 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.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Such statements can generally be identified by such words as "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "seek," "should," "will" or variations of such words or other similar expressions and the negatives of such words. All statements included in this report that address activities, events or developments that we expect, believe or anticipate 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 our operations and other such matters, are forward-looking statements. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate. Such statements are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, performance or achievements, financial and otherwise, may differ materially from the results, performance or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

- economic and other market conditions, including local real estate and market conditions, that could impact us, our properties or the financial stability of our tenants;
- financing risks, such as the inability to obtain debt or equity financing on favorable terms, as well as the level and volatility of interest rates;
- any difficulties in renewing leases, filling vacancies or negotiating improved lease terms;
- the inability of the Company's properties to generate revenue increases to offset expense increases;
- environmental risk and regulatory requirements;
- risks of real estate acquisitions and dispositions (including the failure of transactions to close);

- risks of operating properties through joint ventures that we do not fully control;
- risks related to our status as a real estate investment trust, including the application of complex federal income tax regulations that are subject to change;

## EXECUTIVE SUMMARY

### Overview

We are a fully integrated, self-administered real estate company that has elected to be a REIT for federal income tax purposes, engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers, 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, single tenant retail or restaurant properties and office/retail mixed use properties. Our major tenants include supermarket chains and other retailers who sell basic necessities.

At October 31, 2017, we owned or had equity interests in 81 properties, which include equity interests we own in seven consolidated joint ventures and seven unconsolidated joint ventures, containing a total of 5.1 million square feet of Gross Leasable Area ("GLA"). Of the properties owned by wholly owned subsidiaries or joint venture entities that we consolidate, approximately 92.7% was leased (93.3% at October 31, 2016). Of the properties owned by unconsolidated joint ventures, approximately 97.7% was leased (98.4% at October 31, 2016).

We have paid quarterly dividends to our shareholders continuously since our founding in 1969 and have increased the level of dividend payments to our shareholders for 23 consecutive years.

We derive substantially all of our revenues from rents and operating expense reimbursements received pursuant to long-term leases and focus our investment activities on community and neighborhood shopping centers, anchored principally by regional supermarket or pharmacy chains. We believe that because consumers need to purchase food and other types of staple goods and services generally available at supermarket or pharmacy-anchored shopping centers, the nature of our investments provides for relatively stable revenue flows even during difficult economic times.

We have a conservative capital structure and we have one \$10.0 million mortgage maturing in April 2018. Thereafter, we do not have any additional secured debt maturing until May 2019.

We focus on increasing cash flow, and consequently the value of our properties, and seek continued growth through strategic re-leasing, renovations and expansions of our existing properties and selective acquisitions of income-producing properties. Key elements of our growth strategies and operating policies are to:

- acquire quality 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, and unlock further value in these properties with selective enhancements to both the property and tenant mix, as well as improvements to management and leasing fundamentals. Our hope is to grow our assets through acquisitions by 5% to 15% per year on a dollar value basis subject to the availability of acquisitions that meet our investment parameters;
- selectively dispose of underperforming properties and re-deploy the proceeds into potentially higher performing properties that meet our acquisition criteria;
- invest in our properties for the long-term through regular maintenance, periodic renovations and capital improvements, enhancing their attractiveness to tenants and customers, as well as increasing their value;
- leverage opportunities to increase GLA at existing properties, through development of pad sites and reconfiguring of existing square footage, to meet the needs of existing or new tenants;
- proactively manage our leasing strategy by aggressively marketing available GLA, renewing existing leases with strong tenants, and replacing weak ones when necessary, with an eye towards securing leases that include regular or fixed contractual increases to minimum rents, replacing below-market-rent leases with increased market rents when possible and further improving the quality of our tenant mix at our shopping centers;
- maintain strong working relationships with our tenants, particularly our anchor tenants;
- maintain a conservative capital structure with low leverage levels; and
- control property operating and administrative costs.

Our hope is to grow our assets through acquisitions by 5% to 10% per year on a dollar value basis, subject to the availability of acquisitions that meet our investment parameters, although we cannot guarantee that investment properties meeting our investment specifications will be available to us.

#### *Highlights of Fiscal 2017; Recent Developments*

Set forth below are highlights of our recent property acquisitions, other investments, property dispositions and financings:

- In September 2017, we completed the public offering of 4,600,000 shares of 6.25% Series H Senior Cumulative Preferred Stock (the “Series H Preferred Stock”) at a price of \$25 per share for net proceeds of \$111.3 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 our option on or after September 18, 2022. 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 \$1.5625 per share per annum. The holders of our Series H Preferred Stock have general preference rights with respect to liquidation and quarterly distributions. Except under certain conditions holders of the Series H 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 H Preferred Stock, together with all of our 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 our Board of Directors until the arrearage has been cured. Upon the occurrence of a Change of Control, as defined in our Articles of Incorporation, the holder of the Series H Preferred Stock will have the right to convert all or part of the shares of Series H Preferred Stock held by such holder on the applicable conversion date into a number of our shares of Class A common stock.
- In August 2017, we acquired an approximate 31.4% equity interest in a newly formed entity, UB Dumont I, LLC (“UB Dumont”). UB Dumont owns a 74,000 square foot commercial property anchored by a Stop and Shop grocery store and also includes 19,000 square feet of apartments. We are the managing member of UB Dumont and lease and manage the property. The properties were contributed to UB Dumont by the former owners, along with \$10.0 million in mortgage debt secured by the property. The interest rate on the assumed mortgage is 3.87% per annum. The contributors received ownership units of UB Dumont equal to the fair market value of the net assets contributed, which equity at formation was valued at \$8.6 million. At the closing of the acquisition, the property was 100% leased. Our initial equity investment in UB Dumont at formation totaled \$3.9 million. The contributors of the property (non-managing members of UB Dumont) are entitled

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

to receive an annual distribution on their invested capital, initially at the rate of 5.05% per annum. We will retain all of the cash flow generated by the three properties after the payment of debt service and the aforementioned annual distribution to the non-managing members. The non-managing members have the right to require us to redeem their units of ownership in UB Dumont at prices defined in the governing agreement. At inception of UB Dumont, that price was \$21 per unit of ownership of UB Dumont.

- In July 2017, we sold for \$1.2 million a single tenant property located in Fairfield, CT that we acquired in March 2017 (see below), and realized a loss on the sale of \$729,000. Prior to the sale, we entered into a lease termination agreement with the tenant of the property. The agreement provided for the tenant to pay us \$3.2 million in exchange for being released from all future obligations under its lease. We received payment in July 2017 and recorded the payment received as lease termination income, as the payment met all of the revenue recognition conditions under U.S. GAAP. In addition, when the aforementioned property was acquired, we allocated \$1.2 million of the consideration paid to this over-market lease. As a result of this termination, we wrote-off the remaining \$1.1 million asset as a reduction of lease termination income for the year ended October 31, 2017.
- In July 2017, we repaid at maturity the existing \$44 million first mortgage loan encumbering our Ridgeway property, located in Stamford, CT, with available cash and a \$33 million borrowing on our Unsecured Revolving Credit Facility (the "Facility"). Subsequently in July, we placed a new \$50 million non-recourse first mortgage loan encumbered by the subject property and used a portion of the proceeds to repay the \$33 million borrowing on the Facility. The new loan has a term of 10 years and requires payments of principal and interest at the rate of LIBOR plus 1.9% based on a 25-year amortization. We entered into an interest rate swap agreement with the lender as the counterparty that converts the variable interest rate (based on LIBOR) to a fixed rate of 3.398% per annum.
- In July 2017, we purchased for \$8.2 million a 26,500 square foot shopping center located in Waldwick, NJ. We funded the purchase with available cash and the assumption of an environmental remediation obligation in the amount of \$3.3 million which is included in other liabilities on the October 31, 2017 consolidated balance sheet.
- In March 2017, we acquired an approximate 8.8% equity interest in a newly formed entity, UB High Ridge, LLC, ("UB High Ridge"). UB High Ridge owns a shopping center, anchored by a Trader Joe's grocery store and two free-standing commercial retail properties, one leased to JP Morgan Chase and the other to CVS. Two of the properties are located in Stamford, CT and one of the properties is located in Greenwich, CT. The three properties total approximately 99,400 square feet. We are the managing member of UB High Ridge and will lease and manage the properties. The properties were contributed by the former owners, along with \$11.2 million in aggregate mortgage debt secured by two of the properties. The weighted average interest rate per annum on the two assumed mortgages is 3.63% per annum. The contributors received ownership units of UB High Ridge equal to the fair market value of the net assets contributed, which equity at formation was valued at \$55.2 million. At formation of UB High Ridge, the three properties combined were approximately 96.4% leased. Our initial equity investment in UB High Ridge at formation totaled \$5.5 million. The contributors of the three properties (non-managing members of UB High Ridge) are entitled to receive an annual distribution on their invested capital, initially at the rate of 5.46% per annum. We will retain all of the cash flow generated by the three properties after the payment of debt service and the aforementioned annual distribution to the non-managing members. The non-managing members have the right to require us to redeem their units of ownership in UB High Ridge at prices defined in the governing agreement. At inception of UB High Ridge, that price was \$23.50 per unit of ownership of UB High Ridge.
- Also in March 2017, we purchased for \$3.1 million a free-standing 12,900 square foot commercial property located in Fairfield, CT, which property is leased by Walgreen's. This property was sold in July 2017 (see above).
- In March 2017, we completed the sale of our White Plains property for a price of \$56.6 million and realized a gain on sale of the property in the amount of \$19.5 million.
- In March 2017, we, through a wholly owned subsidiary, purchased for \$7.1 million a 36,500 square foot grocery-anchored shopping center located in Passaic, NJ. In conjunction with the purchase, we assumed a mortgage note secured by the property in the amount of \$3.5 million.
- In January 2017, we purchased for \$9.0 million a 38,800 square foot grocery-anchored shopping center located in Derby, CT.

*Known Trends; Outlook*

We believe that shopping center REITs face opportunities and challenges that are both common to and unique from other REITs and real estate companies. As a shopping center REIT, we are focused on certain challenges that are unique to the retail industry. In particular, we recognize the challenges presented by e-commerce to brick-and-mortar retail establishments, including our tenants. However, we believe that because consumers prefer to purchase food and other staple goods and services available at supermarkets in person, the nature of our properties makes them less vulnerable to the encroachment of e-commerce than other properties whose tenants may more directly compete with the internet. Moreover, we believe the nature of our properties makes them less susceptible to economic downturns than other retail properties whose anchor tenants are not supermarkets or other staple goods providers. We note, however, that many prospective in-line tenants are seeking smaller spaces than in the past, as a result, in part, of internet encroachment on their brick-and-mortar business. When feasible, we actively work to place tenants that are less susceptible to internet encroachment, such as restaurants, fitness centers, healthcare and personal services. We continue to be sensitive to these considerations when we establish the tenant mix at our shopping centers, and believe that our strategy of focusing on supermarket anchors is a strong one.

In the metropolitan tri-state area outside of New York City, demographics (income, density, etc.) remain strong and opportunities for new development, as well as acquisitions, are competitive, with high barriers to entry. We believe that this will remain the case for the foreseeable future, and have focused our growth strategy accordingly.

As a REIT, we are susceptible to changes in interest rates, the lending environment, the availability of capital markets and the general economy. For example, some experts are predicting an increased interest rate environment, which could negatively impact the attractiveness of REIT stock to investors and our borrowing activities. It is also possible, however, that higher interest rates could signal a stronger economy, resulting in greater spending by consumers. The impact of such changes are difficult to predict.

The U.S. Congress has passed sweeping tax reform legislation that would make significant changes to corporate and individual tax rates and the calculation of taxes, as well as international tax rules for U.S. domestic corporations. As a REIT, we are generally not required to pay federal taxes otherwise applicable to regular corporations if we comply with the various tax regulations governing REITs. Stockholders, however,

are generally required to pay taxes on REIT dividends. Tax reform legislation would affect the way in which dividends paid on our stock are taxed by the holder of that stock and could impact our stock price or how stockholders and potential investors view an investment in REITs. In addition, while certain elements of tax reform legislation would not impact us directly as a REIT, they could impact the geographic markets in which we operate, the tenants that populate our shopping centers and the customers who frequent our properties in ways, both positive and negative, that are difficult to anticipate.

**Leasing***Rollovers*

For the fiscal year 2017, we signed leases for a total of 650,300 square feet of retail space in our consolidated portfolio. New leases for vacant spaces were signed for 86,800 square feet at an average rental increase of 3.78% on a cash basis, excluding 3,333 square feet of new leases for which there was no prior rent history available. Renewals for 560,200 square feet of space previously occupied were signed at an average rental increase of 4.36% on a cash basis.

Tenant improvements and leasing commissions averaged \$24.38 per square foot for new leases and \$3.40 per square foot for renewals for the fiscal year ended October 31, 2017. The average term for new leases was 5.7 years and the average term for renewal leases was 4 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) that 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.

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

The leases signed in 2017 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.

In 2018, we believe our leasing volume will be in-line with our historical averages with overall positive increases in rental income for renewal leases and flat to slightly positive increases for new 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.

### *Significant Events with Impacts on Leasing*

In July 2015, one of our largest tenants, A&P, filed a voluntary petition under chapter 11 of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). Subsequently, A&P determined that it would be liquidating the company. Prior to A&P filing for bankruptcy, A&P leased and occupied nine spaces totaling 365,000 square feet in our portfolio. The bankruptcy process relating to our nine spaces is complete with eight of the nine A&P leases having been assumed by new operators in the bankruptcy process or re-leased by the Company to new operators. The remaining lease, located in our Pompton Lakes shopping center, totaling 63,000 square feet was rejected by A&P in bankruptcy and we are in the process of marketing that space for re-lease. In July 2017, one other 36,000 square foot space formerly occupied by A&P that we had released to a local grocery operator became vacant as that operator failed to perform under their lease and was evicted. We are currently marketing that space for lease and have several prospects.

### *Impact of Inflation on Leasing*

Our long-term leases contain provisions to mitigate the adverse impact of inflation on our operating results. Such provisions include clauses entitling us 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 our non-anchor leases are for terms of less than ten years, which permits us 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 our leases require tenants to pay a share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation.

## 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. For a further discussion about the Company's critical accounting policies, please see Note 1 to the consolidated financial statements of the Company included in this Annual Report.

## LIQUIDITY AND CAPITAL RESOURCES

### **Overview**

At October 31, 2017, we had cash and cash equivalents of \$8.7 million, compared to \$7.3 million at October 31, 2016. Our sources of liquidity and capital resources include operating cash flow from real estate operations, proceeds from bank borrowings and long-term mortgage debt, capital financings and sales of real estate investments. Substantially all of our revenues are derived from rents paid under existing leases, which means that our operating cash flow depends on the ability of our tenants to make rental payments. In fiscal 2017, 2016 and 2015, net cash flow provided by operations amounted to \$63.0 million, \$62.1 million and \$53.0 million, respectively.

Our short-term liquidity requirements consist primarily of normal recurring operating expenses and capital expenditures, debt service, management and professional fees, cash distributions to certain limited partners and non-managing members of our consolidated joint ventures, dividends paid to our preferred stockholders and regular dividends paid to our Common and Class A Common stockholders, which we expect to continue. Cash dividends paid on Common and Class A Common stock for the years ended October 31, 2017 and 2016 totaled \$40.6 million and \$37.1 million, respectively. Historically, we have met short-term liquidity requirements, which is defined as a rolling twelve month period, primarily by generating net cash from the operation of our properties. We believe that our net cash provided by operations will continue to be sufficient to fund our short-term liquidity requirements, including payment of dividends necessary to maintain our federal income tax REIT status.

Our long-term liquidity requirements consist primarily of obligations under our long-term debt, dividends paid to our preferred stockholders, capital expenditures and capital required for acquisitions. In addition, the limited partners and non-managing members of our five consolidated joint venture entities, Ironbound, McLean, Orangeburg, UB High Ridge and UB Dumont, have the right to require the Company to repurchase all or a portion of their limited partner or non-managing member interests at prices and on terms as set forth in



the governing agreements. See Note 6 to the financial statements included in this Annual Report. Historically, we have financed the foregoing requirements through operating cash flow, borrowings under our Unsecured Revolving Credit Facility (the "Facility"), debt refinancings, new debt, equity offerings and other capital market transactions, and/or the disposition of underperforming assets, with a focus on keeping our leverage low. We expect to continue doing so in the future. We cannot assure you, however, that these sources will always be available to us when needed, or on the terms we desire.

### *Capital Expenditures*

We invest in our existing properties and regularly make capital expenditures in the ordinary course of business to maintain our properties. We believe that such expenditures enhance the competitiveness of our properties. In fiscal 2017, we paid approximately \$9.7 million for property improvements, tenant improvements and leasing commission costs (approximately \$8.5 million representing property improvements and approximately \$1.2 million related to new tenant space improvements, leasing costs and capital improvements as a result of new tenant spaces). The amount of these expenditures can vary significantly depending on tenant negotiations, market conditions and rental rates. We expect to incur approximately \$6.0 million predominantly for anticipated capital improvements and leasing costs related to new tenant leases and property improvements during fiscal 2018. These expenditures are expected to be funded from operating cash flows, bank borrowings or other financing sources.

### *Financing Strategy, Unsecured Revolving Credit Facility and other Financing Transactions*

Our strategy is to maintain a conservative capital structure with low leverage levels by commercial real estate standards. Mortgage notes payable and other loans of \$297.1 million consist entirely of fixed-rate mortgage loan indebtedness with a weighted average interest rate of 4.2% at October 31, 2017. These mortgages are secured by 26 properties with a net book value of \$568 million and have fixed rates of interest ranging from 3.5% to 6.6%. We may refinance our 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.

At October 31, 2017, we had \$4 million of variable-rate debt consisting of draws on our Facility (see below) that was not fixed through an interest rate swap or

otherwise. See "Quantitative and Qualitative Disclosures about Market Risk" included in this Annual Report for additional information on our interest rate risk.

We currently maintain a ratio of total debt to total assets below 30% and a fixed charge coverage ratio of over 3.86 to 1 (excluding preferred stock dividends), which we believe will allow us to obtain additional secured mortgage loans or other types of borrowings, if necessary. We own 48 properties in our consolidated portfolio that are not encumbered by secured mortgage debt. At October 31, 2017, we had borrowing capacity of \$95 million on our Facility. Our Facility includes financial covenants that limit, among other things, our ability to incur unsecured and secured indebtedness. See Note 6 in our consolidated financial statements included in this Annual Report for additional information on these and other restrictions.

### *Unsecured Revolving Credit Facility and Other Property Financings*

We have a \$100 million unsecured revolving credit facility with a syndicate of three banks, BNY Mellon, BMO and Wells Fargo N.A. with the ability under certain conditions to additionally increase the capacity to \$150 million, subject to lender approval. The maturity date of the Facility is August 23, 2020 with a one-year extension at our option. Borrowings under the Facility can be used for general corporate purposes and the issuance of up to \$10 million of letters of credit. Borrowings will bear interest at our option of Eurodollar rate plus 1.35% to 1.95% or The Bank of New York Mellon's prime lending rate plus 0.35% to 0.95%, based on consolidated indebtedness, as defined. We pay a quarterly commitment fee on the unused commitment amount of 0.15% to 0.25% per annum, based on outstanding borrowings during the year. As of October 31, 2017, \$95 million was available to be drawn on the Facility. Our 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 our level of secured and unsecured indebtedness and additionally require us to maintain certain debt coverage ratios. We were in compliance with such covenants at October 31, 2017.

During the year ended October 31, 2017, we borrowed \$52 million on our Facility to fund a portion of the equity for property acquisitions, capital improvements to our properties and to repay the mortgage secured by our Ridgeway property at maturity until a new mortgage could be put in place later that month. For the year ended October 31, 2017 we repaid \$56 million of borrowings on our Facility, with proceeds from the sale of our White Plains property and proceeds from the refinancing of our mortgage loan encumbering the Stamford property.

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

See Note 5 included in our consolidated financial statements included in this Annual Report for a further description of mortgage financing transactions in fiscal 2017 and 2016.

### *Net Cash Flows from Operating Activities*

#### *Increase from fiscal 2016 to 2017:*

The increase in operating cash flows was primarily due to our generating additional operating income for the year ended October 31, 2017 from properties acquired in fiscal 2016 and 2017 and the receipt of a lease termination payment in the amount of \$3.2 million from a former tenant whose lease was terminated in July 2017 offset by an increase in tenant receivables in fiscal 2017 when compared with fiscal 2016.

#### *Increase from fiscal 2015 to fiscal 2016:*

The increase was primarily due to an increase in operating income at various properties in fiscal 2016 when compared with fiscal 2015, resulting from new leasing completed in fiscal 2015 and fiscal 2016 and \$4.8 million in extension fees collected from the entity under contract to purchase our White Plains property. In addition, the increase was further aided by an increase in the collection of tenant receivables in fiscal 2016 when compared with fiscal 2015.

### *Net Cash Flows from Investing Activities*

#### *Increase from fiscal 2016 to 2017:*

The increase in net cash flows provided by investing activities in fiscal 2017 when compared to fiscal 2016 was the result of the Company selling its White Plains, NY property and a single tenant property located in Fairfield, CT in fiscal 2017 and generating net proceeds of \$45.3 million on those sales. In addition, we expended \$11.8 million less for improvements to our investment properties in fiscal 2017 when compared to fiscal 2016. This increase was further accentuated by our acquiring four properties and investing in two joint ventures, which we consolidate, that acquired four properties in fiscal 2017 for a total equity investment of \$30.6 million as compared with fiscal 2016 during which we acquired two investment properties requiring \$58.7 million of equity capital. The increase was further bolstered by the repayment of our one mortgage note receivable by the borrower in the amount of \$13.5 million in fiscal 2017. This note was funded in fiscal 2016.

#### *Decrease in cash used from fiscal 2015 to fiscal 2016:*

The decrease in cash flows used in investing activities in fiscal 2016 when compared to the prior fiscal year was the result of the purchase of two properties totaling

\$58.7 million in fiscal 2016 versus purchasing six properties totaling \$138.5 million in fiscal 2015, offset by the Company receiving \$42.9 million in fiscal 2015 in proceeds from the sale of the Meriden property. In addition, we initiated a first mortgage loan in the amount of \$13.5 million in fiscal 2016.

We regularly make capital investments in our properties for property improvements, tenant improvements costs and leasing commissions.

### *Net Cash Flows from Financing Activities*

#### **Cash generated:**

##### *Fiscal 2017: (Total \$213.5 million)*

- Proceeds from mortgage note payable in the amount of \$50 million.
- Proceeds from revolving credit line borrowings in the amount of \$52 million.
- Proceeds from the issuance of Series H Preferred Stock in the amount of \$111.3 million.

##### *Fiscal 2016: (Total \$159.5 million)*

- Proceeds from issuance of Class A Common Stock in the amount of \$73.7 million.
- Proceeds from revolving credit line borrowings in the amount of \$52.0 million.
- Proceeds from mortgage financings in the amount of \$33.7 million.

##### *Fiscal 2015: (Total \$237.6 million)*

- Proceeds from mortgage financings in the amount of \$68.2 million.
- Proceeds from revolving credit line borrowings in the amount of \$104.8 million.
- Proceeds from the issuance of Series G Preferred Stock in the amount of \$4.6 million.
- Proceeds from the issuance of Class A Common stock in the amount of \$59.8 million.

#### **Cash used:**

##### *Fiscal 2017: (Total \$291.4 million)*

- Dividends to shareholders in the amount of \$55.6 million.
- Repayment of mortgage notes payable in the amount of \$43.7 million.
- Repayment of revolving credit line borrowings in the amount of \$56 million.
- Redemption of preferred stock in the amount of \$129.4 million.

*Fiscal 2016: (Total \$138.9 million)*

- Dividends to shareholders in the amount of \$51.4 million.
- Repayment of mortgage notes payable in the amount of \$20.7 million.
- Repayment of revolving credit line borrowings in the amount of \$66.8 million.

*Fiscal 2015: (Total \$250.1 million)*

- Dividends to shareholders in the amount of \$50.0 million.

- Repayment of mortgage notes payable in the amount of \$12.9 million.
- Repayment of revolving credit line borrowings in the amount of \$97.6 million.
- Repayment of the unsecured term loan in the amount of \$25 million.
- Redemption of preferred stock in the amount of \$61.3 million.
- Repurchase of Class A Common stock in the amount of \$3.4 million.

## RESULTS OF OPERATIONS

### Fiscal 2017 vs. Fiscal 2016

The following information summarizes our results of operations for the years ended October 31, 2017 and 2016 (amounts in thousands):

	Year Ended October 31,		Change Attributable to:			
	2017	2016	Increase (Decrease)	% Change	Property Acquisitions/ Sales	Property Held In Both Periods (Note 1)
<b>Revenues</b>						
Base rents	\$88,383	\$87,172	\$1,211	1.4%	\$1,539	\$(328)
Recoveries from tenants	28,676	25,788	2,888	11.2%	1,950	938
Other income	4,069	3,213	856	26.6%	155	701
<b>Operating Expenses</b>						
Property operating	20,074	18,717	1,357	7.3%	720	637
Property taxes	19,621	18,548	1,073	5.8%	641	432
Depreciation and amortization	26,512	23,025	3,487	15.1%	2,302	1,185
General and administrative	9,183	9,284	(101)	-1.1%	n/a	n/a
<b>Non-Operating Income/Expense</b>						
Interest expense	12,981	12,983	(2)	0.0%	1,098	(1,100)
Interest, dividends, and other investment income	356	242	114	47.1%	n/a	n/a

Note 1—Properties held in both periods includes only properties owned for the entire periods of 2017 and 2016. All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

### Revenues

Base rents increased by 1.4% to \$88.4 million in fiscal 2017, as compared with \$87.2 million in the comparable period of 2016. The increase in base rents and the changes in other income statement line items were attributable to:

#### *Property Acquisitions and Properties Sold:*

In fiscal 2017, the Company purchased four properties totaling 114,700 square feet of GLA, invested in two joint ventures that owns four properties totaling 173,600 square feet, whose operations we consolidate, and sold two properties totaling 203,800 square feet. In fiscal 2016, the Company purchased two properties totaling 101,400 square feet. These properties accounted for all of the

revenue and expense changes attributable to property acquisitions and sales in year ended October 31, 2017 when compared with fiscal 2016.

#### *Properties Held in Both Periods:*

### Revenues

#### *Base Rent*

The decrease in base rents for properties owned in both periods was caused predominantly by a slight reduction in the percent of the portfolio that is leased in fiscal 2017 when compared with fiscal 2016.

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

In fiscal 2017, the Company leased or renewed approximately 650,000 square feet (or approximately 15.0% of total consolidated property leasable area). At October 31, 2017, the Company's consolidated properties were approximately 92.7% leased (93.3% leased at October 31, 2016).

### Tenant Recoveries

For the year ended October 31, 2017, recoveries from tenants for properties owned in both periods (which represent reimbursements from tenants for operating expenses and property taxes) increased by \$938,000. This increase was a result of an increase in both property operating expenses and property tax expense in the consolidated portfolio for properties owned for the entire periods of fiscal 2017 and 2016, along with an increase in leased rate at some properties which increased the rate at which the Company could bill operating expenses to tenants in fiscal 2017 versus fiscal 2016.

### Expenses

Property operating expenses for properties owned in both fiscal year 2017 and 2016 increased by \$637,000. This increase was predominantly as a result of an increase in snow removal costs at our properties.

Real estate taxes for properties owned in both fiscal year 2017 and 2016 increased by \$432,000 as a result of normal tax assessment increases at some of our properties.

Interest expense for properties owned in both fiscal year 2017 and 2016 decreased by \$1.1 million as a result of the refinancing of our largest mortgage in July 2017. In July 2017, we refinanced our mortgage loan secured by our Stamford, CT property and although the principal increased from \$44 million to \$50 million the interest rate was reduced from 5.52% to 3.398% per annum. In addition, we repaid our mortgage at our Bloomfield, NJ property after the second quarter of fiscal 2016. In addition, the reduction was accentuated by normal recurring amortization payments on our portfolio of mortgages, which reduces interest expense in fiscal 2017 when compared with fiscal 2016 for the same mortgages.

Depreciation and amortization expense for properties owned in both fiscal year 2017 and 2016 increased by \$1.2 million as a result of an increase in capital improvements on properties held in both periods in fiscal 2016 and 2017.

### General and Administrative Expenses

General and administrative expense for the year ended October 31, 2017, when compared with the year ended October 31, 2016 decreased by \$101,000, as a result of a decrease in restricted stock amortization, which reduces compensation expense and a reduction in professional fees offset by increased compensation expense for additional staffing at the Company and increased bonus compensation for our employees in fiscal 2017 when compared with fiscal 2016.

### Fiscal 2016 vs. Fiscal 2015

The following information summarizes our results of operations for the years ended October 31, 2016 and 2015 (amounts in thousands):

	Year Ended October 31,		Change Attributable to:			
	2016	2015	Increase (Decrease)	% Change	Property Acquisitions/ Sales	Property Held In Both Periods (Note 2)
<b>Revenues</b>						
Base rents	\$87,172	\$83,885	\$ 3,287	3.9%	\$(1,556)	\$ 4,843
Recoveries from tenants	25,788	28,703	(2,915)	(10.2)%	(516)	(2,399)
Other income	3,213	2,252	961	42.7%	(114)	1,075
<b>Operating Expenses</b>						
Property operating	18,717	21,267	(2,550)	(12.0)%	(690)	(1,860)
Property taxes	18,548	18,224	324	1.8%	33	291
Depreciation and amortization	23,025	22,435	590	2.6%	403	187
General and administrative	9,284	8,576	708	8.3%	n/a	n/a
<b>Non-Operating Income/Expense</b>						
Interest expense	12,983	13,475	(492)	(3.7)%	497	(989)
Interest, dividends, and other investment income	242	228	14	6.1%	n/a	n/a

Note 2—Properties held in both periods includes only properties owned for the entire periods of 2016 and 2015. All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

## Revenues

Base rents increased by 3.9% to \$87.2 million in fiscal 2016, as compared with \$83.9 million in the comparable period of 2015. The increase in base rents and the changes in other income statement line items were attributable to:

### *Property Acquisitions and Properties Sold:*

In fiscal 2015, the Company purchased equity interests in six properties totaling approximately 409,000 square feet of GLA and sold two properties totaling approximately 320,000 square feet and in fiscal 2016, the Company purchased two properties totaling 101,000 square feet. These properties accounted for all of the revenue and expense changes attributable to property acquisitions and sales in fiscal 2016 when compared with fiscal 2015.

### *Properties Held in Both Periods:*

## Revenues

### *Base Rent*

Base rents increased by \$4.8 million in fiscal 2016 as compared to fiscal 2015 primarily as a result of the Company receiving \$4.8 million in extension fees from our White Plains property, which was sold in fiscal 2017. In fiscal 2015, the Company entered into contract to sell our White Plains property and that closing was scheduled to occur in April 2016. In February the purchaser approached the Company and asked for an extension of the closing to October 2016. In exchange for granting the extension the Company received \$2.8 million. In October, the purchaser approached us again and asked for an additional extension, and in exchange for granting that extension the Company received an additional \$2 million. The Company recorded the entire \$4.8 million in base rent on the accompanying consolidated income statements for the year ended October 31, 2016, as the fees collected for the extensions essentially amounted to the purchaser renting the shopping center until the closing of the sale, which took place in March of 2017. In addition the increase was caused by an increase in base rents billed at several of our other shopping centers in excess of the prior year for new leasing done in the portfolio in fiscal 2015 and 2016 offset by a reduction in base rents at the three shopping centers which were leased to A&P and were not assumed in the A&P bankruptcy process (see leasing—significant events with impact on leasing section earlier in this Annual Report). Two of those three spaces have been re-leased and are now paying rent.

In fiscal 2016, the Company leased or renewed approximately 418,400 square feet (or approximately 10.4% of total consolidated property leasable area). At October 31, 2016, the Company's consolidated properties were approximately 93.3%. The above percentages exclude the Company's White Plains property which is being held vacant for sale.

### *Tenant Recoveries*

For the year ended October 31, 2016, recoveries from tenants for properties owned in both periods (which represent reimbursements from tenants for operating expenses and property taxes) decreased by a net \$2.4 million. This decrease was primarily the result of incurring \$1.9 million less in operating expenses for properties owned in both periods, predominantly attributable to a significant reduction in snow removal costs during fiscal 2016 as compared with fiscal 2015. In addition, this decrease was also the result of having two anchor stores formerly occupied by A&P vacant for most of the first and second quarters of fiscal 2016, which reduced the Company's recovery rate for operating costs at these properties.

## Expenses

Property operating expenses for properties owned in both fiscal year 2016 and 2015 decreased by \$1.9 million. This decrease was primarily the result of having \$1.9 million less in operating expenses in the portfolio, predominantly attributable to a significant reduction in snow removal costs during fiscal 2016 as compared with fiscal 2015.

Real estate taxes for properties owned in both fiscal year 2016 and 2015 increased by \$291,000 as a result of normal tax assessment increases at some of our properties.

Interest expense for properties owned in both fiscal year 2016 and 2015 decreased by \$989,000 as a result of the Company having less outstanding on its Facility in fiscal 2016 as compared with fiscal 2015 and the Company repaying two mortgages totaling \$14.8 million in fiscal 2015 and 2016 and the Company repaying its \$25 million term loan in August 2015.

Depreciation and amortization expense from properties owned in the year ended October 31, 2016 as compared to the corresponding prior period, increased by \$187,000 as a result of an increase in capital improvements on properties held in both periods.

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

### General and Administrative Expenses:

General and administrative expense for the year ended October 31, 2016, when compared with the year ended October 31, 2015 increased by \$708,000, as a result of increased compensation expense for additional staffing at the Company, increased bonus compensation for our employees and an increase in restricted stock amortization as a result of newer tranches of restricted stock grants being valued at a higher stock price than that of expiring tranches of restricted stock.

### Funds from Operations

We consider Funds from Operations ("FFO") to be an additional measure of our operating performance. We report FFO in addition to 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 the Company's 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 our 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 our 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, 2017 (amounts in thousands):

	Year Ended October 31,		
	2017	2016	2015
Net Income Applicable to Common and Class A Common Stockholders	\$ 33,898	\$19,436	\$ 34,659
Real property depreciation	20,505	18,866	18,750
Amortization of tenant improvements and allowances	4,448	3,517	3,161
Amortization of deferred leasing costs	1,468	557	449
Depreciation and amortization on unconsolidated joint ventures	1,618	1,589	1,414
(Gain)/loss on sale of properties	(18,734)	(362)	(20,377)
Funds from Operations Applicable to Common and Class A Common Stockholders	<u>\$ 43,203</u>	<u>\$43,603</u>	<u>\$ 38,056</u>

FFO amounted to \$43.2 million in fiscal 2017, compared to \$43.6 million in fiscal 2016 and \$38.1 million in fiscal 2015.

The net increase in FFO in fiscal 2017 when compared with fiscal 2016 was predominantly attributable, among other things, to: (a) the additional net income generated from properties acquired in the second half of fiscal 2016 and properties acquired in fiscal 2017; (b) a reduction in the charge for bad debt expense in the amount of \$578,000 in fiscal 2017 versus fiscal 2016; (c) interest income generated from a \$13.5 million mortgage originated in the fourth quarter of fiscal 2016, which was not repaid until October of fiscal 2017; d) a \$1.8 million increase in lease termination

income in fiscal 2017 versus fiscal 2016 related to the lease termination of the only lease in our Fairfield, CT property in the third quarter of fiscal 2017; (e) a \$412,000 reduction in acquisition costs in fiscal 2017 versus fiscal 2016 as a result of an accounting change that became effective for us on the first day of fiscal 2017 which changes how costs related to investment property acquisitions are accounted for; offset by (f) \$4.1 million in preferred stock redemption charges in fiscal 2017 related to the Company redeeming its Series F preferred stock in October 2017, there were no preferred stock redemption charges in fiscal 2016 or fiscal 2015.

The net increase in FFO in fiscal 2016 when compared with fiscal 2015 was predominantly attributable, among other things, to: (a) a decrease in acquisition costs of \$1.7 million in fiscal 2016 when compared to fiscal 2015; (b) a decrease in preferred stock dividends as a result of issuing a new series of preferred stock in fiscal 2015 with a lower interest rate than the series it replaced; (c) extension fees received from the entity in contract to purchase our Westchester Pavilion property that gave them the right to delay the closing of the property to 2017 in the amount of \$4.8 million (included in base rent); (d) an increase in operating income at several of our properties from new leasing completed in fiscal 2015 and fiscal 2016; offset by (e) a decrease in rental income relating to tenant vacancies at several properties, most notably three spaces formerly occupied by A&P. See “Leasing—Significant Events with Impacts on Leasing” in this Annual Report.

### Off-Balance Sheet Arrangements

We have seven off-balance sheet investments in real property through unconsolidated joint ventures:

- 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 suburban office building with ground level retail.

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 7, “Investments in and Advances to Unconsolidated Joint Ventures” in our financial statements in this Annual Report. Although we have not guaranteed the debt of these joint ventures, we have agreed to customary environmental indemnifications and nonrecourse carve-outs (e.g. guarantees against fraud, misrepresentation and bankruptcy) on certain loans of the joint ventures. The below table details information about the outstanding non-recourse mortgage financings on our unconsolidated joint ventures (amounts in thousands):

Joint Venture Description	Location	Principal Balance		Fixed Interest Rate Per Annum	Maturity Date
		Original Balance	At October 31, 2017		
Midway Shopping Center	Scarsdale, NY	\$32,000	\$28,397	4.80%	Dec 2027
Putnam Plaza Shopping Center	Carmel, NY	\$21,000	\$19,046	4.17%	Oct 2024
Gateway Plaza	Riverhead, NY	\$14,000	\$12,749	4.18%	Feb 2024
Applebee’s Plaza	Riverhead, NY	\$ 1,300	\$ 1,044	5.98%	Aug 2026
Applebee’s Plaza	Riverhead, NY	\$ 1,000	\$ 906	3.38%	Aug 2026

### Contractual Obligations

Our contractual payment obligations as of October 31, 2017 were as follows (amounts in thousands):

	Total	Payments Due by Period					Thereafter
		2018	2019	2020	2021	2022	
Mortgage notes payable and other loans	\$297,071	\$16,295	\$33,076	\$ 5,848	\$ 6,200	\$54,989	\$180,663
Interest on mortgage notes payable	71,551	12,655	11,435	10,232	9,881	8,560	18,788
Revolving Credit Lines	4,000	—	—	—	4,000	—	—
Tenant obligations*	6,000	6,000	—	—	—	—	—
Total Contractual Obligations	<u>\$378,622</u>	<u>\$34,950</u>	<u>\$44,511</u>	<u>\$16,080</u>	<u>\$20,081</u>	<u>\$63,549</u>	<u>\$199,451</u>

\*Committed tenant-related obligations based on executed leases as of October 31, 2017.

We have various standing or renewable service contracts with vendors related to property management. In addition, we also have 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.

# 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, 2017. 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, 2017. The Company's independent registered public accounting firm, PKF 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, 2017, 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; (3) receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (4) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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, 2017 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, 2017 and 2016, 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, 2017 and our report dated January 11, 2018 expressed an unqualified opinion thereon.

New York, New York  
January 11, 2018

PKF 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, 2017 and 2016:

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 20, 2017	\$0.235	\$0.14	\$0.02075	\$0.07425	\$0.265	\$0.158	\$0.02325	\$0.08375
April 17, 2017	\$0.235	\$0.14	\$0.02075	\$0.07425	\$0.265	\$0.158	\$0.02325	\$0.08375
July 17, 2017	\$0.235	\$0.14	\$0.02075	\$0.07425	\$0.265	\$0.158	\$0.02325	\$0.08375
October 20, 2017	\$0.235	\$0.14	\$0.02075	\$0.07425	\$0.265	\$0.158	\$0.02325	\$0.08375
	<u>\$0.94</u>	<u>\$0.56</u>	<u>\$0.083</u>	<u>\$0.297</u>	<u>\$1.06</u>	<u>\$0.632</u>	<u>\$0.093</u>	<u>\$0.335</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 15, 2016	\$0.23	\$0.1205	\$0.078	\$0.0315	\$0.26	\$0.13625	\$0.08825	\$0.0355
April 15, 2016	\$0.23	\$0.1205	\$0.078	\$0.0315	\$0.26	\$0.13625	\$0.08825	\$0.0355
July 15, 2016	\$0.23	\$0.1205	\$0.078	\$0.0315	\$0.26	\$0.13625	\$0.08825	\$0.0355
October 21, 2016	\$0.23	\$0.1205	\$0.078	\$0.0315	\$0.26	\$0.13625	\$0.08825	\$0.0355
	<u>\$0.92</u>	<u>\$0.482</u>	<u>\$0.312</u>	<u>\$0.126</u>	<u>\$1.04</u>	<u>\$0.545</u>	<u>\$0.353</u>	<u>\$0.142</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, 2017, the Company made distributions to stockholders aggregating \$0.94 per Common share and \$1.06 per Class A Common share. On December 14, 2017, the Company's Board of Directors approved the payment of a quarterly dividend payable January 19, 2018 to stockholders of record on January 5, 2018. The quarterly dividend rates were declared in the amounts of \$0.24 per Common share and \$0.27 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, 2017 and 2016 as reported on the New York Stock Exchange:

	<b>Fiscal Year Ended</b>		<b>Fiscal Year Ended</b>	
	<b>October 31, 2017</b>		<b>October 31, 2016</b>	
	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
<u>Common Shares:</u>				
First Quarter	<b>\$16.85</b>	<b>\$19.64</b>	\$16.63	\$ 19.01
Second Quarter	<b>\$16.21</b>	<b>\$18.00</b>	\$17.42	\$19.19
Third Quarter	<b>\$15.92</b>	<b>\$18.87</b>	\$18.25	\$22.37
Fourth Quarter	<b>\$16.29</b>	<b>\$18.80</b>	\$17.16	\$21.50
<u>Class A Common Shares:</u>				
First Quarter	<b>\$20.51</b>	<b>\$24.33</b>	\$18.57	\$20.47
Second Quarter	<b>\$19.66</b>	<b>\$22.62</b>	\$19.51	\$21.46
Third Quarter	<b>\$18.41</b>	<b>\$21.12</b>	\$20.47	\$25.13
Fourth Quarter	<b>\$20.07</b>	<b>\$22.65</b>	\$21.11	\$24.50

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to interest rate risk primarily through our borrowing activities, which include fixed-rate mortgage debt and, in limited circumstances, variable rate debt. As of October 31, 2017, we had total mortgage debt and other notes payable of \$297 million, of which 100% was fixed-rate, inclusive of variable rate mortgages that have been swapped to fixed interest rates using interest rate swap derivatives contracts.

For our fixed-rate debt, 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.

To reduce our exposure to interest rate risk on variable-rate debt, we use interest rate swap agreements, for example, to convert some of our variable-rate debt to fixed-rate debt. As of October 31, 2017, we had eight open derivative financial instruments. These interest rate swaps are cross collateralized with mortgages on properties in Rye, NY, Ossining, NY, Yonkers, NY, Orangeburg, NY, Stamford, CT and Greenwich, CT. The Rye swaps expire in October 2019, the Ossining and Yonkers swaps expire in October 2024, the Orangeburg, NY swap expires in October 2024, the Stamford swap expires in July 2027, and the Greenwich swaps expire in September 2026, all concurrent with the maturity of the respective mortgages. All of the aforementioned derivatives contracts are adjusted to fair market value at each reporting period. The Company has concluded that all of the aforementioned derivatives contracts are effective cash flow hedges as defined in ASC Topic 815. We are required to evaluate the effectiveness at inception and at each reporting date. As a result of the aforementioned derivatives contracts being effective cash flow hedges all changes in fair market value are recorded directly to stockholders equity in accumulated comprehensive income and have no effect on the earnings of the Company. In August 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-12, which better aligns an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. To meet that objective, the amendment expands and refines hedge accounting for both nonfinancial and financial risk components and aligns the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. This amendment is effective for us in our fiscal year 2020 and since we have always entered into cash flow hedges for interest rate protection we believe the accounting of our derivatives contracts will not change.

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, 2017 (amounts in thousands, except weighted average interest rate):

	For The Fiscal Year Ended October 31,						Total	Estimated Fair Value
	2018	2019	2020	2021	2022	Thereafter		
Mortgage notes payable and other loans	\$16,295	\$33,076	\$5,848	\$6,200	\$54,989	\$180,663	\$297,071	\$295,723
Weighted average interest rate for debt maturing	3.87%	6.11%	n/a	n/a	4.41%	3.84%	4.20%	

At October 31, 2017, the Company had \$4 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 \$40,000 annually.

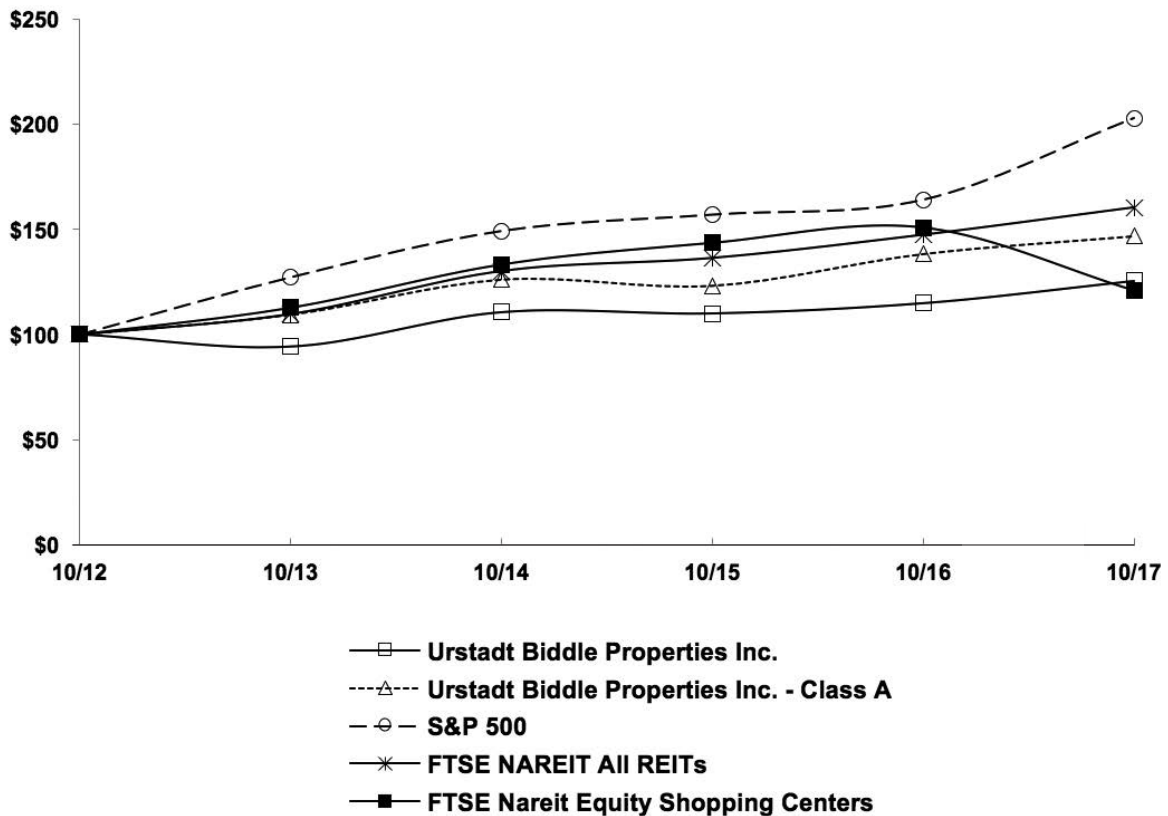
## CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in, or any disagreements with, the Company's independent registered public accounting firm on accounting principles and practices or financial disclosure during the years ended October 31, 2017 and 2016.

# PERFORMANCE GRAPH

The following graph compares, for the five-year period beginning October 31, 2012 and ended October 31, 2017, 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, NAREIT Equity Shopping Centers Total Return Index (both peer group indexes) 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  
the FTSE NAREIT All REITs Index and the FTSE Nareit Equity Shopping Centers Index



\*\$100 invested on 10/31/12 in stock or index, including reinvestment of dividends.  
Fiscal year ending October 31.

	10/12	10/13	10/14	10/15	10/16	10/17
Urstadt Biddle Properties Inc.	100.00	94.17	110.55	109.98	114.85	125.45
Urstadt Biddle Properties Inc.—Class A	100.00	109.45	126.14	123.21	138.33	146.80
S&P 500	100.00	127.18	149.14	156.89	163.97	202.72
FTSE NAREIT All REITs	100.00	109.78	130.11	136.36	147.35	160.31
FTSE Nareit Equity Shopping Centers	100.00	112.74	133.16	143.46	150.71	120.95

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.

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

KEVIN J. BANNON  
Director  
Prudential Retail Mutual Funds

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

BRYAN O. COLLEY  
Principle of entities that own  
and operate multiple McDonalds  
restaurants

RICHARD GRELLIER  
Managing Director  
Deutsche Bank Securities Inc.

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

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

CHARLES D. URSTADT  
President and Director  
Urstadt Property Company, Inc.

NOBLE O. CARPENTER  
President, Investor Services and  
Capital Markets, Americas  
Cushman & Wakefield

## OFFICERS

CHARLES J. URSTADT  
Chairman

WILLING L. BIDDLE  
President and  
Chief Executive Officer

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

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

MIYUN SUNG  
Senior Vice President,  
Chief Legal Officer and  
Secretary

JAMES M. ARIES  
Senior Vice President  
Acquisitions

LINDA LACEY  
Senior Vice President  
Leasing

ANDREW ALBRECHT  
Vice President  
Management and Construction

JOSEPH ALLEGRETTI  
Vice President  
Senior Leasing Representative

NICHOLAS CAPUANO  
Vice President and  
Real Estate Counsel

ZACH FOX  
Vice President  
Acquisitions

DIANE MIDOLLO  
Vice President and Controller

SUZANNE MOORE  
Vice President and  
Director of Accounts  
Receivable

HEIDI BRAMANTE  
Assistant Vice President and  
Assistant Controller

SUZANNE CRISCITELLI  
Assistant Vice President and  
Senior Leasing Transaction  
Manager

STEVE DUDZIEC  
Assistant Vice President  
Leasing

ELLEN HANRAHAN  
Assistant Vice President and  
Assistant Secretary

JANINE IAROSSE  
Assistant Vice President  
Insurance and  
Benefit Administrator

MARY MURRAY  
Assistant Vice President and  
Director of Operations

MONICA ROTH  
Assistant Vice President  
Environmental Project Manager

## CORPORATE INFORMATION

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### **Securities Traded**

New York Stock Exchange  
Symbols: UBA, UBP, UBPPRG and UBPPRH  
Stockholders of Record as of  
December 31, 2017:  
Common Stock: 606 and  
Class A Common Stock: 640

### **Annual Meeting**

The annual meeting of stockholders will be held at 2:00 P.M. on March 21, 2018 at Six Landmark Square, 9th Floor, Stamford, CT 06901.

### **Form 10-K**

A copy of the Company's 2017 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 Miyun Sung, Secretary, telephone (203) 863-8200.

### **Investor Relations**

Investors desiring information about the Company can contact Laura Santangelo, in our Investor Relations Department, telephone (203) 863-8225. Investors are also encouraged to visit our website at: [www.ubproperties.com](http://www.ubproperties.com)

### **Independent Registered Public Accounting Firm**

PKF 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](http://www.ubproperties.com)

### **Memberships**

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



Top: Aldi Center, Derby. Bottom: Washingtons Commons Dumont



# URSTADT BIDDLE PROPERTIES INC.

321 RAILROAD AVENUE  
GREENWICH, CT 06830