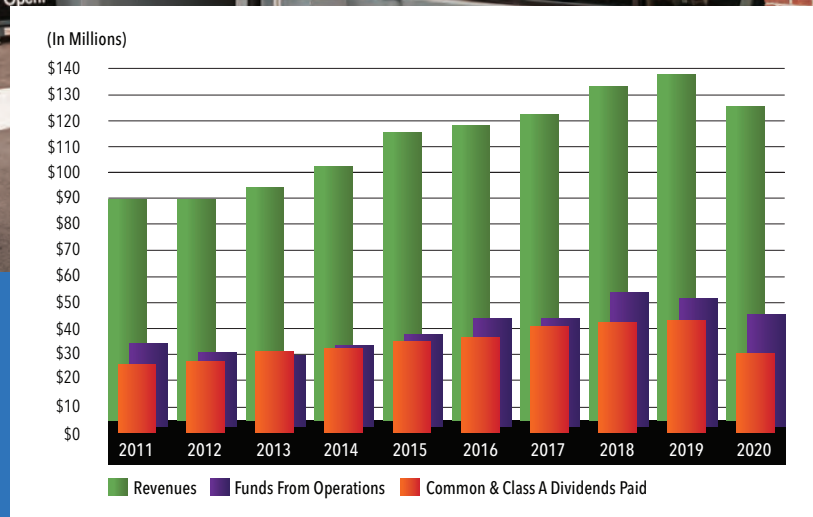


2020 ANNUAL REPORT



**51 CONSECUTIVE
YEARS OF
UNINTERRUPTED
DIVIDENDS.**



URSTADT BIDDLE PROPERTIES INC.

Urstadt Biddle Properties Inc. is a self-administered publicly held real estate investment trust providing investors with a means of participating in the ownership of income-producing properties. Our investment properties consist primarily 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 H Preferred Shares and Series K Preferred Shares of the Company trade on the New York Stock Exchange under the symbols “UBA,” “UBP,” “UBPPRH” and “UBPPRK.”

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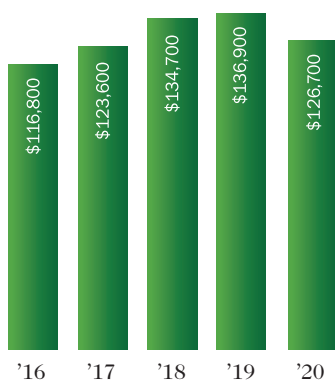
SELECTED FINANCIAL DATA

(Amounts in thousands, except share data)

Year Ended October 31,	2020	2019	2018	2017	2016
Balance Sheet Data:					
Total Assets	\$1,010,179	\$1,072,304	\$1,008,233	\$996,713	\$931,324
Revolving Credit Lines and Unsecured Term Loan	\$ 35,000	\$ —	\$ 28,595	\$ 4,000	\$ 8,000
Mortgage Notes Payable and Other Loans	\$ 299,434	\$ 306,606	\$ 293,801	\$ 297,071	\$273,016
Preferred Stock Called for Redemption	\$ —	\$ 75,000	\$ —	\$ —	\$ —
Operating Data:					
Total Revenues	\$ 126,745	\$ 137,585	\$ 135,352	\$123,560	\$116,792
Total Expenses and Payments to Noncontrolling Interests	\$ 100,604	\$ 102,333	\$ 100,320	\$ 91,774	\$ 85,337
Income from Continuing Operations before Discontinued Operations	\$ 26,070	\$ 41,613	\$ 42,183	\$ 55,432	\$ 34,605
Per Share Data:					
Net Income from Continuing Operations – Basic:					
Class A Common Stock	\$.23	\$.59	\$.68	\$.92	\$.57
Common Stock	\$.20	\$.53	\$.61	\$.82	\$.50
Net Income from Continuing Operations – Diluted:					
Class A Common Stock	\$.22	\$.58	\$.67	\$.90	\$.56
Common Stock	\$.20	\$.52	\$.60	\$.80	\$.49
Cash Dividends Paid on:					
Class A Common Stock	\$.77	\$1.10	\$1.08	\$1.06	\$1.04
Common Stock	\$.69	\$.98	\$.96	\$.94	\$.92
Other Data:					
Net Cash Flow Provided by (Used in):					
Operating Activities	\$ 61,883	\$ 72,317	\$ 71,584	\$ 62,995	\$ 62,081
Investing Activities	\$ (18,820)	\$ (14,739)	\$ (20,540)	\$ 18,761	\$ (82,072)
Financing Activities	\$ (96,347)	\$ 26,216	\$ (49,433)	\$ (80,353)	\$ 20,639
Funds from Operations (Note)	\$ 45,172	\$51,955	\$ 55,171	\$ 43,203	\$ 43,603

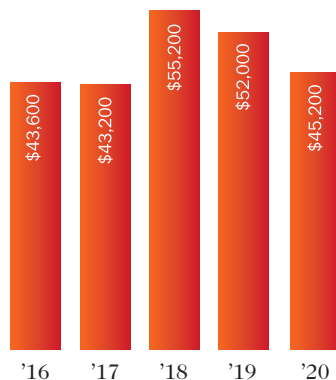
TOTAL REVENUES

(In thousands)

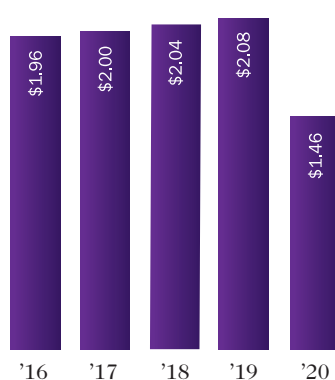


FUNDS FROM OPERATIONS

(In thousands)



COMBINED DIVIDENDS PAID ON COMMON AND CLASS A COMMON SHARES



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 42. 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.

LETTER TO OUR STOCKHOLDERS

The COVID-19 pandemic transformed what looked to be another stellar year into one we all hope to forget. The New York metropolitan area, where our properties are located, is the densest urban area in the country and was one of the earliest and hardest hit by the pandemic. As a result, the past nine-month period has been the most difficult time that Urstadt Biddle Properties has experienced in its 51-year history.

Early in the pandemic, many of our tenants were forced to close their businesses, and others faced restrictions on their operations. Other tenants saw demand for their services decline, in some cases sharply, as consumers' lives and habits changed virtually overnight. Supply chain and human resource disruptions have only added to the difficulties. Making matters even more challenging for our Company is that virtually no government assistance has been made available to publicly traded real estate companies. While doing what we can to reduce our operating expenses, we have had to continue to pay our real estate taxes and other fixed operating costs, as government relief has been unavailable.

At the onset of the pandemic when our Greenwich, CT headquarters was required to close, we shifted seamlessly to a remote working environment to keep our employees safe. Since May, when our office was permitted to re-open at reduced capacity, we have followed Connecticut-mandated and CDC-recommended protocols relating to office work, and all of our employees have been encouraged to work remotely if possible.

Despite these difficulties, we know from history that this too shall pass. We are optimistic that UBP is well positioned to flourish again once vaccinations are widely distributed.

A top priority during this crisis has been to proactively work with our tenants to help their businesses survive. We believe that almost all of our tenants continue to have viable businesses and demand for their products or services will resume once the pandemic ends.

Accordingly, we have granted temporary rent relief to approximately 30% of our tenants in the form of rent deferments or abatements; we have worked with our restaurants to facilitate outdoor dining; and we have rolled out curbside pickup at almost all of our properties.

We have a strong balance sheet, ample liquidity, limited development projects and no significant debt maturing before 2022. That means we are well positioned to help our tenants. Our goal is to ensure that as many of our tenants as possible will continue to operate at our properties when this crisis ends enabling us to avoid the time and expense associated with re-leasing vacant space.

Our real estate business consists primarily of operating grocery-anchored neighborhood shopping centers. Of our gross leasable area, 84% is located in properties anchored by grocery stores, wholesale clubs and pharmacies, and 71% of our tenants are considered essential businesses that have been permitted to operate in some form at all times throughout the crisis.

Although over 28% of our annualized base rent ("ABR") comes from grocery stores, wholesale clubs and pharmacies, our centers are also home to many other types of businesses, including a substantial number of tenants with only one location. Certain categories of tenants, comprising approximately 19% percent of our ABR, that have been particularly hard hit include:

- Gyms and specialty health clubs
- Full-service restaurants
- Day care
- Dry cleaners
- Therapeutic massage, nail salons and hair salons



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*



**VALLEY RIDGE
SHOPPING CENTER,
WAYNE, NEW JERSEY**

One consequence of the pandemic has been the acceleration of online shopping. While the increase in Internet sales is of continuing concern, our supermarket tenants have uniformly experienced higher brick and mortar sales, a surge in “click and collect” (buy online/pick-up in-store) purchases and more delivery businesses during the pandemic. Grocery stores are proving that they can hold their own against Internet retailers by refining their strategies and using their own stores as warehouses. One example is the recent acquisition of Fresh Direct by Ahold Delhaize, Stop & Shop’s parent company. The move will further strengthen Ahold’s omnichannel presence in the New York metropolitan area.

Overall, this pandemic has validated our strategy of owning grocery, wholesale club and pharmacy-anchored shopping centers. Unlike enclosed mall properties, our open-air centers house basic necessity stores that have been so important to the general population during this pandemic. Having a high concentration of such retailers has enabled us to collect between 80-90% of our monthly rents billed, excluding the application of security deposits and deferral and abatement agreements. For the most part, our tenants are conducting business and our parking lots are busy. In fact, savvy retailers prefer to co-tenant with strong supermarkets, the primary tenants at our shopping centers. Open-air, grocery-anchored neighborhood shopping centers continue to be high-quality real estate investments.

In 2020, gross revenues fell approximately 7% to \$126.7 million. This was the result of lease restructurings, rent concessions, reserving for rent arrears and re-classifying 64 tenants (of approximately 900 tenants in our consolidated portfolio) from accrual to cash revenue recognition as required by accounting rules. Funds from operations (“FFO”)¹ fell 13% to \$45.2 million, or \$1.19 per diluted Class A Common share. In order to preserve



SUZANNE MOORE
Vice President and Director of
Accounts Receivable

¹ Funds from Operations (“FFO”) is a supplemental non-GAAP financial measure of our operating performance— see page 65 of this Annual Report for a reconciliation of Net Income Available to Common and Class A Common Stockholders to FFO.



**DeCICCO'S PLAZA
EASTCHESTER, NEW YORK**

liquidity and to defend against a potential worsening of the pandemic, our Board of Directors made the difficult decision to reduce our third quarter dividend by 75% before restoring the dividend in the fourth quarter to approximately 50% of its pre-pandemic level. At our current rent collection rates, we can cover our fixed expenses and our preferred stock dividends while still comfortably paying some level of dividend to our common stockholders. We know how important the dividend is to our stockholders and will strive to increase it in the future as conditions improve.

LEASING

The pandemic was a major factor in our occupancy percentage falling 2.0% to 90.5%. Much of that decrease was due to business failures and tenant non-renewals. Although the uncertainty over COVID-19 has greatly slowed the pace of new leasing, we are beginning to see leasing activity pick up.

Thanks to groundwork laid in prior periods, there were positive leasing developments in 2020:

- Whole Foods opened in a newly expanded and renovated 40,000 square foot store at our Wayne, NJ property, making it the first Whole Foods store in Passaic County.
- DeCicco & Sons Supermarket, a high-quality specialty supermarket chain, opened a newly renovated 29,000 square foot store at our Eastchester, NY property.
- Both the Wayne and Eastchester properties have experienced a surge in customer traffic since these high-performing supermarkets opened, compared to traffic levels at these properties when predecessor supermarkets were operating.



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



DIANE MIDOLLO
Vice President and Controller



LINDA LACEY
Senior Vice President
Director of Leasing

- We completed the expansion of the Trader Joe’s parking lot at our High Ridge Center property in Stamford, CT. This will enable the store to serve more customers at this successful location, while improving overall traffic flow at the shopping center.
- We renovated our shopping center in Orange, CT and delivered a newly built 27,000 square foot space to TJ Maxx.
- At our Pompton Lakes, NJ property, we completed rezoning and redevelopment approvals that paved the way for the sale of a 29,000 square foot portion of the shopping center to German supermarket chain Lidl. Lidl plans to construct a new state-of-the-art supermarket entirely at its own expense and is expected to open in 2021. As part of the redevelopment, we also obtained approvals to construct a 50,000 square foot self-storage facility to be managed by Extra Space Storage, which also manages our existing self-storage facility in Yorktown Heights, NY and our new self-storage facility in Stratford, CT.



JOSEPH ALLEGRETTI
Vice President
Leasing



DEVELOPMENTS

We have completed the first two phases of work on a 3.5-acre site adjacent to our shopping center in Stratford, CT. Chipotle opened for business on a pad site on the property and we completed a 5-story, 131,000 gross square foot self-storage facility. We also plan to build a second pad site at the new development, which we expect to lease to another national restaurant company.

We are also pleased to report a new Popeye’s Louisiana Kitchen restaurant opened for business on a pad site at our Yorktown Heights, NY property and a Phillips 66 fueling station and convenience store is nearing completion at our Newfield Green property in Stamford, CT.



NICHOLAS CAPUANO
Vice President and
Real Estate Counsel

PROPERTY ACQUISITIONS AND DISPOSITIONS

The market for buying and selling grocery-anchored shopping centers in the suburbs surrounding New York City has essentially been frozen during the pandemic. As we experienced with the 2008 economic crisis, we anticipate that acquisition opportunities will eventually result from dislocations caused by the pandemic. However, pricing for the types of grocery-anchored shopping centers in which we typically invest currently remains uncertain and acquisitions opportunities are scarce.

Nevertheless, we did sell a non-core office property and a freestanding restaurant property that no longer met our investment objectives. Where appropriate opportunities exist, we plan to continue selectively selling properties that do not fit our investment criteria.



ANDREW ALBRECHT
Vice President Director of
Management and Construction

SOLAR AND ENVIRONMENTAL SUSTAINABILITY

We continue to actively pursue opportunities to improve the environmental sustainability of our properties. Continuing financial subsidies from the states in which we operate enable us to profitably invest in energy efficiency measures and solar power generation facilities at our properties. A few highpoints of our sustainability program include the following:



**THE DOCK,
STRATFORD, CONNECTICUT**



**STAPLES PLAZA,
YORKTOWN HEIGHTS,
NEW YORK**



- We completed seven parking lot LED lighting upgrade projects in 2020, which will collectively save approximately 335,000 kilowatt hours of electricity annually. To date, we have completed thirty parking lot LED upgrade projects, and we are currently evaluating many additional projects for potential completion within the next few years.
- We completed five solar array projects on the roofs of our properties in 2020, which will collectively produce approximately 1.75 million kilowatt hours of electricity annually. To date, we have completed thirty-one solar array projects on the roofs of our properties, which are currently producing approximately 4.2 million kilowatts of electricity annually, enough to power 467 average houses.
- We continued our program to partner with electric vehicle companies to install charging stations in the parking lots of our properties. We currently have charging stations at thirteen of our properties, including Tesla supercharger stations at five of our properties. At our Yorktown Heights, NY shopping center, we collaborated with IPPsolar to install a community solar/energy storage project, consisting of a rooftop solar project and a ground-mounted battery storage system. This was the first-ever project of its nature completed in the State of New York. Adding to the value of this project is the fact that Tesla supercharger stations at the property utilize a substantial portion of the electricity generated.
- Our new five-story, 130,000 square foot self-storage facility in Stratford, CT is expected to be the first “net-zero” building of its kind completed in Connecticut. Because of its energy-efficient design, the amount of electricity produced by the solar project on the roof will likely exceed the amount of power the building will use.



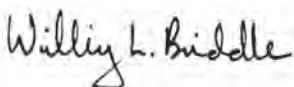
JAMES M. ARIES
Senior Vice President
Director of Acquisitions

OUTLOOK

Through no fault of their own, 2020 was a challenging year for our tenants. Because of the pandemic, changes in shopping patterns and lifestyles benefitted some businesses while seriously harming others. Approximately 20% of our tenants generally fall into this latter category. We believe that when vaccinations have been widely distributed in the New York City metropolitan area even our most negatively affected tenants will largely recover.

We are confident that our well-located properties, benefitting from strong demographics and anchored by grocery stores, pharmacies, warehouse clubs and other basic necessity retailers, will remain strong and attract new businesses. The crisis has increased migration to the tri-state suburban communities surrounding New York City where most of our investments are located. That trend, along with a continued increase in remote working, will result in increased traffic at our centers. As the demand for housing in the suburbs continues to increase, we may be able to leverage this demand by “densifying” our own properties by adding multi-family residential. Finally, we can provide lower-cost, convenient locations to retailers displaced by recently closed regional malls.

Every crisis has a bright spot, and this pandemic has highlighted the importance of UBP’s superb employees and dedicated Board of Directors. Our team adapted quickly and has maintained an incredible “can-do” attitude throughout this difficult period. We have acquired and built an enviable portfolio of properties. Without the dedicated professionals at UBP, our properties would not shine like they do. We greatly appreciate the hard work our team has put in this year as well as the continued support of our stockholders.



Willing L. Biddle
President and Chief Executive Officer



Charles D. Urstadt
Chairman



WILLING L. BIDDLE



CHARLES D. URSTADT

January 2021

IN MEMORIAM



Charles J. Urstadt, 1928 - 2020

Charles J. Urstadt often remarked that, aside from his family, the success of Urstadt Biddle Properties was his proudest achievement. Following his appointment as Chairman in 1986, Mr. Urstadt guided the company through a dramatic transformation that has been of lasting benefit to shareholders and set a course for continued future growth.

After he assumed the helm of the company, Mr. Urstadt charted a course that was strongly influenced by his own substantial investment in the company. The company quickly adopted a disciplined plan for its portfolio that looked beyond short-term gains. He often said: “Stock prices are opinions, but dividends are facts”. Thus, strong income flow, low debt and long-term growth became important principles. The result has been a solid balance sheet that has carried the company safely through several market upheavals, including the 2008 economic crisis and the most recent pandemic.

He believed that people always have to eat, that affluent areas can better survive economic downturns, and that company personnel should understand the market for the company’s properties better than anyone else. So, in the late 1980’s, the company changed its focus and began buying grocery-anchored shopping centers in the suburbs within commuting distance of NYC.

While his death in March was a great loss for the company’s directors, employees and shareholders, Mr. Urstadt’s vision and principles continue to be the basis of the company’s investment philosophy. His wisdom, leadership and sense of humor will be greatly missed.



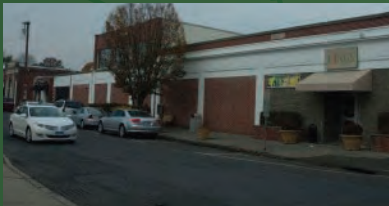
1 Corporate Headquarters
Greenwich



2 Greenwich Commons
Greenwich



2 Cos Cob Plaza
Greenwich



2 Kings Shopping Center
Greenwich



2 Cos Cob Commons
Greenwich



3 Ridgeway Shopping Center
Stamford



3 Newfield Green
Stamford



3 970 High Ridge Road
Stamford



3 High Ridge Shopping Center
Stamford



ROCKINGHAM

NEW HAMPSHIRE



4 Goodwives Shopping Center
Darien



5 Fairfield Centre
Fairfield



6 Ridgefield Center
Ridgefield



6 470 Main Street
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 The Dock
Stratford



11 Aldi Square
Derby



12 Orange Meadows Shopping Center
Orange



13 Carmel ShopRite Center
Carmel



13 Putnam Plaza
Carmel



14 Lakeview Shopping Center
Brewster



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 76 N Main Street
New City



21 Orangetown Shopping Center
Orangeburg



22 Harrison Market Square
Harrison



23 Pelham Manor Plaza
Pelham



24 DeCicco's Plaza
Eastchester



24 Eastchester Plaza
Eastchester



24 People's United Bank
Bronxville



25 Midway Shopping Center
Scarsdale



25 Tanglewood Shopping Center
Yonkers



26 McLean Plaza
Yonkers



27 H-MART Plaza
Fort Lee



28 Washington Commons
Dumont



29 Van Houten Plaza
Passaic



30 Emerson Shopping Plaza
Emerson



31 Waldwick Plaza
Waldwick



31 Rite Aid
Waldwick



32 Chestnut Ridge Shopping Center
Montvale



33 Cedar Hill Shopping Center
Wyckoff



33 Midland Park Shopping Center
Midland Park



34 Meadtown Shopping Center
Kinnelon



35 Pompton Lakes Town Square
Pompton Lakes



36 Boonton Acme Shopping Center
Boonton



37 Valley Ridge Shopping Center
Wayne



38 Bloomfield Crossing
Bloomfield



39 Ferry Plaza
Newark



40 Village Shopping Center
New Providence



41 Gateway Plaza
Riverhead



42 Newington Park
Newington

INVESTMENT PORTFOLIO (as of January 10, 2021)

UBP owns or has equity interests in 81 properties which total 5,238,000 square feet.

MAP	LOCATION	SQUARE FEET	PRINCIPAL TENANT	PROPERTY TYPE
CONNECTICUT				
Fairfield County, CT				
3	Stamford	374,000	Stop & Shop Supermarket	Shopping center
10	Stratford	279,000	Stop & Shop Supermarket	Shopping center
7	Danbury	194,000	Christmas Tree Shops	Shopping center
4	Darien	96,000	Stop & Shop Supermarket	Shopping center
3	Stamford	87,000	Trader Joe's	Shopping center
3	Stamford	74,000	Grade A Market	Shopping center
6	Ridgefield	62,000	Keller Williams	Street retail
5	Fairfield	62,000	Marshalls	Shopping center
1	Greenwich	58,000	UBP	Office (5 buildings)
2	Cos Cob	48,000	CVS	Retail/Office
	Westport	40,000	Julian's Pizza Kitchen & Bar	Shopping center
2	Old Greenwich	39,000	Kings Supermarket	Retail/Office
7	Danbury	33,000	Buffalo Wild Wings	Shopping center
9	Bethel	31,000	Rite Aid	Shopping center
3	Stamford	27,000	Federal Express	Shopping center
6	Ridgefield	23,000	Asian/Fusion Restaurant	Retail/Office
2	Cos Cob	15,000	AT&T Wireless	Retail/Office
2	Greenwich	10,000	Wells Fargo Bank	Shopping center
	Old Greenwich	8,000	CVS	Retail
	Old Greenwich	4,000	Chase Bank	Bank
		1,564,000		
Litchfield County, CT				
8	New Milford	235,000	Walmart	Shopping center
8	New Milford	81,000	Big Y Supermarket	Shopping center
8	New Milford	72,000	Staples	Shopping center
		388,000		
New Haven County, CT				
12	Orange	77,000	Trader Joe's Supermarket	Shopping center
11	Derby	39,000	Aldi Supermarket	Shopping center
		116,000		
NEW YORK				
Westchester County, NY				
25	Scarsdale	242,000	ShopRite Supermarket	Shopping center
18	Ossining	137,000	Stop & Shop Supermarket	Shopping center
15	Somers	135,000	Home Goods	Shopping center
17	Yorktown	121,000	Staples	Shopping center
15	Somers	80,000	CVS	Shopping center
24	Eastchester	70,000	DeCicco's Supermarket	Shopping center
26	Yonkers	58,000	Acme Supermarket	Shopping center
19	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
16	Katonah	28,000	Squires Family Clothing and Footwear	Retail/Office
25	Yonkers	27,000	AutoZone	Shopping center
22	Harrison	26,000	Key Food Supermarket	Shopping center
23	Pelham	25,000	Manor Market	Shopping center
24	Eastchester	24,000	CVS	Shopping center
24	Bronville/ Yonkers	19,000	People's United Bank JP Morgan Chase	Retail (4 buildings)
15	Somers	19,000	Putnam County Savings Bank	Shopping center
		1,126,000		

MAP	LOCATION	SQUARE FEET	PRINCIPAL TENANT	PROPERTY TYPE
Putnam County, NY				
13	Carmel	189,000	Tops Supermarket	Shopping center
14	Brewster	176,000	Acme Supermarket	Shopping center
13	Carmel	145,000	ShopRite Supermarket	Shopping center
		510,000		
Suffolk County, NY				
41	Riverhead	211,000	Walmart & Applebee's	Shopping center
Rockland County, NY				
21	Orangeburg	74,000	CVS	Shopping center
20	New City	3,000	Putnam County Savings Bank	Retail (1 building)
		77,000		
Ulster County, NY				
	Kingston	3,000	Taste of Italy	Net leased property
Orange County, NY				
	Unionville	3,000	Unionville Family Restaurant	Net leased property
NEW JERSEY				
Bergen County, NJ				
33	Midland Park	130,000	Kings Supermarket	Shopping center
30	Emerson	93,000	ShopRite Supermarket	Shopping center
32	Montvale	77,000	The Fresh Market Supermarket	Shopping center
28	Dumont	74,000	Stop and Shop Supermarket	Shopping center
33	Wyckoff	43,000	Walgreens	Shopping center
31	Waldwick	27,000	United States Post Office	Shopping center
31	Waldwick	20,000	Rite Aid	Retail—Single tenant
27	Fort Lee	7,000	H-Mart Supermarket	Retail supermarket— Single tenant
	Hillsdale	2,000	Friendly's Restaurant	Net leased property
		473,000		
Passaic County, NJ				
37	Wayne	105,000	Whole Foods Market	Shopping center
35	Pompton Lakes	96,000	Planet Fitness	Shopping center
29	Passaic	37,000	Dollar Tree/Family Dollar	Shopping center
		238,000		
Essex County, NJ				
39	Newark	108,000	Seabra Supermarket	Shopping center
38	Bloomfield	59,000	Superfresh Supermarket	Shopping center
	Bloomfield	3,000	Friendly's Restaurant	Net leased property
		170,000		
Morris County, NJ				
34	Kinnelon	76,000	Marshalls	Shopping center
36	Boonton	63,000	Acme Supermarket	Shopping center
	Chester	9,000	Vacant	Retail
		148,000		
Union County, NJ				
40	New Providence	109,000	Acme Supermarket	Shopping center
NEW HAMPSHIRE				
Rockingham County, NH				
42	Newington	102,000	Savers	Shopping center

FINANCIALS

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FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	October 31,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Real Estate Investments:	\$1,149,182	\$1,141,770
Real Estate—at cost	<u>(261,325)</u>	<u>(241,154)</u>
Less: Accumulated depreciation	887,857	900,616
Investments in and advances to unconsolidated joint ventures	<u>28,679</u>	<u>29,374</u>
	916,536	929,990
Cash and cash equivalents	40,795	94,079
Tenant receivables	25,954	22,854
Prepaid expenses and other assets	18,263	15,513
Deferred charges, net of accumulated amortization	<u>8,631</u>	<u>9,868</u>
Total Assets	<u>\$1,010,179</u>	<u>\$1,072,304</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Revolving credit lines	\$ 35,000	\$ —
Mortgage notes payable and other loans	299,434	306,606
Preferred stock called for redemption	—	75,000
Accounts payable and accrued expenses	18,033	11,416
Deferred compensation—officers	20	53
Other liabilities	<u>24,550</u>	<u>21,629</u>
Total Liabilities	<u>377,037</u>	<u>414,704</u>
Redeemable Noncontrolling Interests	<u>62,071</u>	<u>77,876</u>
Commitments and Contingencies		
Stockholders' Equity:		
6.25% Series H Cumulative Preferred Stock (liquidation preference of \$25 per share); 4,600,000 shares issued and outstanding	115,000	115,000
5.875% Series K Cumulative Preferred Stock (liquidation preference of \$25 per share); 4,400,000 shares issued and outstanding	110,000	110,000
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; 10,073,652 and 9,963,751 shares issued and outstanding	102	101
Class A Common Stock, par value \$0.01 per share; 100,000,000 shares authorized; 29,996,305 and 29,893,241 shares issued and outstanding	300	299
Additional paid in capital	526,027	520,988
Cumulative distributions in excess of net income	(164,651)	(158,213)
Accumulated other comprehensive income (loss)	<u>(15,707)</u>	<u>(8,451)</u>
Total Stockholders' Equity	<u>571,071</u>	<u>579,724</u>
Total Liabilities and Stockholders' Equity	<u>\$1,010,179</u>	<u>\$1,072,304</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,		
	2020	2019	2018
Revenues			
Lease income	\$120,941	\$132,287	\$127,230
Lease termination	705	221	3,795
Other	5,099	4,374	3,697
Total Revenues	<u>126,745</u>	<u>136,882</u>	<u>134,722</u>
Expenses			
Property operating	19,542	22,151	22,235
Property taxes	23,464	23,363	21,167
Depreciation and amortization	29,187	27,930	28,327
General and administrative	10,643	9,405	9,223
Directors' fees and expenses	373	346	344
Total Operating Expenses	<u>83,209</u>	<u>83,195</u>	<u>81,296</u>
Operating Income	43,536	53,687	53,426
Non-Operating Income (Expense):			
Interest expense	(13,508)	(14,102)	(13,678)
Equity in net income from unconsolidated joint ventures	1,433	1,241	2,085
Gain on sale of marketable securities	258	403	—
Interest, dividends and other investment income	398	403	350
Gain (loss) on sale of properties	(6,047)	(19)	—
Net Income	<u>26,070</u>	<u>41,613</u>	<u>42,183</u>
Noncontrolling interests:			
Net income attributable to noncontrolling interests	(3,887)	(4,333)	(4,716)
Net income attributable to Urstadt Biddle Properties Inc.	<u>22,183</u>	<u>37,280</u>	<u>37,467</u>
Preferred stock dividends	(13,650)	(12,789)	(12,250)
Redemption of preferred stock	—	(2,363)	—
Net Income Applicable to Common and Class A Common Stockholders	<u>\$ 8,533</u>	<u>\$ 22,128</u>	<u>\$ 25,217</u>
Basic Earnings Per Share:			
Per Common Share	\$ 0.20	\$0.53	\$0.61
Per Class A Common Share	\$ 0.23	\$0.59	\$0.68
Diluted Earnings Per Share:			
Per Common Share	\$ 0.20	\$0.52	\$0.60
Per Class A Common Share	\$ 0.22	\$0.58	\$0.67

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,		
	2020	2019	2018
Net Income	\$ 26,070	\$ 41,613	\$ 42,183
Other comprehensive income:			
Change in unrealized gain on marketable equity securities	—	—	569
Change in unrealized gain (loss) on interest rate swaps	(6,546)	(13,651)	4,155
Change in unrealized gain (loss) on interest rate swaps—equity investees	(710)	(1,697)	—
Total comprehensive income	18,814	26,265	46,907
Comprehensive income attributable to noncontrolling interests	(3,887)	(4,333)	(4,716)
Total comprehensive income attributable to Urstadt Biddle Properties Inc.	14,927	21,932	42,191
Preferred stock dividends	(13,650)	(12,789)	(12,250)
Redemption of preferred stock	—	(2,363)	—
Total comprehensive income applicable to Common and Class A Stockholders	\$ 1,277	\$ 6,780	\$ 29,941

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,		
	2020	2019	2018
Cash Flows from Operating Activities:			
Net income	\$ 26,070	\$ 41,613	\$ 42,183
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	29,187	27,930	28,327
Straight-line rent adjustment	(2,641)	(914)	(957)
Provisions for tenant credit losses	6,244	956	859
(Gain) on sale of marketable securities	(258)	(403)	—
Restricted stock compensation expense and other adjustments	5,448	4,381	4,085
Deferred compensation arrangement	(33)	(19)	(24)
(Gain) loss on sale of properties	6,047	19	—
Equity in net (income) of unconsolidated joint ventures	(1,433)	(1,241)	(2,085)
Distributions of operating income from unconsolidated joint ventures	1,433	1,241	2,085
Changes in operating assets and liabilities:			
Tenant receivables	(6,715)	(314)	(956)
Accounts payable and accrued expenses	609	(8,142)	161
Other assets and other liabilities, net	(2,075)	7,210	(2,094)
Net Cash Flow Provided by Operating Activities	61,883	72,317	71,584
Cash Flows from Investing Activities:			
Acquisitions of real estate investments	—	(11,751)	(6,910)
Investments in and advances to unconsolidated joint ventures	—	(574)	—
Deposits on acquisition of real estate investments	(1,030)	—	—
Deposits on real estate investments	530	—	(1,000)
Improvements to properties and deferred charges	(22,336)	(18,681)	(8,184)
Net proceeds from sale of properties	3,732	3,372	—
Purchases of securities available for sale	(6,983)	—	(4,999)
Proceeds from the sale of available for sale securities	7,240	5,970	—
Return of capital from unconsolidated joint ventures	27	6,925	553
Net Cash Flow (Used in) Investing Activities	(18,820)	(14,739)	(20,540)
Cash Flows from Financing Activities:			
Dividends paid—Common and Class A Common Stock	(30,018)	(42,600)	(41,626)
Dividends paid—Preferred Stock	(14,188)	(12,789)	(12,250)
Amortization payments on mortgage notes payable	(7,089)	(6,441)	(6,427)
Proceeds from mortgage note payable and other loans	—	47,000	10,000
Repayment of mortgage notes payable and other loans	—	(27,001)	(17,624)
Proceeds from revolving credit line borrowings	35,000	25,500	33,595
Sales of additional shares of Common and Class A Common Stock	149	193	196
Repayments on revolving credit line borrowings	—	(54,095)	(9,000)
Acquisitions of noncontrolling interests	(758)	(5,134)	(1,220)
Distributions to noncontrolling interests	(3,887)	(4,333)	(4,716)
Repurchase of shares of Class A Common Stock	—	—	(120)
Payment of taxes on shares withheld for employee taxes	(573)	(270)	(241)
Net proceeds from issuance of Preferred Stock	17	106,186	—
Redemption of preferred stock	(75,000)	—	—
Net Cash Flow Provided by (Used in) Financing Activities	(96,347)	26,216	(49,433)
Net Increase/(Decrease) In Cash and Cash Equivalents	(53,284)	83,794	1,611
Cash and Cash Equivalents at Beginning of Year	94,079	10,285	8,674
Cash and Cash Equivalents at End of Year	\$ 40,795	\$ 94,079	\$ 10,285

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)

	6.75% Series G Preferred Stock		6.25% Series H Preferred Stock		5.875% Series K Preferred Stock	
	Issued	Amount	Issued	Amount	Issued	Amount
Balances—October 31, 2017	3,000,000	\$ 75,000	4,600,000	\$115,000	—	\$ —
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized gains on marketable securities	—	—	—	—	—	—
Change in unrealized (loss) on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.96 per share)	—	—	—	—	—	—
Class A common stock (\$1.08 per share)	—	—	—	—	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Shares withheld for employee taxes	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Repurchase of Class A Common stock	—	—	—	—	—	—
Restricted stock compensation and other adjustment	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
Balances—October 31, 2018	3,000,000	75,000	4,600,000	115,000	—	—
November 1, 2018 adoption of new accounting standard	—	—	—	—	—	—
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized gain (loss) on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.98 per share)	—	—	—	—	—	—
Class A common stock (\$1.10 per share)	—	—	—	—	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Shares withheld for employee taxes	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Issuance of Series K Preferred Stock	—	—	—	—	4,400,000	110,000
Reclassification of preferred stock	(3,000,000)	(75,000)	—	—	—	—
Restricted stock compensation and other adjustment	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
Balances—October 31, 2019	—	—	4,600,000	115,000	4,400,000	110,000
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized gains on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.6875 per share)	—	—	—	—	—	—
Class A common stock (\$0.77 per share)	—	—	—	—	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Shares withheld for employee taxes	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Restricted stock compensation and other adjustments	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
Balances—October 31, 2020	—	\$ —	4,600,000	\$115,000	4,400,000	\$110,000

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

Common Stock		Class A Common Stock		Additional Paid In Capital	Cumulative Distributions In Excess of Net Income	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Issued	Amount	Issued	Amount				
9,664,778	\$ 97	29,728,744	\$297	\$514,217	\$(120,123)	\$ 2,742	\$587,230
—	—	—	—	—	25,217	—	25,217
—	—	—	—	—	—	569	569
—	—	—	—	—	—	4,155	4,155
—	—	—	—	—	(9,426)	—	(9,426)
—	—	—	—	—	(32,200)	—	(32,200)
4,528	—	5,766	—	197	—	—	197
152,700	2	102,800	1	(3)	—	—	—
—	—	(10,886)	—	(240)	—	—	(240)
—	—	(4,950)	—	—	—	—	—
—	—	(6,660)	—	(120)	—	—	(120)
—	—	—	—	4,085	—	—	4,085
—	—	—	—	—	2,674	—	2,764
9,822,006	99	29,814,814	298	518,136	(133,858)	7,466	582,141
—	—	—	—	—	569	(569)	—
—	—	—	—	—	22,128	—	22,128
—	—	—	—	—	—	(15,348)	(15,348)
—	—	—	—	—	(9,762)	—	(9,762)
—	—	—	—	—	(32,838)	—	(32,838)
4,545	—	5,417	—	193	—	—	193
137,200	2	111,450	1	(3)	—	—	—
—	—	(14,290)	—	(269)	—	—	(269)
—	—	(24,150)	—	—	—	—	—
—	—	—	—	(3,465)	—	—	106,535
—	—	—	—	2,363	—	—	(72,637)
—	—	—	—	4,033	—	—	4,033
—	—	—	—	—	(4,452)	—	(4,452)
9,963,751	101	29,893,241	299	520,988	(158,213)	(8,451)	579,724
—	—	—	—	—	8,533	—	8,533
—	—	—	—	—	—	(7,256)	(7,256)
—	—	—	—	—	(6,923)	—	(6,923)
—	—	—	—	—	(23,095)	—	(23,095)
4,451	—	6,837	—	149	—	—	149
105,450	1	120,800	1	(2)	—	—	—
—	—	(23,873)	—	(573)	—	—	(573)
—	—	(700)	—	—	—	—	—
—	—	—	—	5,465	—	—	5,465
—	—	—	—	—	15,047	—	15,047
<u>10,073,652</u>	<u>\$102</u>	<u>29,996,305</u>	<u>\$300</u>	<u>\$526,027</u>	<u>\$(164,651)</u>	<u>\$(15,707)</u>	<u>\$571,071</u>

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, 2020, the Company owned or had equity interests in 81 properties containing a total of 5.3 million square feet of gross leasable area (“GLA”).

COVID-19 Pandemic

On March 11, 2020, the novel coronavirus disease (“COVID-19”) was declared a pandemic (“COVID-19 pandemic”) by the World Health Organization as the disease spread throughout the world. During March 2020, measures to prevent the spread of COVID-19 were initiated, primarily focused on social distancing practices. The virus continued to spread among more populated cities and communities resulting in federal, state and local government agencies issuing regulatory orders enforcing social distancing and limiting group gatherings in order to further prevent the spread of COVID-19. While laws vary by state, generally, businesses deemed essential to the public have been able to operate while non-essential businesses were initially not allowed to operate, but, in most instances, have now been allowed to operate at various operational levels. Grocery stores, pharmacies and wholesale clubs, which anchor properties that make up 84% of our GLA, are considered essential businesses and have remained open and operational to serve the residents of their communities throughout the entire pandemic. Many restaurants are also considered essential, although social distancing and group gathering limitations generally prevent or limit dine-in activity, forcing them to evaluate alternate means of operations, such as outdoor dining, delivery and pick-up, or to elect to remain closed during this pandemic. As of October 31, most non-essential businesses have also been permitted to operate, in some cases subject to modified operation procedures. The duration and severity of this pandemic are still uncertain and continue to evolve.

As done every reporting period, management assesses whether there are any indicators that the value of its real estate investments may be impaired and has concluded that none of its investment properties are impaired at October 31, 2020. However, the COVID-19 pandemic has significantly impacted many of the retail sectors in which the Company’s tenants operate and if the effects of the pandemic are prolonged, it could have a significant adverse impact to the underlying businesses of many of the Company’s tenants. The Company will continue to monitor the economic, financial, and social conditions resulting from the COVID-19 pandemic and will continue to assess its asset portfolio for any impairment indicators. In addition, the extent to which the COVID-19 pandemic impacts the Company’s financial condition, results of operations and cash flows, in the near term, will depend on future developments, which are highly uncertain and cannot be predicted at this time.

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 6 for further discussion of the unconsolidated joint ventures. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the disclosure of 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 2020 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, 2020. As of October 31, 2020, the fiscal tax years 2016 through and including 2019 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:

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 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, the Company expects that acquisitions of real estate or in-substance real estate will not meet the 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.

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 the Company utilizes 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. 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 January 2020, the Company entered into a purchase and sale agreement, subject to certain conditions, to sell a 29,000 square foot portion of its property located in Pompton Lakes, NJ (the "Pompton Lakes Property") to an unrelated third party for a sale price of \$2.8 million. In accordance with ASC Topic 360-10-45, that portion of the property met all the criteria to be classified as held for sale in September of fiscal 2020, and accordingly the Company recorded a loss on property held for sale of \$5.7 million, which loss was included in continuing operations in the consolidated statement of income for the year ended October 31, 2020. The amount of the loss represented the net carrying amount of that portion of the property over the fair value of that portion of the

asset less estimated cost to sell. The net book value of that portion of the Pompton Lakes Property was insignificant to financial statement presentation and, as a result, the Company did not include that portion of the asset as held for sale on its consolidated balance sheet at October 31, 2020. In December 2020, the sale of that portion of the property was completed.

In January 2020, the Company sold for \$1.3 million its retail property located in Carmel, NY (the "Carmel Property"), as that property no longer met the Company's investment objectives. In conjunction with the sale, the Company realized a loss on sale of the Carmel property in the amount of \$242,000, which loss is included in continuing operations in the consolidated statement of income for the year ended October 31, 2020.

In August 2019, the Company entered into a purchase and sale agreement to sell its property located in Bernardsville, NJ (the "Bernardsville Property"), to an unrelated third party for a sale price of \$2.7 million as that property no longer met its investment objectives. In accordance with ASC Topic 360-10-45, the property met all the criteria to be classified as held for sale in the fourth quarter of fiscal 2019, and accordingly the Company recorded a loss on property held for sale of \$434,000, which loss was included in continuing operations in the consolidated statement of income for the year ended October 31, 2019. The amount of the loss represented the net carrying amount of the property over the fair value of the asset less estimated cost to sell. The net book value of the Bernardsville Property was insignificant to financial statement presentation and as a result the Company did not include the asset as held for sale on its consolidated balance sheet at October 31, 2019. In December 2019 (fiscal 2020), the Bernardsville Property sale was completed and the Company realized an additional loss on sale of property of \$86,000, which loss is included in continuing operations in the consolidated statement of income for the year ended October 31, 2020.

In June 2019, the Company sold for \$3.7 million its property located in Monroe, CT (the "Monroe Property"), 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 \$416,000, which is included in continuing operations in the consolidated statement of income for the year ended October 31, 2019.

The combined operating results of the Monroe Property, the Bernardsville Property, the Carmel Property and the sold portion of the Pompton Lakes properties, which are included in continuing operations, were as follows (amounts in thousands):

	Year Ended October 31,		
	2020	2019	2018
Revenues	\$ 17	\$ 612	\$ 666
Property operating expense	(282)	(629)	(691)
Depreciation and amortization	(219)	(393)	(417)
Net Income (loss)	<u>\$(484)</u>	<u>\$(410)</u>	<u>\$(442)</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 \$5,115,000 and \$4,861,000 as of October 31, 2020 and 2019, 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. As of October 31, 2020, management does not believe that the value of any of its real estate investments is impaired. However, as described above, the COVID-19 pandemic has significantly impacted many of the retail sectors in which the Company's tenants operate and if the effects of the pandemic are prolonged, it could have a significant adverse impact to the underlying businesses of many of the Company's tenants. The Company will continue to monitor the economic, financial, and social conditions resulting from the COVID-19 pandemic and will continue to assess its asset portfolio for any impairment indicators.

Lease Income, Revenue Recognition and Tenant Receivables

Lease Income:

The Company leases space to tenants under agreements with varying terms that generally provide for fixed payments of base rent, with designated increases over the term of the lease. Some of the lease agreements contain provisions that provide for additional rents based on tenants' sales volume ("percentage rent"). Percentage rents are recognized when the tenants achieve the specified targets as defined in their lease agreements. Additionally, most all lease agreements contain provisions for reimbursement of the tenants' share of actual real estate taxes, insurance and Common Area Maintenance ("CAM") costs (collectively, "Recoverable Costs") incurred.

Lease terms generally range from 1 to 5 years for tenant spaces under 10,000 square feet ("Shop Space") and in excess of 5 years for spaces greater than 10,000 square feet ("Anchor Spaces"). Many leases also provide the option for the tenants to extend their lease beyond the initial term of the lease. If the tenants do not exercise renewal options and the leases mature, the tenants must relinquish their space so it can be leased to a new tenant, which generally involves some level of cost to prepare the space for re-leasing. These costs are capitalized and depreciated over the shorter of the life of the subsequent lease or the life of the improvement.

On November 1, 2019, the Company adopted the new accounting guidance in ASC Topic 842, "Leases," including all related Accounting Standard Updates ("ASU's"). The Company elected to use the modified retrospective transition method provided in ASU 2018-11 (the "adoption date method"). Under this method, the effective date of November 1, 2019 is the date of initial application. In connection with the adoption of ASC Topic 842, the Company elected a package of practical expedients, transition options, and accounting policy elections as follows:

- Package of practical expedients—applied to all leases, allowing the Company not to reassess (i) whether expired or existing contracts contain leases under the new definition of a lease, (ii) lease classification for expired or existing leases, and (iii) whether previously capitalized initial direct costs would qualify for capitalization under Topic 842; and
- Lessor separation and allocation practical expedient—the Company elected, as lessor, to aggregate non-lease components with the related lease component if certain conditions are met, and account for the combined component based on its predominant characteristic,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

which generally results in combining lease and non-lease components of its tenant lease contracts to a single line shown as lease income in the accompanying consolidated statements of income.

The Company's existing leases were not re-evaluated and continue to be classified as operating leases, as per the practical expedient package elected above. New and modified leases will now require evaluation of specific classification criteria, which, based on the customary terms of the Company's leases, should continue to be classified as operating leases. However, certain longer-term leases (both lessee and lessor leases) may be classified as direct financing or sales type leases, which may result in selling profit and an accelerated pattern of earnings recognition.

CAM is a non-lease component of the lease contract under ASC Topic 842, and therefore would be accounted for under ASC Topic 606, "Revenue from Contracts with Customers," and presented separate from lease income in the accompanying consolidated statements of income, based on an allocation of the overall contract price, which is not necessarily the amount that would be billable to the tenants for CAM reimbursements per the terms of the lease contract. As the timing and pattern of providing the CAM service to the tenant is the same as the timing and pattern of the tenants' use of the underlying lease asset, the Company elected, as part of the package of practical expedients, to combine CAM with the remaining lease components, along with tenants' reimbursement of real estate taxes and insurance, and recognize them together as lease income in the accompanying Statements of Income.

Lease income for operating leases with fixed payment terms is recognized on a straight-line basis over the expected term of the lease for all leases for which collectability is considered probable at the commencement date. At lease commencement, the Company expects that collectability is probable for all of its leases due to the Company's credit checks on tenants and other creditworthiness analysis undertaken before entering into a new lease; therefore, income from all operating leases is initially recognized on a straight-line basis. Lease income each period is reduced by amounts considered uncollectable on a lease-by-lease basis, with any changes in collectability assessments recognized as a current period adjustment to lease income. For operating leases in which collectability of lease income is not considered probable, lease income is recognized on a cash basis and all previously recognized uncollectable lease income, including straight-line rental income, is reversed in the period in which the lease income is determined not to be probable of collection.

ASC Topic 842 also changes the treatment of leasing costs, such that non-contingent internal leasing and legal costs associated with leasing activities can no longer be capitalized. The Company, as a lessor, may only defer as initial direct costs the incremental costs of a tenant operating lease that would not have been incurred if the lease had not been obtained. These costs generally include third-party broker payments, which are capitalized to deferred costs in the accompanying consolidated balance sheets and amortized over the expected term of the lease to depreciation and amortization expense in the accompanying consolidated statements of income.

There was no change to operating income upon the adoption of ASC Topic 842 and related ASU's.

COVID-19 Pandemic

Beginning in March 2020, many of the Company's properties were, and continue to be, negatively impacted by the COVID-19 pandemic, as state governments mandated the closure of non-essential businesses to prevent the spread of COVID-19, forcing many of our tenants' businesses to close or reduce operations. As a result, 396 of approximately 900 tenants in the Company's consolidated portfolio, representing 1.5 million square feet and approximately 43.8% of the Company's annualized base rent, have asked for some type of rent deferral or concession. Subsequently, approximately 118 of the 396 tenants withdrew their requests for rent relief or paid their rent in full. The Company has, and will continue to evaluate each request on a case-by-case basis to determine an appropriate course of action, recognizing that in many cases some type of concession may be appropriate and beneficial to the long-term interests of the Company. In evaluating these requests, the Company has been and will continue to consider many factors, including the tenant's financial strength, the tenant's operating history, potential co-tenancy impacts, the tenant's contribution to the shopping center in which it operates, the Company's assessment of the tenant's long-term viability, the difficulty or ease with which the tenant could be replaced and other factors. Each negotiation is specific to the tenant making the request. The primary strategy of the Company is that most of these concessions will be in the form of deferred rent for some portion of rents due in April through December 2020 to be paid over a later part of the lease, preferably within a period of one year or less, but in some instances the Company determined that it was more appropriate to abate some portion of base rents for some tenants between April and December, or potentially portions of fiscal 2021 rent. As of October 31, 2020, the Company has completed 234 lease modifications, consisting of base rent deferrals totaling \$3.4 million and rent abatements totaling \$1.4 million as of October 31, 2020.

The Company has increased its uncollectable amounts in lease income for the year ended October 31, 2020 for tenants it felt were affected by the COVID-19 pandemic (see below and in Note 7).

In April 2020, in response to the COVID-19 pandemic, the FASB staff issued guidance that it would be acceptable for entities to make an election to account for lease concessions related to the effects of the COVID-19 pandemic consistent with how those concessions would be accounted for under Topic 842, as if enforceable rights and obligations for those concessions existed (regardless of whether those enforceable rights and obligations for the concessions explicitly exist in the lease contract). Consequently, for concessions related to the effects of the COVID-19 pandemic, an entity will not have to analyze each lease contract to determine whether enforceable rights and obligations for concessions exist in the lease contract and may elect to apply or not apply the lease modification guidance in Topic 842 to those contracts.

This election is available for concessions related to the effects of the COVID-19 pandemic that do not result in a substantial increase in the rights of the lessor or the obligations of the lessee. For example, this election is available for concessions that result in the total payments required by the modified contract being substantially the same as or less than total payments required by the original contract. The FASB staff expects that reasonable judgment will be exercised in making those determinations.

Some concessions will provide a deferral of payments with no substantive changes to the consideration in the original lease contract. A deferral affects the timing, but the amount of the consideration is substantially the same as that required by the original lease contract. The FASB staff expects that there will be multiple ways to account for those deferrals, none of which the staff believes are preferable over others. The Company has made the election not to analyze each lease contract, and believes that, based on FASB guidance, the appropriate way to account for the concessions as described above is to account for such concessions as if no change to the lease contracts were made. Under that accounting, a lessor would increase its lease receivable (straight-line rents receivable) and would continue to recognize income during the deferral period, assuming that the collectability of the future rents under the lease contract are considered collectable. If it is determined that the future rents of any lease contract are not collectable, the Company would treat that lease contract on a cash basis as defined in ASC Topic 842.

When collection of substantially all lease payments during the lease term is not considered probable, total lease revenue is limited to the lesser of revenue recognized under accrual accounting or cash received. Determining

the probability of collection of substantially all lease payments during a lease term requires significant judgment. This determination is impacted by numerous factors, including our assessment of the tenant's credit worthiness, economic conditions, tenant sales productivity in that location, historical experience with the tenant and tenants operating in the same industry, future prospects for the tenant and the industry in which it operates, and the length of the lease term. If leases currently classified as probable are subsequently reclassified as not probable, any outstanding lease receivables (including straight-line rent receivables) would be written-off with a corresponding decrease in lease income.

The Company anticipates that its variable lease income represented by the reimbursement of CAM and real estate taxes will not be materially affected for most national tenants and tenants with higher levels of credit and balance sheet resources. For smaller local tenants and tenants with fewer resources, the Company has reduced its accruals for CAM and real estate taxes in anticipation of potentially having to reduce the amounts billed to these tenants at the end of calendar 2020. This has had the effect of reducing this portion of lease income for the year ended October 31, 2020.

Revenue Recognition

In those instances in which the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition on operating leases 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.

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 U.S. GAAP have been met.

Percentage rent is recognized when a specific tenant's sales breakpoint is achieved.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Tenant Receivables

The actions taken by federal, state and local governments to mitigate the spread of COVID-19, initially by ordering closures of non-essential businesses and ordering residents to generally stay at home, and subsequent phased re-openings have resulted in many of our tenants temporarily or even permanently closing their businesses, and for some, it had impacted their ability to pay rent.

As a result, in accordance with ASC Topic 842, we revised our collectability assumptions for many of our tenants that were most significantly impacted by COVID-19. Accordingly, during the year ended October 31, 2020, we recognized collectability related adjustments totaling \$7.3 million. This amount includes changes in our collectability assessments for certain tenants in our portfolio from probable to not probable, which requires that revenue recognition for those tenants be converted to cash basis accounting with previously uncollected billed rents reversed in the current period. This resulted in a reduction of lease income for the year ended October 31, 2020 in the amount of \$2.3 million related to tenants whose assessment of collectability was changed from probable to not probable. In addition, the Company wrote-off \$1.1 million of previously recorded straight-line rent receivables related to tenants whose assessment of collectability was changed from probable to not probable. As of October 31, 2020, the revenue from approximately 7.1% of our tenants (based on total commercial leases) is being recognized on a cash basis.

At October 31, 2020 and October 31, 2019, \$22,330,000 and \$19,395,000, respectively, have been recognized as straight-line rents receivable (representing the current 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.

The Company provides an allowance for doubtful accounts against the portion of tenant receivables that is estimated to be uncollectable. Such allowances are reviewed periodically. At October 31, 2020 and October 31, 2019, tenant receivables in the accompanying consolidated balance sheets are shown net of allowances for doubtful accounts of \$8,769,000 and \$5,454,000, respectively. Included in the aforementioned allowance for doubtful accounts is an amount for future tenant credit losses of approximately 10% of the deferred straight-line rents receivable which is estimated to be uncollectable.

Cash Equivalents

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

Marketable Securities

Marketable equity securities are carried at fair value based upon quoted market prices in active markets.

In March 2020, the Company purchased REIT securities in the amount of \$7.0 million. In May 2020, the Company sold all of its REIT securities for \$7.3 million and realized a gain on sale of \$258,000, which is included in the consolidated statement of income for the year ended October 31, 2020.

In February and March 2018, the Company purchased REIT securities in the amount of \$5.0 million. In January 2019, the Company sold all of its REIT securities for \$6.0 million and realized a gain on sale of \$403,000, which is included in the consolidated statement of income for the year ended October 31, 2019.

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, 2020, 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, 2020, the Company had approximately \$126.7 million in secured mortgage financings subject to interest rate swaps. Such interest rate swaps converted the LIBOR-based variable rates on the mortgage financings to a fixed annual rate of 3.93% per annum. As of October 31, 2020 and 2019, the Company had a deferred liability of \$13.3 million and \$6.8 million, respectively, (included in accounts payable and accrued expenses 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). 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, including the Company's share from entities accounted for under the equity method of accounting. At October 31, 2020, accumulated other comprehensive loss consisted of net unrealized losses on interest rate swap agreements of \$15.7 million, inclusive of the Company's share of accumulated comprehensive income/(loss) from joint ventures accounted for by the equity method of accounting. At October 31, 2019, accumulated other comprehensive loss consisted of net unrealized losses on interest rate swap agreements of \$8.5 million inclusive of the Company's share of accumulated comprehensive income/(loss) from joint ventures accounted for by the equity method of accounting. Unrealized gains and losses included in other comprehensive income/(loss) will be reclassified into earnings when 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,		
	2020	2019	2018
Numerator			
Net income applicable to common stockholders—basic	\$1,849	\$ 4,659	\$ 5,173
Effect of dilutive securities:			
Restricted stock awards	34	193	259
Net income applicable to common stockholders—diluted	<u>\$1,883</u>	<u>\$ 4,852</u>	<u>\$ 5,432</u>
Denominator			
Denominator for basic EPS—weighted average common shares	9,144	8,813	8,517
Effect of dilutive securities:			
Restricted stock awards	241	536	597
Denominator for diluted EPS—weighted average common equivalent shares	<u>9,385</u>	<u>9,349</u>	<u>9,114</u>
Numerator			
Net income applicable to Class A common stockholders—basic	\$6,684	\$17,469	\$20,044
Effect of dilutive securities:			
Restricted stock awards	(34)	(193)	(259)
Net income applicable to Class A common stockholders—diluted	<u>\$6,650</u>	<u>\$17,276</u>	<u>\$19,785</u>
Denominator			
Denominator for basic EPS—weighted average Class A common shares	29,506	29,438	29,335
Effect of dilutive securities:			
Restricted stock awards	70	216	178
Denominator for diluted EPS—weighted average Class A common equivalent shares	<u>29,576</u>	<u>29,654</u>	<u>29,513</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. In certain cases as defined in the participant agreements, the vesting of stock awards can be accelerated, which will result in the Company charging to compensation expense the remaining unamortized restricted stock compensation related to those stock 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,		
	2020	2019	2018
Ridgeway Revenues	11.2%	10.9%	10.4%
All Other Property Revenues	88.8%	89.1%	89.6%
Consolidated Revenue	100.0%	100.0%	100.0%

	Year Ended October 31,	
	2020	2019
Ridgeway Assets	6.4%	6.0%
All Other Property Assets	93.6%	94.0%
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, 2020, 2019 and 2018.

	Year Ended October 31,		
	2020	2019	2018
Ridgeway Percent Leased	92%	97%	96%

	Year Ended October 31,		
	2020	2019	2018
Ridgeway Significant Tenants (by base rent):			
The Stop & Shop Supermarket Company	20%	20%	20%
Bed, Bath & Beyond	14%	14%	14%
Marshall's Inc., a division of the TJX Companies	10%	10%	10%
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, 2020		
	Ridgeway	All Other Operating Segments	Total Consolidated
Revenues	\$14,180	\$112,565	\$126,745
Operating Expenses	\$ 4,424	\$ 38,582	\$ 43,006
Interest Expense	\$ 1,673	\$ 11,835	\$ 13,508
Depreciation and Amortization	\$ 2,494	\$ 26,693	\$ 29,187
Income from Continuing Operations	\$ 5,589	\$ 20,481	\$ 26,070

	Year Ended October 31, 2019		
	Ridgeway	All Other Operating Segments	Total Consolidated
Revenues	\$14,859	\$122,023	\$136,882
Operating Expenses	\$ 4,376	\$ 41,138	\$ 45,514
Interest Expense	\$ 1,704	\$ 12,398	\$ 14,102
Depreciation and Amortization	\$ 2,350	\$ 25,580	\$ 27,930
Income from Continuing Operations	\$ 6,428	\$ 35,185	\$ 41,613

	Year Ended October 31, 2018		
	Ridgeway	All Other Operating Segments	Total Consolidated
Revenues	\$14,015	\$120,707	\$134,722
Operating Expenses	\$ 4,094	\$ 39,308	\$ 43,402
Interest Expense	\$ 1,869	\$ 11,809	\$ 13,678
Depreciation and Amortization	\$ 2,616	\$ 25,711	\$ 28,327
Income from Continuing Operations	\$ 5,436	\$ 36,747	\$ 42,183

Reclassification

Certain fiscal 2018 and 2019 amounts have been reclassified to conform to current period presentation.

New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, "Leases," ASU 2018-10, "Codification improvements to Topic 842, leases," ASU 2018-11, "Leases," and ASU 2018-20, "Leases, Narrow Scope Improvements for Lessors," together ASC Topic 842, "Leases." ASC Topic 842 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 upfront. The Company adopted ASC Topic 842 on November 1, 2019, the first day of its fiscal year 2020. The Company has elected to apply the transition provisions of ASC Topic 842 at the beginning of the period of adoption, and therefore, the Company has not retrospectively adjusted prior periods presented. The Company elected to apply certain adoption related practical expedients for all leases that commenced prior to the effective date. These practical expedients include not reassessing whether any expired or existing contracts are or contain leases; not reassessing the lease classification for any expired or existing leases; and not reassessing initial direct costs for any existing leases. The adoption of this standard did not have a material effect on our financial statements or disclosures therein. See Lease Income, Revenue Recognition and Tenant Receivables earlier in Note 1 for a more detailed explanation of the adoption.

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848)." ASU No. 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU No. 2020-04 is optional and may be elected over time as reference rate reform activities occur. During the three months ended April 30, 2020, the Company elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company continues to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

The Company has evaluated all other new ASU's 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, 2020.

(2) REAL ESTATE INVESTMENTS

The Company's investments in real estate, net of depreciation, were composed of the following at October 31, 2020 and 2019 (in thousands):

	Consolidated Investment Properties	Unconsolidated Joint Ventures	2020 Totals	2019 Totals
Retail	\$880,838	\$28,679	\$909,517	\$920,261
Office	7,019	—	7,019	9,729
Total	\$887,857	\$28,679	\$916,536	\$929,990

The Company's investments at October 31, 2020 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) INVESTMENT PROPERTIES

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

	October 31,	
	2020	2019
Land	\$ 236,654	\$ 238,766
Buildings and improvements	912,528	903,004
	<u>1,149,182</u>	<u>1,141,770</u>
Accumulated depreciation	(261,325)	(241,154)
	<u>\$ 887,857</u>	<u>\$ 900,616</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.

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, 2020.

Significant Investment Property Acquisition Transactions

In December 2018, the Company purchased Lakeview Plaza Shopping Center ("Lakeview") for \$12.0 million (exclusive of closing costs). Lakeview is a 177,000 square foot grocery-anchored shopping center located in Putnam County, NY. In addition, the Company invested an additional \$5.8 million for capital improvements, predominantly related to re-building a retaining wall at the back of the property, which has been added to the cost of the property. The Company funded the purchase and capital improvements made subsequent to the purchase with available cash and borrowings on its unsecured revolving credit facility (the "Facility").

The Company accounted for the purchase of Lakeview as an asset acquisition and allocated the total consideration transferred for the acquisition, 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, 2019 (in thousands).

	<u>Lakeview</u>
Assets:	
Land	\$ 2,025
Building and improvements	\$10,620
In-place leases	\$ 772
Above market leases	\$ 459
Liabilities:	
In-place leases	\$ —
Below market leases	\$ 1,123

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, 2020, 2019 and 2018, the net amortization of above-market and below-market leases was approximately \$706,000, \$614,000 and \$1,209,000, respectively, which is included in base rents in the accompanying consolidated statements of income.

In Fiscal 2020, the Company incurred costs of approximately \$22.3 million related to capital improvements and leasing costs to its properties. Included in the aforementioned amount were \$11.3 million in capital improvement costs related to the construction of the Company's ongoing development in Stratford, Connecticut.

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

At October 31, 2020, 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 3.5% to 4.9% and are collateralized by real estate investments having a net carrying value of approximately \$540.1 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
2021	\$ —	\$ 7,252	\$ 7,252
2022	49,486	6,500	55,986
2023	—	6,233	6,233
2024	18,710	6,289	24,999
2025	82,243	4,052	86,295
Thereafter	<u>105,224</u>	<u>10,282</u>	<u>115,506</u>
	<u>\$255,663</u>	<u>\$40,608</u>	<u>\$296,271</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 agents). 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, 2021. 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, 2020.

As of October 31, 2020, \$64 million was available to be drawn on the Facility.

During the fiscal years ended October 31, 2020 and 2019, the Company borrowed \$35.0 million and \$25.5 million, respectively, on its Facility to fund capital improvements to our properties, property acquisitions and for general corporate purposes. During the fiscal years ended 2019, the Company re-paid \$54.1 million on its Facility with available cash, cash proceeds from mortgage refinancings, proceeds from the sale of marketable securities, investment property sales and proceeds from the issuance of preferred stock. There were no repayments in the fiscal year ended October 31, 2020.

In March 2019, the Company refinanced its existing \$14.9 million first mortgage secured by its Darien, CT property. The new mortgage has a principal balance of \$25.0 million and has a term of 10 years and requires payments of principal and interest at the rate of LIBOR plus 1.65%. The Company also entered into an interest rate swap contract with the new lender, which converts the variable interest rate (based on LIBOR) to a fixed rate of 4.815% per annum.

In March 2019, the Company refinanced its existing \$9.1 million first mortgage secured by our Newark, NJ property. The new mortgage has a principal balance of \$10.0 million, has a term of 10 years, and requires payments of principal and interest at a fixed rate of 4.63%.

In June 2019, the Company placed a first mortgage on its Brewster, NY property. The new mortgage has a principal balance of \$12.0 million, has a term of 10 years and requires payments of principal and interest at the rate of LIBOR plus 1.75%. Concurrent with entering into the mortgage, the Company also entered into an interest rate swap contract with the new lender, which converts the variable interest rate (based on LIBOR) to a fixed rate of 3.6325% per annum.

Interest paid in the years ended October 31, 2020, 2019 and 2018 was approximately \$13.3 million, \$13.7 million and \$13.4 million, respectively.

(5) CONSOLIDATED JOINT VENTURES AND REDEEMABLE NONCONTROLLING INTERESTS

The Company has an investment in five joint ventures, UB Orangeburg, LLC ("Orangeburg"), McLean Plaza Associates, LLC ("McLean"), UB Dumont I, LLC ("Dumont") and UB New City, LLC, 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:

UB Ironbound, L.P. ("Ironbound")

In August 2019, the Company redeemed the remaining noncontrolling interest in Ironbound for \$3.0 million. After the redemption the Company's ownership of Ironbound increased from 84% to 100%. Ironbound owns the Ferry Plaza grocery-anchored shopping center, located in Newark, NJ.

Orangeburg

The Company, through a wholly-owned subsidiary, is the managing member and owns a 44.6% 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 \$6.8 million in Orangeburg and as a result as of October 31, 2020 its ownership percentage has increased to 44.6% 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

The Company is the managing member and owns a 16.3% interest in UB High Ridge, LLC. The Company's initial investment was \$5.5 million, and the Company has purchased additional interests totaling \$3.2 million and contributed \$1.5 million in additional equity to the venture through October 31, 2020. UB High Ridge, either directly or through a wholly-owned subsidiary, 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 properties are located in Stamford, CT and one property is located in Greenwich, CT. High Ridge is a shopping center anchored by a Trader Joe's 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. The UB High Ridge operating agreement provides for the non-managing members to receive an annual cash distribution, currently equal to 4.58% of their invested capital.

UB Dumont I, LLC

The Company is the managing member and owns a 36.4% interest in UB Dumont I, LLC. The Company's initial investment was \$3.9 million, and the Company has purchased additional interests totaling \$630,000 through October 31, 2020. Dumont owns a retail and residential real estate property, which retail portion is anchored by a Stop & 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. The Dumont operating agreement provides for the non-managing members to receive an annual cash distribution, currently equal to 4.92% of their invested capital.

UB New City I, LLC

The Company is the managing member and owns an 84.3% equity interest in a joint venture, UB New City I, LLC. The Company's initial investment was \$2.4 million, and the Company has purchased additional interests totaling \$289,300 through October 31, 2020. New City owns a single tenant retail real estate property located in New City, NY, which is leased to a savings bank. In addition, New City rents certain parking spaces on the property to the owner of an adjacent grocery-anchored shopping center. The property was contributed to the new entity by the former owners who received units of ownership of New City equal to the value of contributed property. The New City operating agreement provides for the non-managing member to receive an annual cash distribution, currently equal to 5.00% of his 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 Orangeburg, McLean, UB High Ridge, Dumont and New City 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, 2020 and 2019, the Company increased/(decreased) the carrying value of the non-controlling interests by \$(15.0) million and \$4.5 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,	
	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 77,876	\$78,258
Partial Redemption of UB High Ridge		
Noncontrolling Interest	(560)	(1,413)
Partial Redemption of Dumont		
Noncontrolling Interest	—	(630)
Partial Redemption of New City		
Noncontrolling Interest	(198)	(91)
Redemption of Ironbound		
Noncontrolling Interest	—	(2,700)
Change in Redemption Value	<u>(15,047)</u>	<u>4,452</u>
Ending Balance	<u>\$ 62,071</u>	<u>\$77,876</u>

(6) INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED JOINT VENTURES

At October 31, 2020 and 2019, 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,	
	<u>2020</u>	<u>2019</u>
Chestnut Ridge Shopping Center (50.0%)	<u>\$12,252</u>	\$12,048
Gateway Plaza (50%)	6,929	6,847
Putnam Plaza Shopping Center (66.67%)	2,599	3,446
Midway Shopping Center, L.P. (11.792%)	4,233	4,384
Applebee's at Riverhead (50%)	1,943	1,926
81 Pondfield Road Company (20%)	723	723
Total	<u>\$28,679</u>	<u>\$29,374</u>

Chestnut Ridge

The Company, through a wholly owned subsidiary, 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.

Plaza 59 Shopping Center

In fiscal 2019, the Company's wholly owned subsidiary that owned a 50% undivided tenancy-in-common interest in Plaza 59 and the other 50% tenancy-in-common owner of Plaza 59 sold the property to an unrelated third party for a sale price of \$10.0 million. In accordance with ASC Topic 610-20, the property was de-recognized and the Company's 50% share of the loss on sale amounted to \$462,000, which is included as a reduction of equity in net income from unconsolidated joint ventures on the Company's consolidated statement of income for the year ended October 31, 2019.

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 leased and a 3,500 square foot outparcel that is leased. Applebee's has a 5,400 square foot free standing Applebee's restaurant with a 7,200 square foot pad site that is leased.

Gateway is subject to an \$11.6 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.

Putnam Plaza has a first mortgage payable in the amount of \$18.3 million. The mortgage requires monthly payments of principal and interest at a fixed rate of 4.81% and will mature in 2028.

Midway Shopping Center, L.P.

The Company, through a wholly owned subsidiary, owns an 11.792% 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 11.792% 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 \$25.7 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.

(7) LEASES

Lessor Accounting

The Company's Lease income is comprised of both fixed and variable income, as follows:

Fixed lease income includes stated amounts per the lease contract, which are primarily related to base rent. Income for these amounts is recognized on a straight-line basis for all leases for which collectability is considered probable at the commencement date of the lease. For operating leases in which collectability of the lease income is not considered probable, lease income is recognized on a cash basis and all previously recognized uncollectable lease income, including straight-line lease income is reversed in the period in which the lease income is determined not to be probable of collection.

Variable lease income includes recoveries from tenants, which represents amounts that tenants are contractually obligated to reimburse the Company for the tenants' portion of Recoverable Costs. Generally, the Company's leases provide for the tenants to reimburse the Company for Recoverable Costs based on the tenants' share of the actual costs incurred in proportion to the tenants' share of leased space in the property.

The following table provides a disaggregation of lease income recognized during the years ended October 31, 2020, 2019 and 2018, under ASC Topic 842, "Leases," as either fixed or variable lease income based on the criteria specified in ASC Topic 842 (in thousands):

	October 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating lease income:			
Fixed lease income (Base Rent)	\$ 98,678	\$ 99,845	\$ 95,734
Variable lease income (Recoverable Costs)	28,889	32,784	31,144
Other lease related income, net:			
Above/below market rent amortization	706	614	1,209
Uncollectable amounts in lease income	(3,916)	(956)	(857)
ASC Topic 842 cash basis lease income reversal	(3,416)	—	—
Total lease income	<u>\$120,941</u>	<u>\$132,287</u>	<u>\$127,230</u>

Future minimum rents under non-cancelable operating leases for the next five years and thereafter, excluding variable lease payments, are as follows (in thousands):

Fiscal Year Ending	
2021(a)	\$ 99,312
2022	83,631
2023	67,486
2024	57,996
2025	45,831
Thereafter	215,138
Total	<u>\$569,394</u>

(a) The amounts above are based on existing leases in place at October 31, 2020.

(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 6.25% Series H Senior Cumulative Preferred Stock (the "Series H Preferred Stock") is nonvoting, has no stated maturity and is redeemable for cash at \$25 per share at the Company's option on or after September 18, 2022. 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 holders 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.

The 5.875% Series K Senior Cumulative Preferred Stock ("Series K 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 1, 2024. The holders of our Series K Preferred Stock have general preference rights with respect to liquidation and quarterly distributions. Except under certain conditions, holders of the Series K 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 K Preferred Stock, together with all of the Company's other series of preferred stock (voting as a single class without regard to series) will have the right to elect two additional members to serve on the Company's Board of Directors until the arrearage has been cured. Upon the occurrence of a Change of Control, as defined in the Company's Articles of Incorporation, the holders of the Series K Preferred Stock will have the right to convert all or part of the shares of Series K 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 K Preferred Stock are reflected as a reduction of additional paid in capital.

On October 1, 2019, we issued a notice of our intent to redeem, on November 1, 2019, all of the outstanding shares of our \$25 per share Series G Cumulative Preferred Stock for \$25 per share, which includes all unpaid dividends. As a result of our redemption notice we reduced net income applicable to Common and Class A Common stockholders by \$2.4 million on our consolidated statement of income for the fiscal year ended October 31, 2019, which represents the difference between redemption value of the stock and carrying value, net of original deferred stock issuance costs. As of October 31, 2019, the Series G Preferred Stock was reclassified out of Stockholders' Equity to preferred stock called for redemption in the liability section of the Company's consolidated balance sheet. The Series G Cumulative Preferred Stock was redeemed on November 1, 2019.

Common Stock

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2020 and 2019:

Dividend Payment Date	Common Shares				Class A Common Shares			
	Gross Dividend Paid Per Share	Ordinary Income	Capital Gain	Non-Taxable Portion	Gross Dividend Paid Per Share	Ordinary Income	Capital Gain	Non-Taxable Portion
January 17, 2020	\$0.2500	\$0.174386	\$(0.003376)	\$0.07899	\$0.28	\$0.1953	\$(0.0038)	\$0.0885
April 17, 2020	\$0.2500	\$0.174386	\$(0.003376)	\$0.07899	\$0.28	\$0.1953	\$(0.0038)	\$0.0885
July 17, 2020	\$0.0625	\$0.043597	\$(0.000844)	\$0.019747	\$0.07	\$0.0488	\$(0.0009)	\$0.0221
October 16, 2020	\$0.1250	\$0.087193	\$(0.001688)	\$0.039495	\$0.14	\$0.0977	\$(0.0019)	\$0.0442
	<u>\$0.6875</u>	<u>\$0.479562</u>	<u>\$(0.009284)</u>	<u>\$0.217222</u>	<u>\$0.77</u>	<u>\$0.5371</u>	<u>\$(0.0104)</u>	<u>\$0.2433</u>
January 18, 2019	\$0.245	\$0.173355	\$0.006156	\$0.065489	\$0.275	\$0.1946	\$0.0069	\$0.0735
April 18, 2019	\$0.245	\$0.173355	\$0.006156	\$0.065489	\$0.275	\$0.1946	\$0.0069	\$0.0735
July 19, 2019	\$0.245	\$0.173355	\$0.006156	\$0.065489	\$0.275	\$0.1946	\$0.0069	\$0.0735
October 18, 2019	\$0.245	\$0.173355	\$0.006156	\$0.065489	\$0.275	\$0.1946	\$0.0069	\$0.0735
	<u>\$0.98</u>	<u>\$0.69342</u>	<u>\$0.024624</u>	<u>\$0.261956</u>	<u>\$1.10</u>	<u>\$0.7784</u>	<u>\$0.0276</u>	<u>\$0.294</u>

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 2020, the Company issued 4,451 shares of Common Stock and 6,837 shares of Class A Common Stock (4,545 shares of Common Stock and 5,417 shares of Class A Common Stock in fiscal 2019) through the DRIP. As of October 31, 2020, there remained 329,410 shares of Common Stock and 380,896 shares of Class A Common Stock available for issuance under the DRIP.

The Company has adopted a stockholder rights plan, pursuant to which each holder of Common Stock received a Common Stock right and each holder of Class A Common Stock received a Class A Common Stock right. The rights are not exercisable until the Distribution Date and will expire on November 11, 2028, unless earlier redeemed by the Company. If the rights become exercisable, each holder of a Common Stock right will be entitled to purchase from the Company one one hundredth of a share of Series I Participating Preferred Stock, and each holder of a Class A Common Stock right will be entitled to purchase from the Company one one hundredth of a share of Series J Participating Preferred Stock, in each case, at a price of \$85, subject to adjustment. The "Distribution Date" will be the earlier to occur of the close of business on the tenth business day following: (a) a public announcement that an acquiring person has acquired beneficial ownership of 10% or more

of the total combined voting power of the outstanding Common Stock and Class A Common Stock, or (b) the commencement of a tender offer or exchange offer that would result in the beneficial ownership of 30% or more of the combined voting power of the outstanding Common Stock and Class A Common Stock, number of outstanding Common Stock, or the number of outstanding Class A Common Stock. Thereafter, if certain events occur, holders of Common Stock and Class A Common Stock, other than the acquiring person, will be entitled to purchase shares of Common Stock and Class A Common Stock, respectively, of the Company having a value equal to 2 times the exercise price of the 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 ("Current Repurchase Program") for the repurchase of up to 2,000,000 shares, in the aggregate, of Common stock and Class A Common stock in open market transactions.

For the year ended year ended October 31, 2020 and 2019, the Company did not repurchase any shares under the Current Repurchase Program. The Company has repurchased 195,413 shares of Class A Common Stock under the Current Repurchase Program. From the inception of all repurchase programs, the Company has repurchased 4,600 shares of Common Stock and 919,991 shares of Class A Common Stock.

(9) STOCK COMPENSATION AND OTHER BENEFIT PLANS

Restricted Stock Plan

The Company has a Restricted Stock Plan, as amended (the "Plan") that provides a form of equity compensation for employees of the Company. In March 2019, the stockholders of the Company approved an increase in the number of shares available for grant under the Plan by 1,000,000 shares. The Plan, which is administered by the Company's compensation committee, authorizes grants of up to an aggregate of 5,500,000 shares of the Company's common equity consisting of 350,000 Common shares, 350,000 Class A Common shares and 4,800,000 shares, which at the discretion of the compensation committee,

may be awarded in any combination of Class A Common shares or Common shares.

In fiscal 2020, the Company awarded 105,450 shares of Common Stock and 120,800 shares of Class A Common Stock to participants in the Plan. The grant date fair value of restricted stock grants awarded to participants in 2020 was approximately \$5.0 million. As of October 31, 2020, there was \$12.7 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 4.8 years. For the years ended October 31, 2020, 2019 and 2018, amounts charged to compensation expense totaled \$5,523,000, \$4,336,000 and \$4,394,000, respectively. The year ended October 31, 2020 amount charged to compensation expense includes \$1.4 million related to the accelerated vesting of previously unamortized restricted stock compensation as the result of the death of our Chairman Emeritus, Charles J. Urstadt, in March 2020.

A summary of the status of the Company's non-vested restricted stock awards as of October 31, 2020, and changes during the year ended October 31, 2020 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, 2019	1,146,100	\$17.52	463,225	\$21.07
Granted	105,450	\$19.59	120,800	\$23.96
Vested	(327,000)	\$17.71	(92,375)	\$22.20
Forfeited	—	—	(700)	\$23.23
Non-vested at October 31, 2020	<u>924,550</u>	\$17.69	<u>490,950</u>	\$21.56

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 \$253,000, \$224,000 and \$220,000 in each of the three years ended October 31,

2020, 2019 and 2018, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(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:

- 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 (level 1), contractual redemption prices per share as stated in governing agreements (level 2) or unobservable inputs considering the assumptions that market participants would make in pricing the obligations

(level 3). The level 3 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 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, 2020 and 2019, 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, 2020 and 2019 (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)
October 31, 2020				
Liabilities:				
Interest Rate Swap Agreements	\$13,300	\$ —	\$13,300	\$ —
Redeemable noncontrolling interests	\$62,071	\$ 9,921	\$51,604	\$546
October 31, 2019				
Liabilities:				
Interest Rate Swap Agreements	\$ 6,754	\$ —	\$ 6,754	\$ —
Redeemable noncontrolling interests	\$77,876	\$24,968	\$52,362	\$546

Fair market value measurements based upon Level 3 inputs changed (in thousands) from \$2,768 at November 1, 2018 to \$546 at October 31, 2019 as a result of a redemption of noncontrolling interest in Ironbound in August of fiscal 2019 in the amount of \$2,700 and a \$478 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, 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 \$316 million and \$311 million at October 31, 2020 and October 31, 2019, 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, 2019, 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.

(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, 2020, the Company had commitments of approximately \$7.6 million for tenant-related obligations.

During and subsequent to fiscal 2020, the world has continued to be impacted by the COVID-19 pandemic. It has created significant economic uncertainty and volatility. The extent to which the COVID-19 pandemic continues to impact the Company's business, operations and financial results will depend on numerous evolving factors that the Company is not able to predict at this time, including the duration and scope of the pandemic, governmental, business and individual actions that have been and continue to be taken in response to the pandemic, the impact on economic activity from the pandemic and actions taken in response, the effect on the Company's tenants and their businesses, the ability of tenants to make their rental payments and any additional closures of tenants' businesses. Any of these events could materially adversely impact the Company's business, financial condition, results of operations or stock price.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(12) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited quarterly results of operations for the years ended October 31, 2020 and 2019 are as follows (in thousands, except per share data):

	Year Ended October 31, 2020				Year Ended October 31, 2019			
	Quarter Ended				Quarter Ended			
	Jan 31	Apr 30	Jul 31	Oct 31	Jan 31	Apr 30	Jul 31	Oct 31
Revenues	<u>\$34,348</u>	<u>\$31,280</u>	<u>\$28,799</u>	<u>\$32,318</u>	<u>\$34,267</u>	<u>\$34,105</u>	<u>\$34,392</u>	<u>\$ 34,117</u>
Income from Continuing Operations	<u>\$ 9,521</u>	<u>\$ 7,240</u>	<u>\$ 5,923</u>	<u>\$ 3,386</u>	<u>\$10,018</u>	<u>\$ 9,960</u>	<u>\$11,427</u>	<u>\$ 10,208</u>
Net Income Attributable to								
Urstadt Biddle Properties Inc.	\$ 8,483	\$ 6,212	\$ 4,988	\$ 2,500	\$ 8,917	\$ 8,860	\$10,333	\$ 9,170
Preferred Stock Dividends	(3,412)	(3,413)	(3,412)	(3,413)	(3,063)	(3,062)	(3,063)	(3,601)
Redemption of Preferred Stock	—	—	—	—	—	—	—	(2,363)
Net Income (Loss) Applicable to Common and Class A Common Stockholders	<u>\$ 5,071</u>	<u>\$ 2,799</u>	<u>\$ 1,576</u>	<u>\$ (913)</u>	<u>\$ 5,854</u>	<u>\$ 5,798</u>	<u>\$ 7,270</u>	<u>\$ 3,206</u>
Per Share Data:								
Basic:								
Class A Common Stock	\$0.14	\$0.07	\$0.04	\$(0.02)	\$0.16	\$0.16	\$0.19	\$0.09
Common Stock	\$0.12	\$0.07	\$0.04	\$(0.02)	\$0.14	\$0.14	\$0.17	\$0.08
Diluted:								
Class A Common Stock	\$0.13	\$0.07	\$0.04	\$(0.02)	\$0.16	\$0.15	\$0.19	\$0.08
Common Stock	\$0.12	\$0.07	\$0.04	\$(0.02)	\$0.14	\$0.14	\$0.17	\$0.07

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 15, 2020, the Board of Directors of the Company declared cash dividends of \$0.125 for each share of Common Stock and \$0.14 for each share of Class A Common Stock. The dividends are payable on January 15, 2021 to stockholders of record on January 5, 2021. The Board of Directors also ratified the actions of the Company's compensation committee authorizing awards of 105,850 shares of Common Stock and 125,800 shares of Class A Common Stock to certain officers, directors and employees of the Company effective January 4, 2021, pursuant to the Company's restricted stock plan. The fair value of the shares awarded totaling \$3.0 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 Shareholders of Urstadt Biddle Properties Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Urstadt Biddle Properties Inc. (the “Company”) as of October 31, 2020 and 2019, 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, 2020, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of October 31, 2020, based on criteria established in *Internal Control–Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated January 12, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/PKF O’Connor Davies, LLP

We have served as the Company’s auditor since 2006.

New York, New York
January 12, 2021

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 of Urstadt Biddle Properties Inc. (the "Company") 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. We caution not to place undue reliance upon any forward-looking statements, which speak only as of the date made. We do not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based.

Important factors that we think could cause our actual results to differ materially from expected results are summarized below. One of the most significant factors, however, is the ongoing impact of the current outbreak of the novel coronavirus ("COVID-19"), on the U.S., regional and global economies, the U.S. retail market and the broader financial markets. The current outbreak of COVID-19 has also impacted, and is likely to continue to impact, directly or indirectly, many of the other important factors listed below.

New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. In particular, it is difficult to fully assess the impact of COVID-19 at this time due to, among other factors, uncertainty regarding the severity and duration of the outbreak domestically and internationally, uncertainty regarding the effectiveness of federal, state and local governments' efforts to contain the spread of COVID-19 and respond to its direct and indirect impact on the U.S. economy and economic activity, and the uncertainty regarding the efficacy and timing of vaccines and other medical responses to the pandemic.

Important factors, among others, that may affect our actual results include:

- negative impacts from the continued spread of COVID-19, including on the U.S. or global economy or on our business, financial position or results of operations;
- economic and other market conditions, including real estate and market conditions, that could impact us, our properties or the financial stability of our tenants;
- consumer spending and confidence trends, as well as our ability to anticipate changes in consumer buying practices and the space needs of tenants;
- our relationships with our tenants and their financial condition and liquidity;
- any difficulties in renewing leases, filling vacancies or negotiating improved lease terms;
- the inability of our properties to generate increased, or even sufficient, revenues to offset expenses, including amounts we are required to pay to municipalities for real estate taxes, payments for common area maintenance expenses at our properties and salaries for our management team and other employees;
- the market value of our assets and the supply of, and demand for, retail real estate in which we invest;
- risks of real estate acquisitions and dispositions, including our ability to identify and acquire retail real estate that meet our investment standards in our markets, as well as the potential failure of transactions to close;
- risks of operating properties through joint ventures that we do not fully control;
- financing risks, such as the inability to obtain debt or equity financing on favorable terms or the inability to comply with various financial covenants included in our Unsecured Revolving Credit Facility (the "Facility") or other debt instruments we currently

have or may subsequently obtain, as well as the level and volatility of interest rates, which could impact the market price of our common stock and the cost of our borrowings;

- environmental risk and regulatory requirements;
- 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;
- legislative and regulatory changes generally that may impact us or our tenants;
- as well other reports filed by the Company with the Securities and Exchange Commission (the “SEC”).

EXECUTIVE SUMMARY

Overview

We are a fully integrated, self-administered real estate company that has elected to be a Real Estate Investment Trust (“REIT”) for federal income tax purposes, engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers, anchored by supermarkets, pharmacy/drug-stores and wholesale clubs, with a concentration in the metropolitan 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, 2020, we owned or had equity interests in 81 properties, which include equity interests we own in five consolidated joint ventures and six unconsolidated joint ventures, containing a total of 5.3 million square feet of Gross Leasable Area (“GLA”). Of the properties owned by wholly-owned subsidiaries or joint venture entities that we consolidate, approximately 90.4% was leased (92.9% at October 31, 2019). Of the properties owned by unconsolidated joint ventures, approximately 91.1% was leased (96.1% at October 31, 2019).

We have paid quarterly dividends to our shareholders continuously since our founding in 1969.

Impact of COVID-19

The following discussion is intended to provide stockholders with certain information regarding the impacts of the COVID-19 pandemic on our business and management’s efforts to respond to those impacts. Unless otherwise specified, the statistical and other information regarding our property portfolio and tenants are estimates based on information available to us as of December 10, 2020. As a result of the rapid development,

fluidity and uncertainty surrounding this situation, we expect that such statistical and other information will change going forward, potentially significantly, and may not be indicative of the actual impact of the COVID-19 pandemic on our business, operations, cash flows and financial condition for fiscal 2021 and future periods.

The spread of COVID-19 is having a significant impact on the global economy, the U.S. economy, the economies of the local markets throughout the northeast region in which our properties are located, and the broader financial markets. Nearly every industry has been impacted directly or indirectly, and the U.S. retail market has come under severe pressure due to numerous factors, including preventive measures taken by local, state and federal authorities to alleviate the public health crisis, such as mandatory business closures, quarantines, restrictions on travel and “shelter-in-place” or “stay-at-home” orders. During the early part of the pandemic, these containment measures, as implemented by the tri-state area of Connecticut, New York and New Jersey, generally permitted businesses designated as “essential” to remain open, although limiting the operations of different categories of our tenants to varying degrees. Since early summer, many (but not all) of these restrictions have been gradually lifted as the COVID-19 situation in the tri-state area significantly improved, with most businesses now permitted to open at reduced capacity and under other limitations intended to control the spread of COVID-19. The situation, however, has been evolving as we head deeper into the winter months.

Moreover, not all tenants have been impacted in the same way or to the same degree by the pandemic and the measures adopted to control the spread of COVID-19. For example, grocery stores, pharmacies and wholesale clubs have been permitted to remain fully open throughout the pandemic and have generally performed well given their focus on food and necessities. Many restaurants have also been considered essential, although social distancing and group gathering limitations have generally prevented or limited dine-in activity, forcing them to evaluate alternate means of operations, such as outdoor dining, delivery and pick-up. The large majority of our restaurant tenants are fast casual, rather than full-service restaurants. For a number of our tenants that operate businesses involving high contact interactions with their customers, such as spas and salons, the negative impact of COVID-19 on their business has been more severe and the recovery more difficult. Gyms and fitness tenants have experienced varying results. Dry cleaners have also suffered as a result of many workers continuing to work from home. The following additional information reflects the impact of COVID-19 on our portfolio and tenants:

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

- All 74 of our shopping centers or free-standing, net-leased retail bank or restaurant properties are open and operating, with 99.1% of our total tenants open and operating based on Annualized Base Rent ("ABR").
- All of our shopping centers include necessity-based tenants, with approximately 71.4% of our tenants (based on ABR) designated as "essential businesses" during the early stay-at-home period of the pandemic in the tri-state area or otherwise permitted to operate through curbside pick-up and other modified operating procedures in accordance with state guidelines. These essential businesses are 99.0% open based on ABR.
- Approximately 84% of our GLA is located in properties anchored by grocery stores, pharmacies and wholesale clubs, 6% of our GLA is located in outdoor retail shopping centers adjacent to regional malls and 8% of our GLA is located in outdoor neighborhood convenience retail, with the remaining 2% of our GLA consisting of six suburban office buildings located in Greenwich, Connecticut and Bronxville, New York, three retail bank branches and one childcare center. All six suburban office buildings are open with some restrictions on capacity based on state mandates and all of the retail bank branches are open.
- As of December 10, 2020, we have received payment of approximately 86.0%, 83.3% and 89.8% of lease income, consisting of contractual base rent (leases in place without consideration of any deferral or abatement agreements), common area maintenance reimbursement and real estate tax reimbursement billed, respectively, for April 2020 through October 2020, the third quarter (May through July) of fiscal 2020 and the fourth quarter (August through October) of fiscal 2020, not including the application of any security deposits.
- Similar to other retail landlords across the United States, we received a number of requests for rent relief from tenants, with most requests received during the early days of the pandemic when stay-at-home orders were in place and many businesses were required to close, but we have continued to receive a smaller number of new requests even after businesses have re-opened, and in some cases, follow-on requests from tenants to whom we had already provided temporarily rent relief. We have been evaluating each request on a case-by-case basis to determine the best course of action, recognizing that in many cases some type of concession may be appropriate and beneficial to our long-term interests. In evaluating these requests, we have been considering many

factors, including the tenant's financial strength, the tenant's operating history, potential co-tenancy impacts, the tenant's contribution to the shopping center in which it operates, our assessment of the tenant's long-term viability, the difficult or ease with which the tenant could be replaced, and other factors. Although each negotiation has been specific to that tenant, most of these concessions have been in the form of deferred rent for some portion of rents due in April through December 2020, or longer, to be paid back over the later part of the lease, preferably within a period of one year or less. In addition, some of these concessions have been in the form of rent abatements for some portion of tenant rents due in April through December or longer.

- As of October 31, 2020, we had received 396 rent relief requests from our approximately 900 tenants in our consolidated portfolio. Subsequently, approximately 118 of the 396 tenants withdrew their request for rent relief or paid their rent in full. These remaining requests represent 35.0% of our ABR. As of October 31, 2020, we had completed lease amendments with approximately 234 of the tenants that had requested rent relief, representing deferments of approximately \$3.4 million in lease income (\$854,000 of our fourth quarter lease income) or approximately 3.5% of our ABR and abatements of approximately \$1.4 million in lease income (\$934,000 of our fourth quarter lease income) or approximately 1.4% of ABR. The weighted average payback period for the \$3.4 million of deferred rents is 8.5 months.

Each reporting period we must make estimates as to the collectability of our tenants' accounts receivable related to base rent, straight-line rent, expense reimbursements and other revenues. Management analyzes accounts receivable by considering tenant creditworthiness, current economic trends, including the impact of the COVID-19 pandemic on tenants' businesses, and changes in tenants' payment patterns when evaluating the adequacy of the allowance for doubtful accounts. As a result of this analysis, we have increased our allowance for doubtful accounts by \$426,000 and \$3.9 million in the three and twelve months ended October 31, 2020, respectively. For the year ended October 31, 2020, this increase of \$3.9 million represented approximately 4.0% of ABR. Management has every intention of collecting as much of our billed rents, to the extent feasible, regardless of the requirement under Generally Accepted Accounting Principles ("GAAP") to reserve for uncollectable accounts. In addition, the GAAP accounting standard governing leases requires, among other things, that if a specific tenant's future lease payments as contracted are not probable of collection, revenue recognition for that tenant must be converted to cash-basis accounting and be limited to the lesser of

the amount billed or collected from that tenant, and any straight-line rental receivables would need to be reversed in the period that the collectability assessment is changed to not probable. As a result of analyzing our entire tenant base, in the fiscal year ended October 31, 2020, we determined that 64 tenants' future lease payments were no longer probable of collection (7.1% of our approximate 900 tenants) and, as a result of this assessment, in the three and twelve months ended October 31, 2020 we reversed previously billed lease income in the amount of \$551,000 and \$2.3 million, respectively. For the year ended October 31, 2020, this \$2.3 million represented approximately 2.4% of ABR. In addition, as a result of this assessment, we reversed \$179,000 and \$1.1 million in the three and twelve months ended October 31, 2020, respectively, of accrued straight-line rent receivables related to these 64 tenants. For the year ended October 31, 2020, this \$1.1 million represented approximately 1.1% of ABR. Both of these reversals, totaling \$730,000 and \$3.4 million in the three and twelve months ended October 31, 2020, respectively, result in a direct reduction of lease income on our consolidated income statement.

Each reporting period management assesses whether there are any indicators that the value of its real estate investments may be impaired and has concluded that none of its investment properties are impaired at October 31, 2020. The COVID-19 pandemic has however, significantly impacted many of the retail sectors in which our tenants operate, and if the effects of the pandemic are prolonged, it could have a significant adverse impact on the underlying industries of many of our tenants. We will continue to monitor the economic, financial, and social conditions resulting from the COVID-19 pandemic and will assess our real estate asset portfolio for any impairment indicators as required under GAAP. If we determine that any of our real estate assets are impaired, we would be required to take impairment charges and such amounts could be material. See Footnote 1 to the Notes to the Company's Consolidated Financial Statements for additional discussion regarding impairment charges.

Actions Taken in Response to COVID-19

We have taken a number of proactive measures to maintain the strength of our business and manage the impact of COVID-19 on our operations and liquidity, including the following:

- Along with our tenants and the communities we together serve, the health and safety of our employees is our top priority. We have adapted our operations to protect employees, including by implementing a work-from-home policy in March 2020, which worked seamlessly with no disruption in our service to tenants and other business partners. On May 20, 2020, in

response to a change in the State of Connecticut's mandates, we re-opened our office at less than 50% capacity, with employees encouraged to continue working from home when feasible consistent with business needs. We continue to closely monitor the recommendations and mandates of federal, state and local governments and health authorities to ensure the safety of our own employees as well as our properties.

- We are in regular communication with our tenants, providing assistance in identifying local, state and federal resources that may be available to support their businesses and employees during the pandemic, including stimulus funds that may be available under the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act"). We compiled a robust set of tenant materials explaining these and other programs, which have been posted to the tenant portal on our website, disseminated by e-mail to all of our tenants through the tenant portal of our general ledger system and communicated directly by telephone through our leasing agents. Each of our tenants was also assigned a leasing agent to whom the tenant can turn with questions and concerns during these uncertain times.
- In addition, we launched a program designating dedicated parking spots for curbside pick-up at our shopping centers for use by all tenants and their customers, assisted restaurant tenants in securing municipal approvals for outdoor seating, and are assisting tenants in many other ways to improve their business prospects.
- To enhance our liquidity position and maintain financial flexibility, we borrowed \$35 million under our Unsecured Revolving Credit Facility ("Facility") during March and April 2020 to fund capital improvements and for general corporate purposes.
- At October 31, 2020, we had \$40.8 million in cash and cash equivalents on our consolidated balance sheet, and an additional \$64 million available under our Facility (excluding the \$50 million accordion feature).
- We do not have any unsecured debt maturing until August 2021. Additionally, we do not have any secured debt maturing until January 2022. All maturing secured debt is generally below a 55% loan-to-value ratio, and we believe we will be able to refinance that debt. Construction related to three large re-tenanting projects, two for grocery stores and one for a national junior anchor, was completed during the second quarter and all three tenants are open and operating as of the date of this report. We do not have any other material re-tenanting projects ongoing.
- We have taken proactive measures to manage costs, including reducing, where possible, our common area maintenance spending. We have one ongoing construction project at one of our properties, with

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

approximately \$4.3 million remaining to complete the project. Otherwise, only minimal construction is underway. Further, we expect that the only material capital expenditures at our properties in the near term will be tenant improvements and/or other leasing costs associated with existing and new leases.

- Although we continue to seek opportunities to acquire high-quality neighborhood and community shopping centers, we have temporarily redirected the executives in our acquisition department to help with lease negotiations.
- On March 27, 2020, the President of the United States signed into law the CARES Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. The Company has availed itself of some of the above benefits afforded by the CARES Act (other than what are commonly referred to as PPP loans).
- On December 27, 2020, a second COVID-19 federal stimulus package was enacted as part of the Consolidated Appropriations Act, 2021 (the "COVID Supplemental Appropriations Act"). Among other things, the COVID Supplemental Appropriations Act will enhance various support features of the previously enacted CARES Act, increase unemployment payments and extend the time frame for unemployment benefits, and re-implement a modified version of the Paycheck Protection Program for small businesses and eligible non-profits. As with the CARES Act, the Company has disseminated information about the COVID Supplemental Appropriations Act to our tenants through our website and general ledger system.
- On December 15, 2020, our Board of Directors declared a quarterly dividend of \$0.125 per Common share and \$0.14 per Class A Common share to be paid on January 15, 2021 to holders of record on January 5, 2021, reduced approximately 50% from pre-pandemic dividend levels of \$0.25 per Common share and \$0.28 per Class A Common share. The announced dividend level will preserve approximately \$5.5 million of cash in the first quarter of fiscal 2021 when compared to our pre-pandemic dividend levels. Given the reduction of operating cash flow and taxable income caused by tenants' nonpayment of rent during the period from April through December 2020, the overall uncertainty of the COVID-19 pandemic's near and potential long-term impact on our business, and the importance of preserving our liquidity position, among other

considerations, the Board determined after careful consideration of all information available to them at the time that reducing the quarterly dividend, when compared with the pre-pandemic level, is in the best interests of stockholders. Based on the Company's updated taxable income projections for the fiscal year ending 2021, we will most likely need to pay dividends over the remainder of the fiscal year at higher levels in order to meet the distribution requirements necessary for it to continue qualifying as a REIT for U.S. federal income tax requirements. The Board may determine that the increased level would be more appropriate towards the latter part of fiscal 2021 once, hopefully, a vaccine has become widely disseminated, the pandemic has begun to wane and the economy and our properties have returned to some normalcy. We cannot, however, be certain as to the level or timing of any such dividend increase. The Board declared the full contractual dividend on both our Series H and Series K Cumulative Preferred Stock, payable on January 29, 2021, to holders of record on January 15, 2021. Going forward, our Board of Directors will continue to evaluate our dividend policy.

We derive revenues primarily from rents and reimbursement payments received from tenants under leases at our properties. Our operating results therefore depend materially on the ability of our tenants to make required rental payments. The extent to which the COVID-19 pandemic impacts the businesses of our tenants, and therefore our operations and financial condition, will depend on future developments which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the COVID-19 pandemic, the actions taken to contain the COVID-19 pandemic or mitigate its impact, and the direct and indirect economic effects of the COVID-19 pandemic and such mitigation measures, among others.

Strategy, Challenges and Outlook

We have a conservative capital structure, which includes permanent equity sources of Common Stock, Class A Common Stock and two series of perpetual preferred stock, which are only redeemable at our option. In addition, we have mortgage debt secured by some of our properties. As mentioned earlier, we do not have any secured debt maturing until January of 2022.

Key elements of our growth strategies and operating policies are to:

- maintain our focus on community and neighborhood shopping centers, anchored principally by regional supermarkets, pharmacy chains or wholesale clubs,

which we believe can provide a more stable revenue flow even during difficult economic times because of the focus on food and other types of staple goods;

- acquire quality neighborhood and community shopping centers in the northeastern part of the United States with a concentration on properties in the metropolitan 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, with hopes to grow our assets through acquisitions 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 (e.g. curbside pick-up), 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, anticipating tenant weakness when necessary by pre-leasing their spaces and replacing below-market-rent leases with increased market rents, with an eye towards securing leases that include regular or fixed contractual increases to minimum rents;
- improve and refine 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 debt levels; and
- control property operating and administrative costs.

We believe our strategy of focusing on community and neighborhood shopping centers, anchored principally by regional supermarkets, pharmacy chains or wholesale clubs, is being validated during the COVID-19 pandemic. We believe the nature of our properties makes them less susceptible to economic downturns than other retail properties whose anchor tenants do not supply basic necessities. During normal conditions, we believe that consumers generally prefer to purchase food and other staple goods and services in person, and even during the COVID-19 pandemic our supermarkets, pharmacies and wholesale clubs have been posting strong in-person

sales. Moreover, most of our grocery stores have also implemented or expanded curbside pick-up or partnered with delivery services to cater to the needs of their customers during this pandemic.

We recognize, however, that the pandemic may have accelerated a movement towards e-commerce that may be challenging for weaker tenants that lack an omni-channel sales or micro-fulfillment strategy. We launched a program designating dedicated parking spots for curbside pick-up and are assisting tenants in many other ways to help them quickly adapt to these changing circumstances. Many tenants have adapted to the new business environment through use of our curbside pick-up program and early industry data seems to indicate that micro-fulfillment from retailers with physical locations may be a new competitive alternative to e-commerce. It is too early to know which tenants will or will not be successful in making any changes that may be necessary. It is also too early to determine whether these changes in consumer behavior are temporary or reflect long-term changes.

Moreover, due to the current disruptions in the economy and our marketplace as a result of the COVID-19 pandemic and resulting changes to the short-term and possibly even long-term landscape for brick-and-mortar retail, we anticipate that it will be more difficult to actively pursue and achieve certain elements of our growth strategy. For example, it will likely be more difficult for us to acquire or sell properties in fiscal 2021 (or possibly beyond), as it may be difficult to value a property correctly given changing circumstances. Additionally, parties may be unwilling to enter into transactions during such uncertainty. We may also be less willing to enter into developments or capital improvements that require large amounts of upfront capital if the expected return is perceived as delayed or uncertain. We choose to borrow \$35 million under our Facility during March and April 2020 to enhance our liquidity position and maintain financial flexibility, which is an approach consistent with many of our peers. While we believe we still maintain a conservative capital structure and low debt levels, particularly relative to our peers, our profile may evolve based on changing needs.

We expect that our rent collections will continue to be below our tenants' contractual rent obligations at least for as long as governmental orders require non-essential businesses to restrict business operations and individuals to adhere to social distancing policies, or potentially until a medical solution is achieved for COVID-19. We will continue to accrue rental revenue during the deferral period, except for tenants for which revenue recognition was converted to cash basis accounting in accordance with ASC Topic 842. However, we anticipate that some tenants

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

eventually will be unable to pay amounts due, and we will incur losses against our rent receivables. The extent and timing of the recognition of such losses will depend on future developments, which are highly uncertain and cannot be predicted. April through November 2020 rental income collections and rent relief requests to date may not be indicative of collections or requests in any future period.

We continue to have active discussions with existing and potential new tenants for new and renewed leases. However, the uncertainty relating to the COVID-19 pandemic has slowed the pace of leasing activity and could result in higher vacancy rates than we otherwise would have experienced, a longer amount of time to fill vacancies and potentially lower rental rates.

As a REIT, we are susceptible to changes in interest rates, the lending environment, the availability of capital markets and the general economy. The impacts of any changes are difficult to predict, particularly during the course of the current COVID-19 pandemic.

Highlights of Fiscal 2020; Recent Developments

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

- On November 1, 2019, we redeemed all of the outstanding shares of our Series G Cumulative Preferred Stock for \$25 per share with proceeds from our sale of our Series K Cumulative Preferred Stock in October 2019. The total redemption amount was \$75 million.
- In December 2019, we closed on the sale of our property located in Bernardsville, NJ to an unrelated third party for a sale price of \$2.7 million, pursuant to a contract we had entered into in August 2019, as that property no longer met our investment objectives. In accordance with GAAP, the property met all the criteria to be classified as held for sale in the fourth quarter of fiscal 2019, and, accordingly, we recorded a loss on property held for sale of \$434,000, which loss was included in continuing operations in the consolidated statement of income for the year ended October 31, 2019. The amount of the loss represented the net carrying amount of the property over the fair value of the asset less estimated cost to sell. Upon completion of the sale in December 2019, we realized an additional loss on sale of property of \$86,000, which loss is included in continuing operations in the consolidated statement of income for the year ended October 31, 2020. This loss has been added back to our Funds from Operations ("FFO") as discussed below.
- In January 2020, we sold for \$1.3 million a retail property located in Carmel, NY, as that property no longer met our investment objectives. In conjunction with the sale, we realized a loss on sale of property in the amount of \$242,000, which loss is included in continuing operations in the consolidated statement of income for the year ended October 31, 2020. This loss has been added back to FFO as discussed below.
- In January 2020, we redeemed 2,250 units of UB New City I, LLC from the noncontrolling member. The total cash price paid for the redemption was \$49,500. As a result of the redemption, our ownership percentage of New City increased to 79.7% from 78.2%.
- In January 2020, we redeemed 23,829 units of UB High Ridge, LLC from the noncontrolling member. The total cash price paid for the redemption was \$560,000. As a result of the redemption, our ownership percentage of High Ridge increased to 14.2% from 13.3%.
- In March and April 2020, we borrowed an aggregate \$35 million on our Facility to fund capital improvements and for general corporate purposes.
- In June 2020, we redeemed 6,750 units of UB New City I, LLC from the noncontrolling member. The total cash price paid for the redemption was \$148,500. As a result of the redemption, our ownership percentage of New City increased to 84.3% from 79.7%.
- In December 2020 (fiscal 2021), we closed on the sale of a 29,000 square foot portion of our property, which was recently converted into a condominium, located in Pompton Lakes, NJ to Lidl, a national grocery store company, for a sale price of \$2.8 million. We had entered into a purchase and sale agreement in January 2020, subject to various conditions. In accordance with GAAP, that portion of the property met all the criteria to be classified as held for sale in September of fiscal 2020, and accordingly, we recorded a loss on property held for sale of \$5.7 million, which loss is included in continuing operations in the consolidated statement of income for the year ended October 31, 2020. The amount of the loss represented the net carrying amount of that portion of the property over the fair value of that portion of the property, less the estimated cost to sell. This loss has been added back to our FFO as discussed below. Lidl will operate a grocery store on its portion of the property. The 29,000 square foot portion of the property sold was approximately half of a vacant space that was previously leased and occupied by A&P. A&P went bankrupt several years ago and the space had remained vacant. In considering many options for the use of this space, we determined that the best course of action for the Company to maximize the value of the space was to sell this portion of the property to a leading grocery store company

and to re-develop the balance of the 63,000 square foot space into 4,000 square feet of additional retail and a 50,000 square foot self-storage facility, which will be managed by Extra Space Storage. The square footage of the self-storage facility reflects the intended vertical expansion of our retained space. We believe that once completed and leased, the self-storage facility will add approximately \$7 million in value to the shopping center over and above our development costs.

Leasing

Rollovers

For the fiscal year 2020, we signed leases for a total of 405,000 square feet of predominantly retail space in our consolidated portfolio. New leases for vacant spaces were signed for 63,000 square feet at an average rental decrease of 10.8% on a cash basis, excluding 5,400 square feet of new leases for which there was no prior rent history available. Renewals for 342,000 square feet of space previously occupied were signed at an average rental increase of 1.5% on a cash basis.

Tenant improvements and leasing commissions averaged \$29 per square foot for new leases and \$0.45 per square foot for renewals for the fiscal year ended 2020. The average term for new leases was 4 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.

The leases signed in 2020 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 reasons.

Traditionally, we have seen overall positive increases in rental income for renewal leases. With the uncertainty of the COVID-19 pandemic and the many unknown factors that we, our tenants and the commercial real estate industry face from the pandemic, it is difficult to predict leasing trends for new leases into the near future.

Significant Events with Impacts on Leasing

In March 2020, we delivered two spaces to Dollar Tree and Family Dollar, to replace a grocery tenant that had previously occupied a 30,600 square foot space at our Passaic, NJ property. We signed new leases with these tenants in May 2019 for a large portion of the original 30,600 square foot space. Both of these stores are now open.

In April 2020, we delivered a 26,800 square foot junior anchor space at the Orange Meadows Shopping Center to the TJX Companies, Inc., which will operate a TJ Maxx store that is expected to open in March of 2021. The space was delivered pursuant to a lease we signed in January 2019.

In January 2020, we delivered a 40,000 square foot grocery-store space at the Valley Ridge Shopping Center to Whole Foods Market, which opened in September 2020. The space was delivered pursuant to a lease we signed in April 2018.

In December 2019, we delivered a 30,000 square foot grocery-store space at one of our Eastchester, NY properties to DeCicco's Supermarket, which opened in October 2020. The space was delivered pursuant to a lease we signed in August 2017.

In 2017, Toys R' Us and Babies R' Us ("Toys") filed a voluntary petition under chapter 11 of title 11 of the United States Bankruptcy Code, and subsequently liquidated the company. Toys ground leased 65,700 square feet of space at our Danbury, CT shopping center. In August 2018, this lease was purchased out of bankruptcy from Toys and assumed by a new owner. The base lease rate for the 65,700 square foot space was and remains at \$0 for the duration of the lease, and we did not have any other leases with Toys, so our cash flow was not impacted by the bankruptcy of Toys. As of the date of this report, the new owner of this ground lease has informed us that they are selling the lease to a national retailer, however the transaction has not closed yet.

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

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 our consolidated financial statements included in this Annual Report.

LIQUIDITY AND CAPITAL RESOURCES

Overview

At October 31, 2020, we had cash and cash equivalents of \$40.8 million (see below), compared to \$94.1 million at October 31, 2019. Our sources of liquidity and capital resources include operating cash flows 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. As a result of state mandates forcing many non-essential businesses to close or restricting store operations to help prevent the spread of COVID-19, many of our tenants are suffering. Please see the "Impact of COVID-19" section earlier in this Annual Report for more information. In fiscal 2020, 2019 and 2018, net cash flow provided by operations amounted to \$61.9 million, \$72.3 million and \$71.6 million, respectively.

On November 1, 2019, we redeemed all 3,000,000 outstanding shares of our 6.75% Series G Cumulative Preferred Stock for \$25 per share, which included all accrued and unpaid dividends. The total amount of the

redemption amounted to \$75 million. The redemption was funded with proceeds from our recently completed sale of 4,400,000 shares of 5.875% Series K Cumulative preferred stock. We issued the Series K shares on October 1, 2019 and raised proceeds of \$106.5 million.

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, and regular dividends paid to our Common and Class A Common stockholders. Cash dividends paid on Common and Class A Common stock for fiscal years ended October 31, 2020, 2019 and 2018 totaled \$30.0 million, \$42.6 million and \$41.6 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. As a result of the COVID-19 pandemic, we have made a number of concessions in the form of deferred rents and rent abatements, as more extensively discussed under the "Impact of Covid-19" section earlier in this Annual Report. To the extent rent deferral arrangements remain collectible, it will reduce operating cash flow in the near term but most likely increase operating cash flow in future periods. This process is ongoing.

On December 15, 2020, our Board of Directors declared a quarterly dividend of \$0.125 per Common share and \$0.14 per Class A Common share to be paid on January 15, 2021 to holders of record on January 5, 2021, reduced approximately 50% from pre-pandemic levels. The announced dividend level will preserve approximately \$5.5 million of cash in the first quarter of fiscal 2021 when compared to our pre-pandemic dividend levels. The Board declared the full contractual dividend on both our Series H and Series K Cumulative Preferred Stock, payable on January 29, 2021 to holders of record on January 15, 2021. Going forward, our Board of Directors will continue to evaluate our dividend policy and adjust the levels accordingly based on their assessment of how the pandemic is affecting the cash flow of the Company and the level of distributions required to allow the Company to continue to qualify as a REIT for Federal Income tax purposes.

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, McLean Plaza Associates, LLC, UB Orangeburg, LLC, UB High Ridge, LLC, UB Dumont I, LLC and UB New City I, LLC, have

the right to require us 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 5 to the financial statements included in this Annual Report. Historically, we have financed the foregoing requirements through operating cash flow, borrowings under our Facility, debt refinancings, new debt, equity offerings and other capital market transactions, and/or the disposition of under-performing assets, with a focus on keeping our debt level 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. For the fiscal year ended October 31, 2020, we paid approximately \$22.3 million for property improvements, tenant improvements and leasing commission costs (\$1.9 million representing property improvements, \$11.3 million in property improvements related to our Stratford project (see paragraph below) and approximately \$9.1 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 \$7.6 million for anticipated capital improvements, tenant improvements/allowances and leasing costs related to new tenant leases and property improvements during fiscal 2021. This amount is inclusive of commitments for the Stratford, CT development discussed directly below. These expenditures are expected to be funded from operating cash flows, bank borrowings or other financing sources. As a result of the ongoing COVID-19 pandemic, we have suspended all significant capital improvement projects other than the completion of our Stratford, CT project discussed below.

We are currently in the process of developing 3.4 acres of recently-acquired land adjacent to a shopping center we own in Stratford, CT. We completed one pad-site building totaling approximately 3,200 square feet, which is 75% leased to Chipotle, and a self-storage facility of approximately 131,000 square feet, which will be managed for us by Extra Space Storage. In addition, we will be building a second pad site, which is leased to a national restaurant company but construction has not begun while we complete a billboard relocation on the site. We anticipate the total development cost will be approximately \$18.2 million (excluding land acquisition cost), of which

we have already funded \$13.4 million as of October 31, 2020 and plan on funding the balance with available cash, borrowings on our Facility or other sources, as more fully described earlier in this Annual Report.

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 \$299.4 million primarily consist of \$1.7 million in variable rate debt with an interest rate of 5.0% as of October 31, 2020 and \$297.7 million in fixed-rate mortgage loan and unsecured note indebtedness with a weighted average interest rate of 4.1% at October 31, 2020. The mortgages are secured by 24 properties with a net book value of \$540 million and have fixed rates of interest ranging from 3.5% to 4.9%. The \$1.7 million in variable rate debt is unsecured. 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.

In addition, from time to time we have amounts outstanding on our Facility (see below) that are 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. At October 31, 2020, we had \$35 million outstanding on our Facility.

We currently maintain a ratio of total debt to total assets below 33% and a fixed charge coverage ratio of over 3.28 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 51 properties in our consolidated portfolio that are not encumbered by secured mortgage debt. At October 31, 2020, we had borrowing capacity of \$64 million on our Facility. Our Facility includes financial covenants that limit, among other things, our ability to incur unsecured and secured indebtedness. See Note 4 to our consolidated financial statements included in this Annual Report for additional information on these and other restrictions.

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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, Bank of Montreal 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, 2021. 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 BNY 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, 2020, we had \$35 million in outstanding borrowings on the Facility. Our ability to borrow under the Facility is subject to our compliance with the covenants and other restrictions on an ongoing basis. As discussed above, 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, 2020. We are currently in the process of working on an extension of our revolver, which we hope to complete in our first or second quarter of fiscal 2021.

During the year ended October 31, 2020, we borrowed \$35 million on our Facility to fund capital improvements to our properties and for general corporate purposes.

See Note 4 to our consolidated financial statements included in this Annual Report for a further description of mortgage financing transactions in fiscal 2020 and 2019.

Net Cash Flows from Operating Activities

Variance from fiscal 2019 to 2020:

The decrease in operating cash flows when compared with the corresponding prior period was primarily related to an increase in our tenant accounts receivable, or a reduction of lease income related to the impact of the COVID-19 pandemic and increase in other assets offset by an increase in accounts payable and accrued expenses.

Variance from fiscal 2018 to 2019:

The increase in operating cash flows was primarily due to our properties generating additional operating income in the fiscal year ended October 31, 2019 when compared with the corresponding prior period. This additional operating income was predominantly from properties acquired in fiscal 2018 and fiscal 2019 offset by a decrease in lease termination income of \$3.6 million in fiscal 2019

when compared with fiscal 2018. In fiscal 2018 one of our grocery store tenants paid us \$3.7 million to terminate its lease early.

Net Cash Flows from Investing Activities

Variance from 2019 to 2020:

The increase in net cash flows used in investing activities in the year ended October 31, 2020 when compared to the corresponding prior period was the result of one of our unconsolidated joint ventures selling a property in fiscal 2019 and distributing our share of the sales proceeds to us in the amount of \$6.0 million. The increase was further accentuated by our investing an additional \$3.7 million in our properties in fiscal 2020 when compared with fiscal 2019. In addition, we generated \$5.7 million less in net proceeds from the purchase and sale of marketable securities in fiscal 2020 when compared to the corresponding period of fiscal 2019. This net increase was offset by our purchasing one property in fiscal 2019 for \$11.8 million. We did not purchase any properties in fiscal 2020.

Variance from 2018 to 2019:

The decrease in net cash flows used in investing activities in fiscal 2019 when compared to fiscal 2018 was the result of selling our marketable security portfolio in the second quarter of fiscal 2019 and realizing proceeds on that sale of \$6 million. The marketable securities were purchased in the first half of fiscal 2018. These transactions created an \$11 million positive variance in cash flows from investing activities in fiscal 2019 when compared with the corresponding prior period. In addition, the decrease in cash flows used in investing activities was the result of one of our unconsolidated joint ventures selling a property it owned in the second quarter of fiscal 2019 and distributing \$5 million in sales proceeds to us. In addition, this decrease in net cash used by investing activities was the result of us selling one property in fiscal 2019 that provided \$3.4 million in sales proceeds versus having no property sales in the corresponding prior period. This decrease in net cash used by investing activities was partially offset by us acquiring one property for \$12 million in fiscal 2019 versus purchasing three properties in fiscal 2018 that required \$6.8 million in equity and expending \$10.5 million more for improvements to properties and deferred charges in fiscal 2019 versus the corresponding prior period.

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 2020: (Total \$35.2 million)*

- Proceeds from revolving credit line borrowings in the amount of \$35.0 million.

Fiscal 2019: (Total \$178.9 million)

- Proceeds from revolving credit line borrowings in the amount of \$25.5 million.
- Proceeds from mortgage financing of \$47 million.
- Proceeds from the issuance of a new series of preferred stock totaling \$106.2 million.

Fiscal 2018: (Total \$43.8 million)

- Proceeds from revolving credit line borrowings in the amount of \$33.6 million.
- Proceeds from mortgage financing of \$10 million.

Cash used:*Fiscal 2020: (Total \$131.5 million)*

- Dividends to shareholders in the amount of \$44.2 million.

- Repayment of mortgage notes payable in the amount of \$7.1 million.
- Acquisitions of noncontrolling interests in the amount of \$3.9 million.
- Redemption of preferred stock series in the amount of \$75.0 million.

Fiscal 2019: (Total \$152.7 million)

- Dividends to shareholders in the amount of \$55.4 million.
- Repayment of mortgage notes payable in the amount of \$33.4 million.
- Repayment of revolving credit line borrowings in the amount of \$54.1 million.
- Additional acquisitions and distributions to noncontrolling interests of \$9.5 million.

Fiscal 2018: (Total \$87.3 million)

- Dividends to shareholders in the amount of \$53.9 million.
- Repayment of mortgage notes payable in the amount of \$24.1 million.
- Repayment of revolving credit line borrowings in the amount of \$9 million.

RESULTS OF OPERATIONS**Fiscal 2020 vs. Fiscal 2019**

The following information summarizes our results of operations for the years ended October 31, 2020 and 2019 (amounts in thousands):

	Year Ended October 31,		Change Attributable to:			
	2020	2019	Increase (Decrease)	% Change	Property Acquisitions/ Sales	Properties Held in Both Periods (Note 1)
Revenues						
Base rents	\$99,387	\$100,459	\$(1,072)	(1.1)%	\$(351)	\$ (721)
Recoveries from tenants	28,889	32,784	(3,895)	(11.9)%	(9)	(3,886)
Uncollectable amounts in lease income	(3,916)	(956)	2,960	309.6%	—	2,960
ASC Topic 842 cash basis lease income reversal	(3,419)	—	(3,419)	(100.0)%	(9)	(3,410)
Lease termination	705	221	484	219.0%	—	484
Other income	5,099	4,374	725	16.6%	(241)	966
Operating Expenses						
Property operating	19,542	22,151	(2,609)	(11.8)%	(264)	(2,345)
Property taxes	23,464	23,363	101	0.4%	(74)	175
Depreciation and amortization	29,187	27,930	1,257	4.5%	(99)	1,356
General and administrative	10,643	9,405	1,238	13.2%	n/a	n/a
Non-Operating Income/Expense						
Interest expense	13,508	14,102	(594)	(4.2)%	303	(897)
Interest, dividends, and other investment income	398	403	(5)	(1.2)%	n/a	n/a

Note 1—Properties held in both periods includes only properties owned for the entire periods of 2020 and 2019 and for interest expense the amount also includes parent company interest expense. All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

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Base rents decreased by 1.1% to \$99.4 million for the fiscal year ended October 31, 2020 as compared with \$100.5 million in the comparable period of 2019. The change in base rent and the changes in other income statement line items analyzed in the table above were attributable to:

Property Acquisitions and Properties Sold:

In fiscal 2019, we purchased one property totaling 177,000 square feet, and sold one property totaling 10,100 square feet. In fiscal 2020, we sold two properties totaling 18,100 square feet. These properties accounted for all of the revenue and expense changes attributable to property acquisitions and sales in the year ended October 31, 2020 when compared with fiscal 2019.

Properties Held in Both Periods:

Revenues

Base Rent

The net decrease in base rents for the fiscal year ended October 31, 2020, when compared to the corresponding prior period was predominantly caused by a decrease in base rent revenue at seven properties related to tenant vacancies. The most significant of these vacancies were the vacating of TJ Maxx at our New Milford, CT property, the vacancy of two tenants at our Bethel, CT property, the vacancy of three tenants at our Cos Cob, CT property, the vacancy of two tenants at our Orange, CT property, the vacancy of five tenants at our Katonah, NY property and the vacancy caused by the bankruptcy of Modell's at our Ridgeway shopping center in Stamford, CT. In addition, base rent decreased as a result of providing a rent reduction for the grocery store tenant at our Bloomfield, NJ property. This net decrease was partially offset by an increase in base rents at most properties related to normal base rent increases provided for in our leases, new leasing at some properties and base rent revenue related to two new grocery store leases and one junior anchor lease for which rental recognition began in fiscal 2020. The new grocery tenants are Whole Foods at our Valley Ridge shopping center in Wayne, NJ and DeCicco's at our Eastchester, NY property. The new junior anchor tenant is TJX at our property located in Orange, CT.

In fiscal 2020, we leased or renewed approximately 405,000 square feet (or approximately 8.9% of total GLA). At October 31, 2020, the Company's consolidated properties were 90.4% leased (92.9% leased at October 31, 2019).

Tenant Recoveries

For the fiscal year ended October 31, 2020, recoveries from tenants (which represent reimbursements from tenants for operating expenses and property taxes) decreased by a net \$3.9 million when compared with the corresponding prior period. The decrease was the result of having lower common area maintenance expenses in fiscal 2020 when compared with fiscal 2019. This decrease was caused by significantly lower snow removal costs in the winter of 2020 when compared with the winter of 2019. In addition, throughout our third and fourth quarters of fiscal 2020, in response to the COVID-19 pandemic we made a conscious effort to reduce common area maintenance costs at our shopping centers to help reduce the overall tenant reimbursement rents charged to our tenants. In addition, the reduction was caused by a negative variance relating to reconciliation of the accruals for real estate tax recoveries billed to tenants in the first half of fiscal 2019 and 2020. The decrease was further accentuated by accruing a lower percentage of recovery at most of our properties as a result of our assessment that many of our smaller local tenants will have difficulty paying the full amounts required under their leases as a result of the COVID-19 pandemic. This assessment was based on the fact that many smaller tenants' businesses were deemed non-essential by the states where they operate and were forced to close for a portion of fiscal 2020. These net decreases were offset by increased tax assessments at our other properties held in both periods, which increases the amount of tax due and the amount billed back to tenants for those billings.

Uncollectable Amounts in Lease Income

In the fiscal year ended October 31, 2020, uncollectable amounts in lease income increased by \$3.0 million when compared to fiscal 2019. This increase was predominantly the result of our assessment of the collectability of existing non-credit small shop tenants' receivables given the ongoing COVID-19 pandemic. Many non-credit small shop tenants' businesses were deemed non-essential by the states where they operate and were forced to close for a portion of fiscal 2020. Our assessment was based on the premise that as we emerge from the COVID-19 pandemic, our non-credit small shop tenants will need to use most of their resources to re-establish their business footing and any existing accounts receivable attributable to these tenants would most likely be uncollectable.

ASC Topic 842 Cash Basis Lease Income Reversals

The Company adopted ASC Topic 842, "Leases" at the beginning of fiscal 2020. ASC Topic 842 requires amongst other things, that if the collectability of a specific tenant's future lease payments as contracted are not probable of collection, revenue recognition for that tenant must be

converted to cash-basis accounting and be limited to the lesser of the amount billed or collected from that tenant and in addition, any straight-line rental receivables would need to be reversed in the period that the collectability assessment changed to not probable. As a result of analyzing our entire tenant base, we determined that as a result of the COVID-19 pandemic 64 tenants' future lease payments were no longer probable of collection (7.1% of our approximate 900 tenants), and as a result of this assessment in fiscal 2020, we reversed \$2.3 million of previously billed lease income that was uncollected, which represented 2.4% of our ABR. In addition, as a result of this assessment, we reversed \$1.1 million of accrued straight-line rent receivables related to these 64 tenants, which equated to an additional 1.1% of our ABR. These reductions are a direct reduction of lease income in fiscal 2020.

Expenses

Property Operating

In the fiscal year ended October 31, 2020, property operating expenses decreased by \$2.3 million as a result of a large decrease in snow removal costs and parking lot repairs in fiscal 2020 when compared with fiscal 2019 and an overall reduction of other common area maintenance expenses as a result of COVID-19 pandemic as discussed above.

Property Taxes

In the fiscal year ended October 31, 2020, property tax expense was relatively unchanged when compared with the corresponding prior period. In the first half of fiscal 2020, one of our properties received a large real estate tax expense reduction as a result of a successful tax reduction proceeding. This decrease was offset by increased tax

assessments at our other properties held in both periods, which increased the amount of tax due.

Interest

In fiscal year ended October 31, 2020, interest expense decreased by \$897,000 when compared with the corresponding prior period, as a result of a reduction in interest expense related to our Facility. In October 2019, we used a portion of the proceeds from a new series of preferred stock to repay all amounts outstanding on our Facility. In addition, the decrease was caused by our repayment of a mortgage secured by our Rye, NY properties at the end of fiscal 2019 with available cash, which reduced interest expense by \$183,000.

Depreciation and Amortization

In the fiscal year ended October 31, 2020, depreciation and amortization increased by \$1.4 million when compared with the prior period, primarily as a result of a write-off of tenant improvements related to tenants that vacated our Danbury, CT, Newington, NH, Derby, CT and Stamford, CT properties in fiscal 2020 and increased depreciation for tenant improvements for large re-tenanting projects at our Orange, CT and Wayne, NJ properties.

General and Administrative Expenses

In the fiscal year ended October 31, 2020, general and administrative expenses increased by \$1.2 million when compared with the corresponding prior period, primarily as a result of an increase of \$1.4 million in restricted stock compensation expense in the second quarter of fiscal 2020 for the accelerated vesting of the grant value of restricted stock for our former Chairman Emeritus when he passed away in the second quarter of fiscal 2020.

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

Fiscal 2019 vs. Fiscal 2018

The following information summarizes our results of operations for the years ended October 31, 2019 and 2018 (amounts in thousands):

	Year Ended October 31,		Change Attributable to:			
	2019	2018	Increase (Decrease)	% Change	Property Acquisitions/ Sales	Properties Held in Both Periods (Note 2)
Revenues						
Base rents	\$100,459	\$96,943	\$ 3,516	3.6%	\$2,816	\$ 700
Recoveries from tenants	32,784	31,144	1,640	5.3%	1,091	549
Uncollectable amounts in lease income	(956)	(857)	(99)	11.6%	—	(99)
Lease termination	221	3,795	(3,574)	(94.2)%	—	(3,574)
Other income	4,374	3,697	677	18.3%	270	407
Operating Expenses						
Property operating	22,151	22,235	(84)	(0.4)%	990	(1,074)
Property taxes	23,363	21,167	2,196	10.4%	820	1,376
Depreciation and amortization	27,930	28,327	(397)	(1.4)%	412	(809)
General and administrative	9,405	9,223	182	2.0%	n/a	n/a
Non-Operating Income/Expense						
Interest expense	14,102	13,678	424	3.1%	213	211
Interest, dividends, and other investment income	403	350	53	15.1%	n/a	n/a

Note 2—Properties held in both periods includes only properties owned for the entire periods of 2019 and 2018 and for interest expense the amount also includes parent company interest expense. All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

Base rents increased by 3.6% to \$100.5 million in fiscal 2019, as compared with \$96.9 million in the comparable period of 2018. The increase in base rents and the changes in other income statement line items were attributable to:

Property Acquisitions and Properties Sold:

In fiscal 2018, we purchased three properties totaling 53,700 square feet of GLA. In fiscal 2019, we purchased one property totaling 177,000 square feet and sold one property totaling 10,100 square feet. These properties accounted for all of the revenue and expense changes attributable to property acquisitions and sales in the fiscal year ended 2019 when compared with fiscal 2018.

Properties Held in Both Periods:

Revenues

Base Rent

The net increase in base rents for the fiscal year ended 2019 when compared to the corresponding prior period, was predominantly caused by positive leasing activity at several properties held in both periods accentuated by a lease renewal with a grocery-store tenant at a significantly higher rent than the expiring period rent, both of which created a positive variance in base rent.

In fiscal 2019, we leased or renewed approximately 676,000 square feet (or approximately 14.8% of total consolidated property leasable area). At October 31, 2019, the Company's consolidated properties were 92.9% leased (93.2% leased at October 31, 2018).

Tenant Recoveries

In the fiscal year ended 2019, recoveries from tenants (which represent reimbursements from tenants for operating expenses and property taxes) increased by \$549,000 when compared with the corresponding prior period. This increase was a result of an increase in property tax expense caused by an increase in property tax assessments predominantly related to properties the Company owns in Stamford, CT. This increase was partially offset by a decrease in property operating expenses mostly related to a decrease in snow removal costs at our properties owned in both periods.

Lease Termination Income

In April 2018, we reached agreement with the grocery tenant at our Newark, NJ property to terminate its 63,000 square foot lease in exchange for a one-time \$3.7 million lease termination payment, which we received and recorded as revenue in the second quarter of fiscal 2018. Also in March 2018, we leased that same space to a new grocery store operator who took possession in May 2018. While the rental rate on the new lease is 30% less than the rental rate on the terminated lease, we hope that part of this decreased rental

rate will be recaptured with the receipt of percentage rent in subsequent years as the store matures and its sales increase. The new lease required no tenant improvement allowance.

Expenses

Property Operating

In the fiscal year ended October 31, 2019, property operating expenses decreased by \$1.1 million when compared with the corresponding prior period, predominantly as a result of a decrease in snow removal costs at our properties owned in both periods.

Property Taxes

In the fiscal year ended October 31, 2019, property taxes increased by \$1.4 million when compared with the corresponding prior period, as a result of an increase in property tax assessments for a number of our properties owned in both periods, specifically those located in Stamford, CT.

Interest

In the fiscal year ended October 31, 2019, interest expense increased by a net \$211,000 when compared with the corresponding prior period as a result of the Company having a larger balance drawn on its Facility for a large portion of fiscal 2019 when compared with the corresponding prior periods, offset by mortgage refinancings at lower interest rates than the refinanced mortgage notes.

Depreciation and Amortization

In the fiscal year ended October 31, 2019, depreciation and amortization decreased by \$809,000 when compared with the prior period primarily as a result of increased ASC Topic 805 amortization expense for lease intangibles in fiscal year ended October 31, 2018 for a tenant who vacated the property and whose lease was terminated.

General and Administrative Expenses

General and administrative expense was relatively

unchanged in the fiscal year ended October 31, 2019 when compared with the corresponding prior period.

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 our 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 our performance. 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, 2020, 2019 and 2018 (amounts in thousands):

	Year Ended October 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Income Applicable to Common and Class A Common Stockholders	\$ 8,533	\$22,128	\$25,217
Real property depreciation	22,662	22,668	22,139
Amortization of tenant improvements and allowances	4,694	3,521	4,039
Amortization of deferred leasing costs	1,737	1,652	2,057
Depreciation and amortization on unconsolidated joint ventures	1,499	1,505	1,719
(Gain)/loss on sale of properties	6,047	19	—
Loss on sale of property of unconsolidated joint venture	—	462	—
Funds from Operations Applicable to Common and Class A Common Stockholders	<u>\$45,172</u>	<u>\$51,955</u>	<u>\$55,171</u>

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

FFO amounted to \$45.2 million in fiscal 2020 compared to \$52.0 million in fiscal 2019 and \$55.2 million in fiscal 2018.

The net decrease in FFO in fiscal 2020 when compared with fiscal 2019 was predominantly attributable, among other things, to:

Decreases:

- A net decrease in base rents for the fiscal year ended October 31, 2020, when compared to the corresponding prior period caused by a decrease in base rent revenue at seven properties related to tenant vacancies offset by an increase in base rents at most properties related to normal base rent increases provided for in our leases, new leasing at some properties and base rent revenue related to two new grocery store leases and one junior anchor lease for which rental recognition began in fiscal 2020. Please see operating expense variance explanations earlier in this Annual Report.
- An increase in uncollectable amounts in lease income of \$3.0 million. This increase was the result of our assessment of the collectability of existing non-credit small shop tenants' receivables given the ongoing COVID-19 pandemic. Many non-credit, small shop tenants' businesses were deemed non-essential by the states where they operate and were forced to close for a portion of our fiscal year, until states loosened their restrictions and allowed almost all businesses to re-open, although some with operational restrictions. Our assessment was based on the premise that as we emerge from the COVID-19 pandemic, our non-credit, small shop tenants will need to use most of their resources to re-establish their business footing, and any existing accounts receivable attributable to those tenants would most likely be uncollectable.
- An increase in the write-off of lease income for tenants in our portfolio whose future lease payments were deemed to be not probable of collection, requiring us under GAAP to convert revenue recognition for those tenants to cash-basis accounting. This caused a write off of previously billed but unpaid lease income of \$2.3 million and the reversal of accrued straight-line rents receivable for these aforementioned tenants of \$1.1 million.
- A decrease in variable lease income (cost recovery income) related to the COVID-19 pandemic. In fiscal 2020, we lowered our percentage of recovery at most of our properties as a result of our assessment that many of our non-credit, small shop tenants will have difficulty paying the amounts required under their leases as a result of the COVID 19 pandemic. This assessment was based on the fact that many smaller tenants' businesses were deemed non-essential by the states where they operate and temporarily forced to close.

- A decrease in variable lease income (cost recovery income) related to an over-accrual adjustment in recoveries from tenants for real estate taxes in the first quarter of fiscal 2020 versus an under-accrual adjustment in recoveries from tenants for real estate taxes in the first quarter of fiscal 2019, which when combined, resulted in a negative variance in the first nine months of fiscal 2020 when compared to the same period of fiscal 2019.
- A net increase in general and administrative expenses of \$1.4 million, predominantly related to an increase in compensation and benefits expense for the accelerated vesting of restricted stock grant value upon the death of our former Chairman Emeritus in the second quarter of fiscal 2020.
- A net increase in preferred stock dividends of \$861,000 as a result of issuing a new series of preferred stock in fiscal 2019 and redeeming an existing series. The new series has a principal value \$35 million higher than the redeemed series which increased preferred stock dividends by \$1.5 million, which included one month of dividends in fiscal 2019 and a full year in fiscal 2020. The new series has a lower coupon rate of 5.875% versus 6.75% on the redeemed series, which reduced preferred stock dividends by \$656,000 in fiscal 2020 when compared with fiscal 2019.

Increases:

- A \$484,000 increase in lease termination income in fiscal 2020 when compared with the corresponding prior period.
- A \$594,000 decrease in interest expense as a result of fully repaying our Facility in the fourth quarter of fiscal 2019 with proceeds from our new series of preferred stock.
- A \$446,000 decrease in payments to noncontrolling interests as a result of redeeming units valued at \$768,000 in fiscal 2020 and a reduction in the amount of distributions to noncontrolling interests for distributions based on the reduced dividend on our Class A Common stock.
- In fiscal 2019 we issued notice of redemption of our Series G preferred stock and realized preferred stock redemption charges of \$2.4 million.

The net decrease in FFO in fiscal 2019 when compared with fiscal 2018 was predominantly attributable, among other things, to:

Decreases:

- The receipt of a \$3.7 million one-time lease termination payment in the second quarter of fiscal 2018 from a grocery store tenant that wanted to terminate its lease early.

- An increase of \$725,000 in base rent in the third quarter of fiscal 2018 related to the amortization of a below market rent in accordance with ASC Topic 805 for a grocery store tenant who was evicted and whose lease was terminated at our Passaic property.
- An increase in interest expense as a result of having a greater amount outstanding on our Facility in the fiscal year ended 2019 when compared with the corresponding prior periods.
- \$2.4 million in preferred stock redemption charges relating to our calling our Series G preferred stock for redemption on October 1, 2019.
- An increase of \$539,000 in preferred stock dividends as a result of having a new series of preferred stock outstanding for the month of October 2019. We redeemed our Series G preferred stock on November 1, 2019.

Increases:

- \$403,000 gain on sale of marketable securities in fiscal 2019 when we sold all of our marketable securities.
- Additional net income generated from properties acquired in fiscal 2018 and fiscal 2019.
- Additional net income generated from increased base rent revenue for our existing properties, specifically related to a property where the grocery store tenant renewed its lease at a significantly higher rent than the current rent.

Off-Balance Sheet Arrangements

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

- a 66.67% equity interest in the Putnam Plaza Shopping Center,
- an 11.792% equity interest in the Midway Shopping Center L.P.,
- a 50% equity interest in the Chestnut Ridge Shopping Center,
- a 50% equity interest in the Gateway Plaza shopping center and the Riverhead Applebee's Plaza, and
- 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 6 to our consolidated financial statements included 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, 2020		
Midway Shopping Center	Scarsdale, NY	\$32,000	\$25,700	4.80%	Dec 2027
Putnam Plaza Shopping Center	Carmel, NY	\$18,900	\$18,300	4.81%	Oct 2028
Gateway Plaza	Riverhead, NY	\$14,000	\$11,600	4.18%	Feb 2024
Applebee's Plaza	Riverhead, NY	\$ 2,300	\$ 1,800	3.38%	Aug 2026

Contractual Obligations

Our contractual payment obligations as of October 31, 2020 were as follows (amounts in thousands):

	Total	Payments Due by Period					
		2021	2022	2023	2024	2025	Thereafter
Mortgage notes payable and other loans	\$299,434	\$ 7,252	\$55,986	\$ 6,233	\$25,000	\$86,295	\$118,668
Interest on mortgage notes payable	66,652	13,043	11,775	10,281	8,832	6,252	16,469
Capital improvements to properties*	7,649	7,649	—	—	—	—	—
Total Contractual Obligations	\$373,735	\$27,944	\$67,761	\$16,514	\$33,832	\$92,547	\$135,137

*Includes committed tenant-related obligations based on executed leases as of October 31, 2020.

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, 2020. 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, 2020. 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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Shareholders of Urstadt Biddle Properties Inc.

Opinion on Internal Control over Financial Reporting

We have audited Urstadt Biddle Properties Inc.'s (the "Company") internal control over financial reporting as of October 31, 2020, based on criteria established in *Internal Control–Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2020, based on criteria established in *Internal Control–Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of October 31, 2020 and 2019, 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, 2020, and our report dated January 12, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

The Company'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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/PKF O'Connor Davies, LLP

New York, New York
January 12, 2021

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, 2020, we had total mortgage debt and other notes payable of \$299.4 million, \$297.7 million for which interest was based on fixed-rate, inclusive of variable rate mortgages that have been swapped to fixed interest rates using interest rate swap derivatives contracts, and \$1.7 million of which interest was based on a variable rate (see below).

Our fixed-rate debt presents 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 our 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, 2020, we had eight open derivative financial instruments. These interest rate swaps are cross collateralized with mortgages on properties in Ossining, NY, Yonkers, NY, Orangeburg, NY, Brewster, NY, Stamford, CT, Greenwich CT, Darien, CT and Dumont, NJ. The Ossining swap expires in August 2024, the Yonkers swap expires in November 2024, the Orangeburg swap expires in October 2024, the Brewster swap expires in July 2029, the Stamford swap expires in July 2027, the Greenwich swaps expire in October 2026, the Darien swap expires in April 2029 and the Dumont, NJ swap expires in August 2028, in each case concurrent with the maturity of the respective mortgages. All of the aforementioned derivatives contracts are adjusted to fair market value at each reporting period. We have 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 our earnings.

Under existing guidance, the publication of the LIBOR reference rate was to be discontinued beginning on or around the end of 2021. However, the ICE Benchmark Administration, in its capacity as administrator of USD LIBOR, has announced that it intends to extend publication of USD LIBOR (other than one-week and two-month tenors) by 18 months to June 2023. Notwithstanding this possible extension, a joint statement by key regulatory authorities calls on banks to cease entering into new contracts that use USD LIBOR as a reference rate by no later than December 31, 2021. We have good working relationships with each of the lenders to our notes, who are also the counterparties to our swap contracts. We understand from our lenders and counterparties that their goal is to have the replacement reference rate under the notes match the replacement rates in the swaps. If this were achieved, we believe there would be no effect on our financial position or results of operations. However, because this will be the first time any of the reference rates for our promissory notes or our swap contracts will cease to be published, we cannot be sure how the replacement rate event will conclude. Until we have more clarity from our lenders and counterparties, we cannot be certain of the impact on the Company.

At October 31, 2020, we had \$35.0 million outstanding on our Facility, which bears interest at LIBOR plus 1.35%. If interest rates were to rise 1%, our interest expense as a result of the variable rate would increase by any amount outstanding multiplied by 1% annum.

In addition, we purchased a property in March of fiscal 2018 and financed a portion of the purchase price with unsecured notes held by the seller of the property. The unsecured notes require the payment of interest only. \$1.5 million of the notes bear interest at a fixed rate of 5.05% and \$1.7 million of the notes bear interest at a variable rate of interest based on the level of our Class A Common stock dividend, currently 2.88% as of October 31, 2020. If the level of our Class A Common dividend rises, it will increase the interest rate on the \$1.7 million in notes.

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, 2020 (amounts in thousands, except weighted average interest rate):

	For The Fiscal Year Ended October 31,						Total	Estimated Fair Value
	2021	2022	2023	2024	2025	Thereafter		
Mortgage notes payable and other loans	\$7,252	\$55,986	\$6,233	\$25,000	\$86,295	\$118,668	\$299,434	\$316,483
Weighted average interest rate for debt maturing	n/a	4.42%	n/a	4.14%	3.95%	4.00%	4.07%	

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

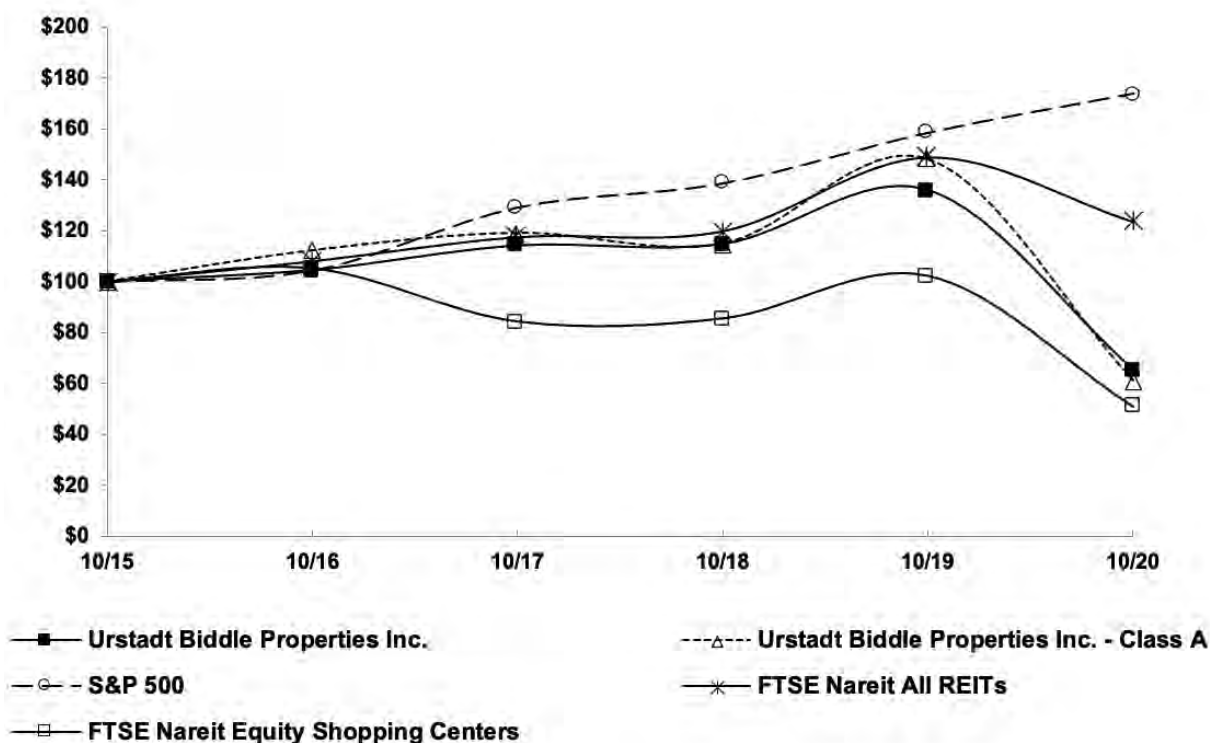
There were no changes in, or any disagreements with, the Company's independent registered public accounting firm on accounting principles and practices or financial disclosure during the years ended October 31, 2020 and 2019.

PERFORMANCE GRAPH

The following graph compares, for the five-year period beginning October 31, 2015 and ended October 31, 2020, 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 10/31/15 in stock or index, including reinvestment of dividends.
Fiscal year ending October 31.

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	10/15	10/16	10/17	10/18	10/19	10/20
Urstadt Biddle Properties Inc.	100.00	104.43	114.07	114.68	135.83	65.35
Urstadt Biddle Properties Inc.—Class A	100.00	112.27	119.15	114.95	148.03	61.15
S&P 500	100.00	104.51	129.21	138.70	158.57	173.97
FTSE Nareit All REITs	100.00	108.06	117.56	119.88	148.90	123.59
FTSE Nareit Equity Shopping Centers	100.00	105.05	84.31	85.49	102.13	51.01

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

NON-GAAP FINANCIAL MEASURES RECONCILIATIONS

Funds from Operations (“FFO”)

The Company considers 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 tables below provide a reconciliation of net income applicable to Common and Class A Common Stockholders in accordance with GAAP to FFO for each of the fiscal years ended October 31, 2020, 2019, 2018, 2017 and 2016.

Reconciliation of Net Income Available to Common and Class A Common Stockholders

	Fiscal Year Ended October 31,				
	2020	2019	2018	2017	2016
Net Income Applicable to Common and Class A Common Stockholders	\$ 8,533	\$22,128	\$25,217	\$ 33,898	\$19,436
Real property depreciation	22,662	22,668	22,139	20,505	18,866
Amortization of tenant improvements and allowances	4,694	3,521	4,039	4,448	3,517
Amortization of deferred leasing costs	1,737	1,652	2,057	1,468	557
Depreciation and amortization on unconsolidated joint ventures	1,499	1,505	1,719	1,618	1,589
(Gain)/loss on sale of properties	6,047	19	—	(18,734)	(362)
Loss on sale of property of unconsolidated joint venture	—	462	—	—	—
Funds from Operations Applicable to Common and Class A Common Stockholders	<u>\$45,172</u>	<u>\$51,955</u>	<u>\$55,171</u>	<u>\$ 43,203</u>	<u>\$43,603</u>
Funds from Operations (Diluted) Per Share:					
Common	<u>\$1.06</u>	<u>\$1.22</u>	<u>\$1.30</u>	<u>\$1.02</u>	<u>\$1.10</u>
Class A Common	<u>\$1.19</u>	<u>\$1.37</u>	<u>\$1.47</u>	<u>\$1.15</u>	<u>\$1.25</u>
Weighted Average Number of Shares Outstanding (Diluted):					
Common and Common Equivalent	<u>9,385</u>	<u>9,349</u>	<u>9,114</u>	<u>9,026</u>	<u>8,910</u>
Class A Common and Class A Common Equivalent	<u>29,576</u>	<u>29,654</u>	<u>29,513</u>	<u>29,503</u>	<u>27,112</u>

NON-GAAP FINANCIAL MEASURES RECONCILIATIONS

Same Property Net Operating Income (“NOI”)

We present Same Property Net Operating Income (“Same Property NOI”), which is a non-GAAP financial measure. Same Property NOI excludes from Net Operating Income (“NOI”) properties that have not been owned for the full periods presented. The most directly comparable GAAP financial measure to NOI is operating income. To calculate NOI, operating income is adjusted to add back depreciation and amortization, general and administrative expense, interest expense, amortization of above and below-market lease intangibles and to exclude straight-line rent adjustments, interest, dividends and other investment income, equity in net income of unconsolidated joint ventures, and gain/loss on sale of operating properties.

We use Same Property NOI internally as a performance measure and believe Same Property NOI provides useful information to investors regarding our financial condition and results of operations because it reflects only those income and expense items that are incurred at the property level. Our management also uses Same Property NOI to evaluate property level performance and to make decisions about resource allocations. Further, we believe Same Property NOI

is useful to investors as a performance measure because, when compared across periods, Same Property NOI reflects the impact on operations from trends in occupancy rates, rental rates and operating costs on an unleveraged basis, providing perspective not immediately apparent from income from continuing operations. Same Property NOI excludes certain components from net income attributable to Urstadt Biddle Properties Inc. in order to provide results that are more closely related to a property’s results of operations. For example, interest expense is not necessarily linked to the operating performance of a real estate asset and is often incurred at the corporate level as opposed to the property level. In addition, depreciation and amortization, because of historical cost accounting and useful life estimates, may distort operating performance at the property level. Same Property NOI presented by us may not be comparable to Same Property NOI reported by other REITs that define Same Property NOI differently.

Same Property Net Operating Income (in thousands, except for number of properties and percentages) as follows:

	Year Ended October 31,			Three Months Ended October 31,		
	2020	2019	% Change	2020	2019	% Change
Number of Properties (Note 4)	74			74		
Revenue (Note 2):						
Base Rent (Note 3)	\$ 92,141	\$ 95,700	-3.7%	\$ 22,391	\$24,102	-7.1%
Uncollectable amounts in lease income—same property	(3,802)	(956)	297.7%	(312)	(237)	31.6%
ASC Topic 842 cash-basis lease income reversal—same property	(2,306)	—	100.0%	(548)	—	100.0%
Recoveries from tenants	27,827	31,706	-12.2%	7,507	7,847	-4.3%
Other property income	852	984	-13.4%	89	159	-44.0%
	<u>114,712</u>	<u>127,434</u>	-10.0%	<u>29,127</u>	<u>31,871</u>	-8.6%
Expenses:						
Property operating	10,834	13,232	-18.1%	2,575	3,239	-20.5%
Property taxes	22,642	22,585	0.3%	5,648	5,546	1.8%
Other non-recoverable operating expenses	1,696	1,824	-7.0%	402	471	-14.6%
	<u>35,172</u>	<u>37,641</u>	-6.6%	<u>8,625</u>	<u>9,256</u>	-6.8%
Same Property Net Operating Income	<u>\$ 79,450</u>	<u>\$ 89,793</u>	-11.4%	<u>\$ 20,502</u>	<u>\$22,615</u>	-9.3%
Reconciliation of Same Property NOI to Most Directly Comparable GAAP Measure:						
Other non-same property net operating income	1,850	2,174		456	708	
Other Interest income	428	489		93	221	
Other Dividend income	182	97		—	—	
Consolidated lease termination income	705	221		245	27	
Consolidated amortization of above and below market leases	706	614		183	166	
Consolidated straight-line rent income	2,641	914		898	242	
Equity in net income of unconsolidated joint ventures	1,433	1,241		273	234	
Taxable REIT subsidiary income/(loss)	920	96		201	(126)	
Solar income/(loss)	(72)	(226)		20	(32)	
Storage income/(loss)	979	937		265	244	
Gain on sale of marketable securities	258	403		—	—	
Interest expense	(13,508)	(14,102)		(3,385)	(3,495)	
General and administrative expenses	(10,643)	(9,405)		(2,148)	(2,256)	
Provision for tenant credit losses	(3,916)	(956)		(426)	(237)	
Provision for tenant credit losses—same property	3,802	956		312	237	
ASC Topic 842 cash-basis lease income reversal	(2,327)	—		(551)	—	
ASC Topic 842 cash-basis lease income reversal—same property	2,306	—		548	—	
Directors fees and expenses	(373)	(346)		(86)	(81)	
Depreciation and amortization	(29,187)	(27,930)		(7,600)	(7,002)	
Adjustment for intercompany expenses and other	(3,607)	(3,338)		(695)	(829)	
Total other—net	<u>(47,423)</u>	<u>(48,161)</u>		<u>(11,397)</u>	<u>(11,979)</u>	
Income from continuing operations	32,117	41,632	-22.9%	9,105	10,636	-14.4%
Gain (loss) on sale of real estate	(6,047)	(19)		(5,719)	(428)	
Net income	26,070	41,613	-37.4%	3,386	10,208	-66.8%
Net income attributable to noncontrolling interests	(3,887)	(4,333)		(886)	(1,038)	
Net income attributable to Urstadt Biddle Properties Inc.	<u>\$ 22,183</u>	<u>\$ 37,280</u>	-40.5%	<u>\$ 2,500</u>	<u>\$ 9,170</u>	-72.7%
Same Property Operating Expense Ratio (Note 1)	<u>83.1%</u>	<u>88.5%</u>	-5.4%	<u>91.3%</u>	<u>89.3%</u>	2.0%

Note 1—Represents the percentage of property operating expense and real estate tax expense recovered from tenants under operating leases.

Note 2—Excludes straight-line rent, above/below market lease rent and lease termination income.

Note 3—Base rents for the three months and fiscal year ended October 31, 2020 are reduced by approximately \$854,000 and \$3.4 million, respectively, in rents that were deferred and approximately \$934,000 and \$1.4 million, respectively, in rents that were abated as a result of COVID-19.

Note 4—Includes only properties owned for the entire period of both periods presented.

DIRECTORS

KEVIN J. BANNON
Director
PGIM Retail Mutual Funds

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

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

NOBLE O. CARPENTER, JR.
Senior Managing Director
Banyan Street Capital,
a real estate investment firm

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

RICHARD GRELLIER
Managing Director
Deutsche Bank Securities Inc.

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

WILLIS H. STEPHENS, JR.
Principal
Stephens Law Firm PLLC

CHARLES D. URSTADT
Chairman
Urstadt Biddle Properties Inc.

OFFICERS

CHARLES D. 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
Director of Acquisitions

LINDA LACEY
Senior Vice President
Director of Leasing

ANDREW ALBRECHT
Vice President
Director of Management
and Construction

JOSEPH ALLEGRETTI
Vice President
Leasing

NICHOLAS CAPUANO
Vice President and
Real Estate Counsel

DIANE MIDOLLO
Vice President and Controller

SUZANNE MOORE
Vice President and Director of
Accounts Receivable

SUZANNE CRISCITELLI
Assistant Vice President/Lease
Administration

STEVE DUDZIEC
Assistant Vice President
Leasing

ELLEN HANRAHAN
Assistant Vice President and
Assistant Secretary

JANINE IAROSSI
Assistant Vice President
Insurance and
Benefits Administrator

MARY MURRAY
Assistant Vice President and
Director of Operations

MONICA ROTH
Assistant Vice President
Environmental Project Manager,
Management and Construction

BRENDAN SHANLEY
Assistant Vice President
Director of Property
Management and Construction

KUBBY TISCHLER
Assistant Vice President
Acquisitions and
Technology Officer

CORPORATE INFORMATION

Securities Traded

New York Stock Exchange Symbols: UBA, UBP, UBPPRH and UBPPRK Stockholders of Record as of December 31, 2020:
Common Stock: 519 and
Class A Common Stock: 585

Annual Meeting

The annual meeting of stockholders will be on March 17, 2021 conducted live via audio webcast at 2:00 P.M., Eastern Time via www.virtualshareholdermeeting.com/UBA2021.

Form 10-K

A copy of the Company's 2020 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, Shareholder Services at Computershare, P.O. Box 505000, Louisville, KY 40233-5000 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

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

Memberships

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



321 Railroad Avenue
Greenwich, CT 06830



Above: Marshalls, a division of TJX Companies, Meadtown Shopping Center, Kinnelon, New Jersey



Left: New DeCicco and Sons Supermarket at DeCicco's Plaza, Eastchester, New York

Below: Inside our new Whole Foods Market at our Valley Ridge Shopping Center, Wayne, New Jersey

