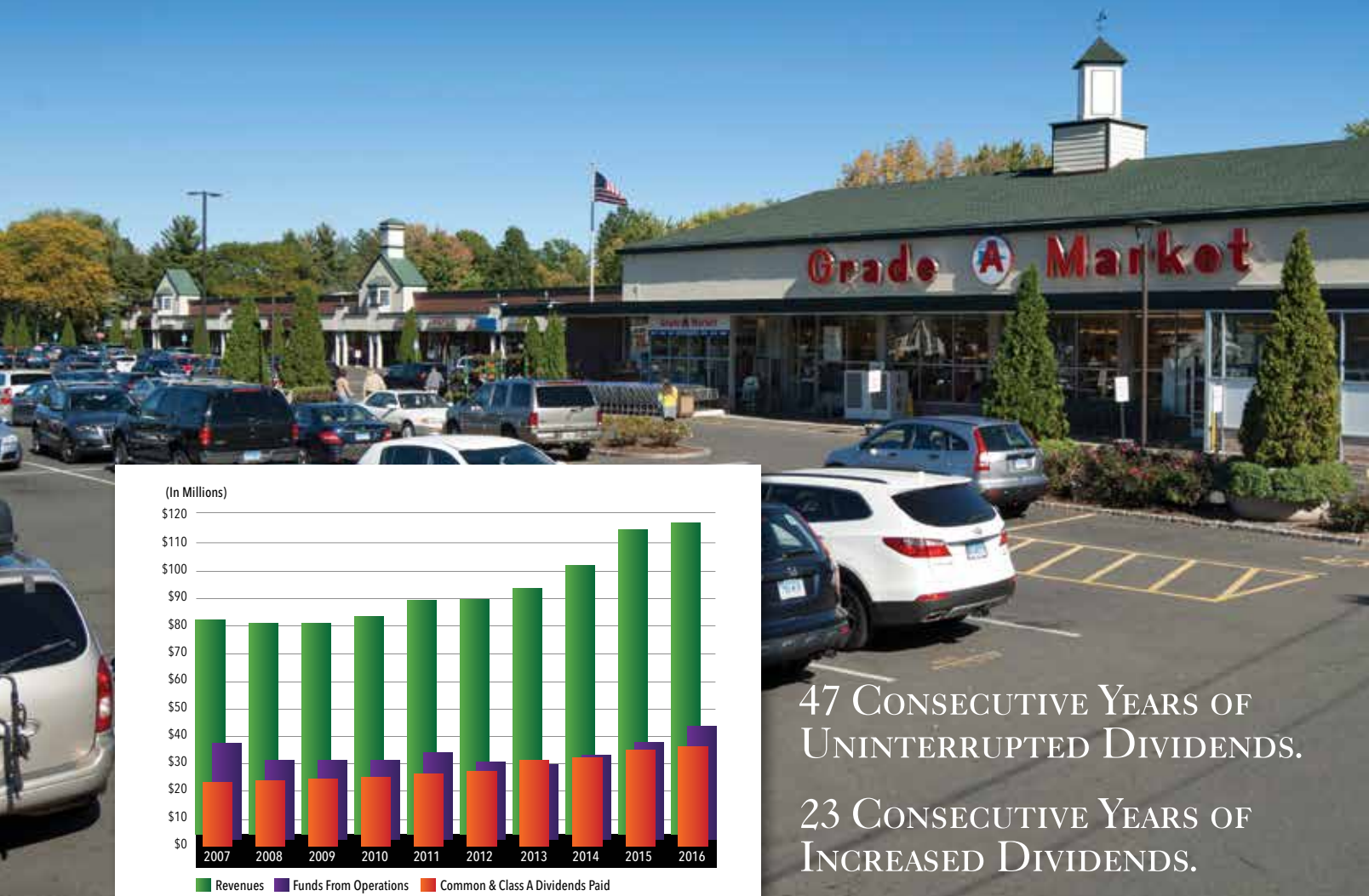


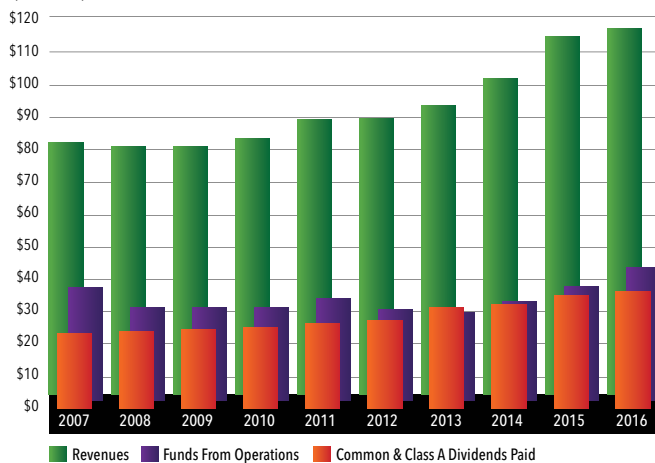
2016 ANNUAL REPORT



URSTADT BIDDLE PROPERTIES INC.



(In Millions)



47 CONSECUTIVE YEARS OF
UNINTERRUPTED DIVIDENDS.

23 CONSECUTIVE YEARS OF
INCREASED DIVIDENDS.

Stock prices are only opinions. But dividends are facts.



URSTADT BIDDLE PROPERTIES INC.

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Urstadt Biddle Properties Inc. is a self-administered publicly held real estate investment trust providing investors with a means of participating in the ownership of income-producing properties. Our investment properties consist of neighborhood and community shopping centers in the northeastern part of the United States with a concentration in the Metropolitan New York tri-state area outside of the City of New York.

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

SELECTED FINANCIAL DATA

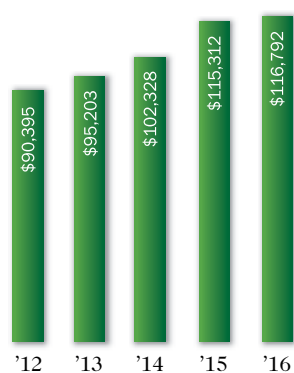
(Amounts in thousands, except share data)

Year Ended October 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Balance Sheet Data:					
Total Assets	\$931,324	\$ 861,075	\$819,005	\$ 650,026	\$724,243
Revolving Credit Lines and Unsecured Term Loan	\$ 8,000	\$ 22,750	\$ 40,550	\$ 9,250	\$ 11,600
Mortgage Notes Payable and Other Loans	\$273,016	\$ 260,457	\$205,147	\$166,246	\$143,236
Preferred Stock Called For Redemption	\$ —	\$ —	\$ 61,250	\$ —	\$ 58,508
Redeemable Preferred Stock	\$ —	\$ —	\$ —	\$ —	\$ 21,510
Operating Data:					
Total Revenues	\$116,792	\$ 115,312	\$102,328	\$ 95,203	\$ 90,395
Total Expenses and Payments to Noncontrolling Interests	\$ 85,337	\$ 88,594	\$ 75,927	\$ 70,839	\$ 64,367
Income from Continuing Operations before Discontinued Operations	\$ 34,605	\$ 50,212	\$ 53,091	\$ 29,105	\$ 27,282
Per Share Data:					
Net Income from Continuing Operations – Basic:					
Class A Common Stock	\$.57	\$1.04	\$1.22	\$.31	\$.42
Common Stock	\$.50	\$.92	\$1.09	\$.28	\$.38
Net Income from Continuing Operations – Diluted:					
Class A Common Stock	\$.56	\$1.02	\$1.19	\$.30	\$.41
Common Stock	\$.49	\$.90	\$1.06	\$.27	\$.36
Cash Dividends Paid on:					
Class A Common Stock	\$1.04	\$1.02	\$1.01	\$1.00	\$.99
Common Stock	\$.92	\$.90	\$.90	\$.90	\$.90
Other Data:					
Net Cash Flow Provided by (Used in):					
Operating Activities	\$ 60,062	\$ 51,100	\$ 50,915	\$ 50,952	\$ 52,504
Investing Activities	\$ (80,053)	\$(105,034)	\$ (54,624)	\$(49,631)	\$ (10,778)
Financing Activities	\$ 20,639	\$ (12,472)	\$ 73,793	\$ (76,468)	\$ 31,837
Funds from Operations (Note)	<u>\$ 43,603</u>	<u>\$ 38,056</u>	<u>\$ 33,032</u>	<u>\$ 29,506</u>	<u>\$ 30,627</u>

Note: The Company has adopted the definition of Funds from Operations (FFO) suggested by the National Association of Real Estate Investment Trusts (NAREIT) and defines FFO as net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of properties plus real estate related depreciation and amortization and after adjustments for unconsolidated joint ventures. For a reconciliation of net income and FFO, see Management's Discussion and Analysis of Financial Condition and Results of Operations on page 34. FFO does not represent cash flows from operating activities in accordance with generally accepted accounting principles and should not be considered an alternative to net income as an indicator of the Company's operating performance. The Company considers FFO a meaningful, additional measure of operating performance because it primarily excludes the assumption that the value of its real estate assets diminishes predictably over time and industry analysts have accepted it as a performance measure. FFO is presented to assist investors in analyzing the performance of the Company. It is helpful as it excludes various items included in net income that are not indicative of the Company's operating performance. However, comparison of the Company's presentation of FFO, using the NAREIT definition, to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs. For a further discussion of FFO, see Management's Discussion and Analysis of Financial Condition and Results of Operations on page 34.

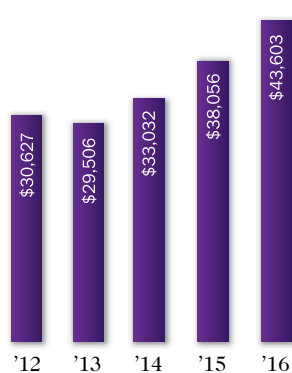
Total Revenues

(In thousands)



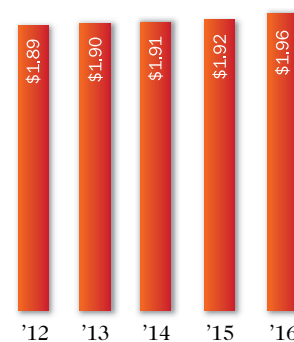
Funds From Operations

(In thousands)



Combined Dividends Paid on Common and Class A Common Shares

(Per share)



LETTER TO OUR STOCKHOLDERS

Goodwives Shopping Center
Darien, Connecticut

We are happy to report that 2016 was another record-breaking year for Urstadt Biddle Properties. Revenues grew 1% to a record \$117 million, recurring funds from operations grew 9% on a dollar value basis and 6% on a per share basis, and general and administrative expenses remained at 1% of total assets, essentially flat compared to 2015. We acquired two quality shopping centers in our backyard, and we are currently working on the acquisition of a number of additional quality properties commensurate with our growth strategy.



We leased all but one of the nine supermarkets impacted by A&P's bankruptcy, and we made good progress in filling the few other key vacancies in our portfolio. We extended the contract for the sale of our White Plains property, and we expect the sale to close in March 2017. In short, the Company continues to successfully execute its overall strategy, and we are confident in the future.

We are often asked, "How do you deal with all of the problem retailers and vacancies that I read about in the news?" It seems every day there is another story about the rise of Internet sales, the closure of department stores like Sears, JCPenny and K-mart, the bankruptcy of retailers like A&P and Sports Authority, or the advantage that pure Internet retailers have over brick-and-mortar retailers, particularly in terms of the collection and payment of sales tax. Earlier this month, even the venerable retailer Macy's announced the closure of over 100 stores.

While the retail business is highly competitive and ever-changing, one needs to understand that enclosed malls and big-box power centers in weaker markets are suffering to a much greater extent than the types of well-situated neighborhood shopping centers on which we have consciously focused our business. High volume supermarkets, warehouse clubs selling a high percentage of food and pharmacies selling prescription drugs and convenience items, collectively, anchor approximately 81% of the square footage in our portfolio. Our properties are also almost exclusively located in the strong demographic suburbs around New York City, one of the best suburban retail markets in the world. The median household income within a 3-mile radius of our properties is approximately

\$95,400, close to 85% higher than the national average, and this metric is one of the highest of all retail REITs.

Our experience tells us that perishable food and related items are most efficiently sold via the supermarket business model, as consumers prefer the in-person sensory experience of seeing and selecting their own produce and other food items. Moreover, many supermarkets are working to further protect themselves from the threat of Amazon (and similar retailers) by offering online ordering, at-store pick-up and home delivery services, in addition to traditional in-store sales. In fact, a number of our supermarket tenants are so confident in their businesses that they are currently undergoing expansions and/or major renovations. While we constantly and proactively assess the risks facing our investment strategy, we find it difficult to believe that Amazon drones will be delivering boxes of food any time soon through suburban airspace to people's doorsteps. Ask any supermarket executive what he/she sees as the greatest risk to the business, and you will likely hear far more concern about the risk of another brick-and-mortar competitor opening nearby than you will about Amazon.

Of course, some degree of change in the retail industry is inevitable, but both we and our tenants have the opportunity to benefit from such change by proactively positioning our shopping centers and businesses with a consistently forward-looking strategy, as we have done over many decades of doing business. For example, the types of tenants that occupy our shopping centers continue to change, as has been the case for decades. Not many of us are old enough to remember, but in the 1970s, shoppers could go to catalogue stores to purchase items displayed in catalogues that had been mailed to their homes. Catalogue stores, of course, are long gone.



More recently, stores that are particularly vulnerable to Internet competition (such as video stores and book stores) have been replaced by new restaurant concepts, a growing number of fitness centers and various medical facilities. The simple fact of life is that retailers must learn how to leverage the Internet to their advantage. Most retailers have learned how to harness the power of Internet advertising to increase or supplement their sales, and most successful retailers consider their brick-and-mortar stores to be an integral part of an “omni-channel” sales strategy. A recent study by The International Council of Shopping Centers (“ICSC”) noted that 91% of all 2016 holiday shoppers spent money at physical stores, the same percentage as the prior year, a clear indication that brick-and-mortar stores can continue to compete in the Internet era. Interestingly, many formerly pure Internet retailers are now opening brick-and-mortar stores as well.

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



Andrew Albrecht
Vice President
Management and
Construction

Update on Important Opportunities

The Pavilion Shopping Center, White Plains, NY:



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

We are expecting to close on the sale of this vacant 189,000 square foot mall in March 2017. We guided this property through a lengthy rezoning process in order to enhance its value, and in exchange for mutually acceptable additional payments, we agreed to delay the closing for approximately one year to enable the buyer to finalize its development plans. We plan to reinvest the capital from

the sale of this property into other properties that are currently under contract or that are currently subject to continuing purchase negotiations.

A&P Bankruptcy: A&P’s bankruptcy in July 2015 was the most disruptive event in the suburban NY supermarket industry in decades. Nine of our shopping centers were anchored by A&P. Since the bankruptcy, we have re-tenanted eight of the nine stores. Of the nine stores, ACME, a division of Albertsons, assumed five locations. ACME has partially renovated three, completely renovated one, and plans on completely renovating another. Another A&P lease (Harrison) was purchased by an operator associated with Key Foods, a New York area cooperative supermarket chain, which partially renovated the store. Two A&P leases were purchased by UBP and re-leased to regional supermarket operators at higher rents. One of those stores (Bloomfield, NJ) was leased by an operator associated with Key Foods, and the other location (Wayne) was leased to a regional Asian supermarket currently awaiting approvals to begin renovations. The only A&P location that UBP has not resolved is a 63,000 square foot store in Pompton Lakes, NJ. We are actively discussing the vacancy with a number of potential tenants, but we are also studying a number of other options regarding this property, including a possible reconfiguration of the shopping center in order to enhance its value.

Staples Plaza, Yorktown Heights, NY:

We are nearing completion of redevelopment of this property, which consists of a façade renovation, development of a new gas station pad site, and development of a self-storage facility, which UBP owns. The new façade is 75% complete and the new 60,000 square foot self-storage facility is almost 80% occupied. In addition, a blocking legal action filed by a gas station competitor was recently defeated in court, thus enabling construction of a large gas station by BJs Wholesale Club, which is located in our shopping center, to commence shortly. We have re-tenanted much of the lingering vacancy at this property, and we are negotiating with multiple tenants to fill the remaining 32,000 square feet of vacant space.

Leasing



Linda Lacey
Senior Vice President
Leasing

Although our occupancy level slipped approximately 2.0% over the year to 94%, primarily as a result of the A&P bankruptcy, our leasing parameters improved. In our consolidated portfolio, we renewed 224,000 square feet of leases (6% of the portfolio) at an average rent increase of 3%, and we signed 188,000 square feet of new leases at an average rent increase of 6%. At year-end, 35% of our overall consolidated property vacancy was attributable solely to the former A&P space in Pompton Lakes and the vacancy at Staples Plaza, but we are hopeful that our active focus on these two properties will enable us to resolve the vacancy issues in the near future. We anticipate that with a strengthening economy and lack of new construction, we will be in a position to continue raising rents on renewals in 2017 while maintaining the quality of our tenant mix. In addition, to increase the income generated by our properties, we have identified approximately 10 pad site opportunities that are in various stages of development.



Nicholas Capuano
Vice President and
Real Estate Counsel



Jackie Perla
Vice President
Leasing



Joseph Allegretti
Vice President
Leasing

Capital Market Events



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

We continued this year to take full advantage of the historically low interest rates to lower UBP's cost of capital. In July, we entered into a forward commitment to refinance our \$45 million, 5.52% mortgage on our Ridgeway Shopping Center with a larger \$50 million mortgage at a fixed interest rate of 3.398%. This refinancing will take effect in July 2017, and it will save the Company over \$955,000 in annual interest going forward. Also in July, in connection with our acquisition of the Newfield Green Shopping Center, we placed a \$23 million, 15-year mortgage on this property at a fixed rate of 3.89%. In August, we renewed our existing revolving credit line for four years (with a Company option for a fifth year), increased its size from \$80 to \$100 million and reduced the interest rate spread charged by the

lender for borrowings as well as the lender's commitment fee. We remain one of the lowest leveraged REITs with aggregate mortgage debt equal to only 27% of total book capitalization at year-end. Also, in July and August, we completed a follow-on Class A Common stock offering raising over \$73 million for



Diane Midollo
Vice President and
Controller

Dock Shopping Center
Stratford, Connecticut



the Company at a share price of \$23.29. Additional follow-on equity sales have been increasing the number of UBA shares traded each day in the market, also known as our "float." The reason this is important to us is that it is beneficial to our larger institutional shareholders who desire certain levels of liquidity in the stocks of companies in which they invest.

Acquisitions



James M. Aries
Senior Vice President
Acquisitions

In 2016, we purchased the following two shopping centers in Stamford, CT.

1. Newfield Green Shopping Center, Stamford, CT

DESCRIPTION: 72,000 square foot shopping center on 9 acres of land

ANCHOR TENANTS: Grade A ShopRite Supermarket and CVS/Pharmacy

PRICE: \$45.3 million, subject to a \$23 million, 3.89%, 15-year mortgage placed at closing

LOCATION: Newfield Avenue, Stamford, a dense neighborhood location, with approximately 130,000 people living within a 3-mile radius of the property, with an average household income of \$129,000

CLOSING DATE: July 2016

2. 970 High Ridge Road, Stamford, CT

DESCRIPTION: 27,000 square foot shopping center on 1 acre of land

KEY TENANTS: FedEx regional store and Verizon

PRICE: \$13.3 million

LOCATION: High Ridge Road, the main north-south artery of Stamford, 1.5 miles south of the Merritt Parkway. The average daily car volume passing this property is approximately 37,000 cars. Approximately 61,000 people live within a 3-mile radius of this property, with an average household income of \$137,000

CLOSING DATE: October 2016

Newly built Marshalls store at Meadtown Shopping Center
Kinnelon, New Jersey



Zach Fox
Vice President
Acquisitions

Given the extremely competitive nature of our business, it has always been our policy to keep our acquisition prospects very close to the vest, but we are encouraged by the robust activity we have experienced and are hopeful that 2017 will be another solid year in terms of growth of the portfolio.

UB Solar

This year, we continued our efforts to lower the carbon footprint of our properties in an economically attractive way for the Company. We completed four additional rooftop solar panel field installations covering approximately 27,000 square feet, which are collectively generating approximately 266 kW of power (enough to power 532 homes). Overall, we now generate 2,504 kW of power, which is sufficient to provide power to 4,828 homes. We are proud to do our small part to help the environment.



Emerson Shopping Plaza
Emerson, New Jersey

Corporate Counsel Change

This year, Tom Myers, EVP and Chief Legal Officer retired after 22 years of service to the Company. We will miss Tom's counsel greatly and thank him for all that he contributed to the growth of the Company. We are very pleased to have hired Miyun Sung (SVP and Chief Corporate Counsel) to replace Tom, and Miyun has already proven herself to be a great addition to the Company.



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



Miyun Sung
Senior Vice President,
Chief Corporate Counsel
and Secretary

Outlook

In December 2016, the Company's Board of Directors increased the annualized dividend rate on each of the Company's Class A Common Stock and Common Stock by \$.02 per share. This increase represents the 47th consecutive year that the Company has paid a dividend and the 23rd consecutive year that the Company has increased the dividend level, which is reflective of the Board's continued confidence in the Company.

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



Willing L. Biddle

Willing L. Biddle
President and Chief Executive Officer



Charles J. Urstadt

Charles J. Urstadt
Chairman

January 2017

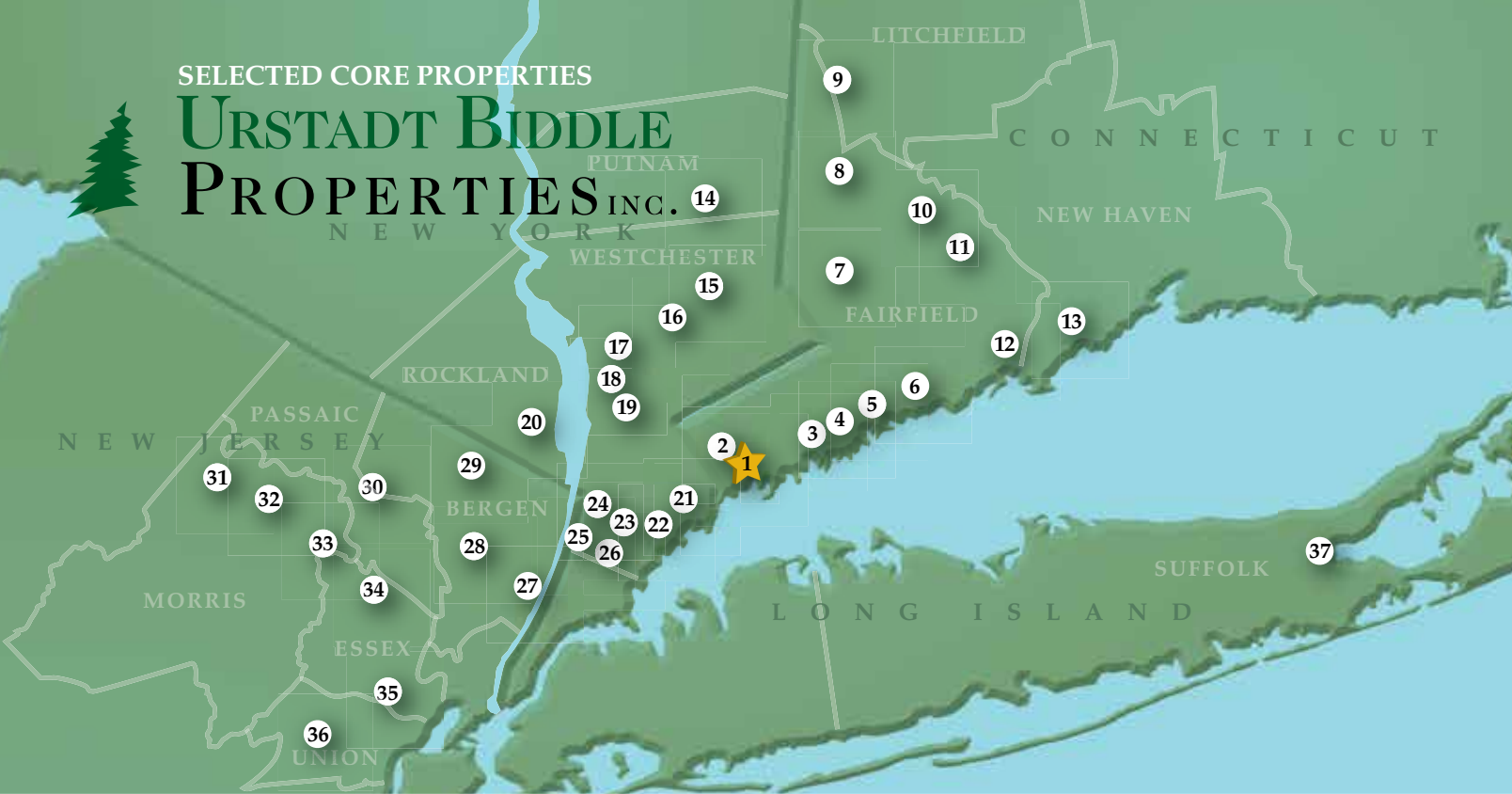
Tribute to Robert R. Douglass



In 2016, Robert R. Douglass passed away. Bob, Vice Chairman of the Board since 1991, was not only instrumental in the growth and transformation of the Company, he also had a tremendous career as an attorney, as a key figure in New York State government and as an ardent supporter of downtown Manhattan, particularly after the tragic events of 9/11. Bob was a great American and a great friend to the Company, and we will sorely miss him.

SELECTED CORE PROPERTIES

URSTADT BIDDLE PROPERTIES INC.



1 Corporate Headquarters
Greenwich



2 Greenwich Commons
Greenwich



2 Cos Cob Plaza
Cos Cob



2 Kings Shopping Center
Old Greenwich



2 Cos Cob Commons
Cos Cob



3 Ridgeway Shopping Center
Stamford



3 Newfield Green
Stamford



3 High Ridge Shopping Center
Stamford



4 Goodwives Shopping Center
Darien



5 Greens Farms Plaza
Westport



6 Fairfield Centre
Fairfield



7 Ridgefield Center
Ridgefield



8 Airport Plaza
Danbury



8 Danbury Square
Danbury



9 Veteran's Plaza
New Milford



9 New Milford Plaza
New Milford



9 Fairfield Plaza
New Milford



10 The Hub Center
Bethel



11 Starbucks Center
Monroe



12 The Dock
Stratford



13 Orange Meadows Shopping Center, Orange



14 Carmel ShopRite Center, Carmel



14 Putnam Plaza, Carmel



15 Towne Centre Shopping Center, Somers



15 Somers Commons, Somers



15 Heritage 202 Center, Somers



16 Village Commons, Katonah



17 Staples Plaza, Yorktown Heights



18 Arcadian Shopping Center, Ossining



19 Chilmark Shopping Center, Briarcliff Manor



20 Orangetown Shopping Center, Orangeburg



21 4 "Street Retail" Properties, Rye



22 Harrison Towne Center, Harrison



23 Shoppes at Eastchester, Eastchester



23 Eastchester Plaza, Eastchester



24 Midway Shopping Center, Scarsdale



25 McLean Plaza, Yonkers



26 Pelham Shopping Center, Pelham Manor



27 H-Mart Plaza, Fort Lee



28 Emerson Shopping Plaza, Emerson



29 Chestnut Ridge Shopping Center, Montvale



30 Cedar Hill Shopping Center, Wyckoff



30 Midland Park Shopping Center, Midland Park



31 Meadtown Shopping Center, Kinnelon



32 Pompton Lakes Town Square, Pompton Lakes



33 Boonton A&P Shopping Center, Boonton



34 Valley Ridge Shopping Center, Wayne



35 Ferry Plaza, Newark



36 Village Shopping Center, New Providence



37 Gateway Plaza, Riverhead

INVESTMENT PORTFOLIO (as of January 16, 2017)

UBP owns or has equity interests in 76 properties including ten office buildings which total 5,016,000 square feet.

LOCATION	SQUARE FEET	PRINCIPAL TENANT	PROPERTY TYPE
CONNECTICUT			
Fairfield County, CT			
Stamford	374,000	Stop & Shop Supermarket	Shopping center
Stratford	275,000	Stop & Shop Supermarket	Shopping center
Danbury	194,000	Christmas Tree Shops	Shopping center
Darien	96,000	Stop & Shop Supermarket	Shopping center
Stamford	72,000	Grade A Market	Shopping center
Ridgefield	63,000	Keller Williams	Street retail
Fairfield	62,000	Marshalls	Shopping center
Greenwich	57,000	UBP	5 Office buildings
Cos Cob	48,000	CVS	Retail/Office
Old Greenwich	40,000	Kings Supermarket	Retail/Office
Westport	40,000	Pier One Imports	Shopping center
Danbury	33,000	Buffalo Wild Wings	Shopping center
Bethel	31,000	Rite Aid	Shopping center
Stamford	27,000	Federal Express	Shopping center
Cos Cob	15,000	Jos A. Bank	Retail/Office
Monroe	10,000	Starbucks	Shopping center
Greenwich	10,000	Wells Fargo	Retail
	1,447,000		
Litchfield County, CT			
New Milford	233,000	Walmart	Shopping center
New Milford	81,000	Big Y Supermarket	Shopping center
New Milford	72,000	T.J. Maxx	Shopping center
	386,000		
New Haven County, CT			
Orange	78,000	Trader Joe's Supermarket	Shopping center
Derby	39,000	Aldi Supermarket	Shopping center
	117,000		
NEW YORK			
Westchester County, NY			
Scarsdale	247,000	ShopRite Supermarket	Shopping center
White Plains	191,000	Redevelopment Site	Shopping center
Ossining	137,000	Stop&Shop Supermarket	Shopping center
Somers	135,000	Home Goods	Shopping center
Yorktown	117,000	Staples	Shopping center
Somers	80,000	CVS	Shopping center
Eastchester	70,000	Acme Supermarket	Shopping center
Yonkers	58,000	Acme Supermarket	Shopping center
Briarcliff Manor	47,000	CVS	Shopping center
Rye	39,000	Parkers	Street retail (4 buildings)
Ossining	29,000	Westchester Community College	Shopping center
Katonah	28,000	Katonah Pharmacy	Retail/Office
Harrison	26,000	Key Food Supermarket	Shopping center
Pelham	25,000	Manor Market	Shopping center
Eastchester	24,000	CVS	Shopping center
Bronxville and Yonkers	19,000	People's United Bank	Retail (4 buildings)
Somers	19,000	Putnam County Savings Bank	Shopping center
	1,291,000		

LOCATION	SQUARE FEET	PRINCIPAL TENANT	PROPERTY TYPE
Putnam County, NY			
Carmel	190,000	Tops Markets	Shopping center
Carmel	129,000	ShopRite Supermarket	Shopping center
Carmel	4,000	Vacant	Net leased property
	323,000		
Suffolk County, NY			
Riverhead	207,000	Walmart & Applebee's	Shopping center
Rockland County, NY			
Orangeburg	74,000	CVS	Shopping center
Spring Valley	24,000	Spring Valley Foods Supermarket	Shopping center
	98,000		
Ulster County, NY			
Kingston	3,000	Taste of Italy	Net leased property
Orange County, NY			
Unionville	3,000	Vacant	Net leased property
Columbia County, NY			
Hillsdale	2,000	Friendly's Restaurant	Net leased property
NEW JERSEY			
Bergen County, NJ			
Midland Park	130,000	Kings Supermarket	Shopping center
Emerson	92,000	ShopRite Supermarket	Shopping center
Montvale	76,000	The Fresh Market Supermarket	Shopping center
Wyckoff	43,000	Walgreens	Shopping center
Waldwick	20,000	Rite Aid	Retail—Single tenant
Fort Lee	7,000	H-Mart Supermarket	Retail supermarket—Single tenant
	368,000		
Passaic County, NJ			
Pompton Lakes	125,000	Planet Fitness	Shopping center
Wayne	102,000	PNC Bank	Shopping center
	227,000		
Essex County, NJ			
Newark	108,000	Acme Supermarket	Shopping center
Bloomfield	59,000	Food World Market	Shopping center
Bloomfield	3,000	Friendly's Restaurant	Net leased property
	170,000		
Morris County, NJ			
Boonton	63,000	Acme Supermarket	Shopping center
Chester	9,000	REE Childcare	Retail
Kinnelon	77,000	Marshall's	Shopping center
	149,000		
Union County, NJ			
New Providence	109,000	Acme Supermarket	Shopping center
Somerset County, NJ			
Bernardsville	14,000	Laboratory Corp.	Office building
NEW HAMPSHIRE			
Rockingham County, NH			
Newington	102,000	Savers	Shopping center

FINANCIALS

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FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

ASSETS	October 31,	
	2016	2015
Real Estate Investments:		
Real Estate—at cost	\$1,016,838	\$ 941,690
Less: Accumulated depreciation	(186,098)	(165,660)
	<u>830,740</u>	<u>776,030</u>
Investments in and advances to unconsolidated joint ventures	38,469	39,305
Mortgage note receivable	13,500	—
	<u>882,709</u>	<u>815,335</u>
Cash and cash equivalents	7,271	6,623
Restricted cash	2,024	2,191
Tenant receivables	18,890	22,353
Prepaid expenses and other assets	13,338	9,334
Deferred charges, net of accumulated amortization	7,092	5,239
Total Assets	<u>\$ 931,324</u>	<u>\$ 861,075</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Revolving credit lines	\$ 8,000	\$ 22,750
Mortgage notes payable and other loans	273,016	260,457
Accounts payable and accrued expenses	4,977	3,438
Deferred compensation—officers	130	155
Other liabilities	27,915	17,542
Total Liabilities	<u>314,038</u>	<u>304,342</u>
Redeemable Noncontrolling Interests	<u>18,253</u>	<u>15,955</u>
Commitments and Contingencies		
Stockholders' Equity:		
7.125% Series F Cumulative Preferred Stock (liquidation preference of \$25 per share); 5,175,000 shares issued and outstanding	129,375	129,375
6.75% Series G Cumulative Preferred Stock (liquidation preference of \$25 per share); 3,000,000 shares issued and outstanding	75,000	75,000
Excess Stock, par value \$0.01 per share; 20,000,000 shares authorized; none issued and outstanding	—	—
Common Stock, par value \$0.01 per share; 30,000,000 shares authorized; 9,507,973 and 9,350,885 shares issued and outstanding	96	94
Class A Common Stock, par value \$0.01 per share; 100,000,000 shares authorized; 29,633,520 and 26,370,216 shares issued and outstanding	296	264
Additional paid in capital	509,660	431,411
Cumulative distributions in excess of net income	(114,091)	(94,136)
Accumulated other comprehensive (loss)	(1,303)	(1,230)
Total Stockholders' Equity	<u>599,033</u>	<u>540,778</u>
Total Liabilities and Stockholders' Equity	<u>\$ 931,324</u>	<u>\$ 861,075</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,		
	2016	2015	2014
Revenues			
Base rents	\$ 87,172	\$ 83,885	\$ 75,099
Recoveries from tenants	25,788	28,703	24,947
Lease termination income	619	472	183
Other income	3,213	2,252	2,099
Total Revenues	<u>116,792</u>	<u>115,312</u>	<u>102,328</u>
Expenses			
Property operating	18,717	21,267	18,926
Property taxes	18,548	18,224	16,997
Depreciation and amortization	23,025	22,435	19,249
General and administrative	9,284	8,576	8,016
Provision for tenant credit losses	1,161	1,271	917
Acquisition costs	412	2,068	666
Directors' fees and expenses	318	330	314
Total Operating Expenses	<u>71,465</u>	<u>74,171</u>	<u>65,085</u>
Operating Income	45,327	41,141	37,243
Non-Operating Income (Expense):			
Interest expense	(12,983)	(13,475)	(10,235)
Equity in net income from unconsolidated joint ventures	2,019	1,941	1,604
Interest, dividends and other investment income	242	228	134
Income From Continuing Operations	<u>34,605</u>	<u>29,835</u>	<u>28,746</u>
Discontinued Operations:			
Income from discontinued operations	—	—	141
Gain on sale of properties	—	—	12,526
Income from discontinued operations	<u>—</u>	<u>—</u>	<u>12,667</u>
Income before gain on sale of properties	34,605	29,835	41,413
Gain on sale of properties	—	20,377	24,345
Net Income	<u>34,605</u>	<u>50,212</u>	<u>65,758</u>
Noncontrolling interests:			
Net income attributable to noncontrolling interests	(889)	(948)	(607)
Net income attributable to Urstadt Biddle Properties Inc.	33,716	49,264	65,151
Preferred stock dividends	(14,280)	(14,605)	(13,812)
Redemption of preferred stock	—	—	(1,870)
Net Income Applicable to Common and Class A Common Stockholders	<u>\$ 19,436</u>	<u>\$ 34,659</u>	<u>\$ 49,469</u>
Basic Earnings Per Share:			
Per Common Share:			
Income from continuing operations	\$0.50	\$0.92	\$1.09
Income from discontinued operations	—	—	0.37
Net Income Applicable to Common Stockholders	<u>\$0.50</u>	<u>\$0.92</u>	<u>\$1.46</u>
Per Class A Common Share:			
Income from continuing operations	\$0.57	\$1.04	\$1.22
Income from discontinued operations	—	—	0.42
Net Income Applicable to Class A Common Stockholders	<u>\$0.57</u>	<u>\$1.04</u>	<u>\$1.64</u>
Diluted Earnings Per Share:			
Per Common Share:			
Income from continuing operations	\$0.49	\$0.90	\$1.06
Income from discontinued operations	—	—	0.36
Net Income Applicable to Common Stockholders	<u>\$0.49</u>	<u>\$0.90</u>	<u>\$1.42</u>
Per Class A Common Share:			
Income from continuing operations	\$0.56	\$1.02	\$1.19
Income from discontinued operations	—	—	0.40
Net Income Applicable to Class A Common Stockholders	<u>\$0.56</u>	<u>\$1.02</u>	<u>\$1.59</u>

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Year Ended October 31,		
	2016	2015	2014
Net Income	\$ 34,605	\$ 50,212	\$ 65,758
Other comprehensive income:			
Change in unrealized gain in marketable equity securities	—	—	29
Change in unrealized gains (losses) on interest rate swaps	(73)	(1,293)	(18)
Unrealized (gains) in marketable securities reclassified into income	—	—	(10)
Total comprehensive income	34,532	48,919	65,759
Comprehensive income attributable to noncontrolling interests	(889)	(948)	(607)
Total comprehensive income attributable to Urstadt Biddle Properties Inc.	33,643	47,971	65,152
Preferred stock dividends	(14,280)	(14,605)	(13,812)
Redemption of preferred stock	—	—	(1,870)
Total comprehensive income applicable to Common and Class A Common Stockholders	\$ 19,363	\$ 33,366	\$ 49,470

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,		
	2016	2015	2014
Cash Flows from Operating Activities:			
Net income	\$ 34,605	\$ 50,212	\$ 65,758
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	23,025	22,435	19,249
Straight-line rent adjustment	(1,902)	(1,551)	516
Provisions for tenant credit losses	1,161	1,271	917
Restricted stock compensation expense and other adjustments	4,442	4,201	4,097
Deferred compensation arrangement	(26)	(31)	11
Gain on sale of properties	—	(20,377)	(36,872)
Equity in net (income) from unconsolidated joint ventures	(2,019)	(1,941)	(1,604)
Changes in operating assets and liabilities:			
Tenant receivables	4,203	(2,033)	(1,443)
Accounts payable and accrued expenses	1,464	530	154
Other assets and other liabilities, net	(5,057)	(1,548)	881
Restricted cash	166	(68)	(749)
Net Cash Flow Provided by Operating Activities	60,062	51,100	50,915
Cash Flows from Investing Activities:			
Acquisitions of real estate investments	(58,737)	(136,304)	(74,805)
Investments in and advances to unconsolidated joint ventures	(700)	(247)	(6,902)
Investment in mortgage note	(13,500)	—	—
Deposits on acquisition of real estate investments	(750)	(695)	(3,157)
Returns of deposits on real estate investments	640	627	—
Improvements to properties and deferred charges	(21,462)	(12,175)	(19,303)
Net proceeds from sale of properties	—	43,806	47,609
Deposits received on sale of property	11,900	—	—
Distributions to noncontrolling interests	(889)	(1,990)	(607)
Distribution from unconsolidated joint ventures	3,445	1,944	1,901
Payments received on mortgage notes and other receivables	—	—	640
Net Cash Flow (Used in) Investing Activities	(80,053)	(105,034)	(54,624)
Cash Flows from Financing Activities:			
Dividends paid—Common and Class A Common Stock	(37,092)	(35,387)	(32,116)
Dividends paid—Preferred Stock	(14,280)	(14,605)	(13,812)
Principal repayments on mortgage notes payable	(21,744)	(12,909)	(20,297)
Proceeds from revolving credit line borrowings	52,000	104,750	65,050
Proceeds from term loan borrowing	—	—	25,000
Repayment of term loan borrowing	—	(25,000)	—
Proceeds from loan financing	34,663	68,219	40,675
Sales of additional shares of Common and Class A Common Stock	73,842	59,983	248
Repayments on revolving credit line borrowings	(66,750)	(97,550)	(58,750)
Repurchase of shares of Class A Common Stock	—	(3,363)	—
Net proceeds from issuance of Preferred Stock	—	4,640	67,795
Redemption of preferred stock including restricted cash	—	(61,250)	—
Net Cash Flow Provided by (Used in) Financing Activities	20,639	(12,472)	73,793
Net Increase/(Decrease) In Cash and Cash Equivalents	648	(66,406)	70,084
Cash and Cash Equivalents at Beginning of Year	6,623	73,029	2,945
Cash and Cash Equivalents at End of Year	\$ 7,271	\$ 6,623	\$ 73,029

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except shares and per share data)

	7.5% Series D Preferred Stock		7.125% Series F Preferred Stock		6.75% Series G Preferred Stock	
	Issued	Amount	Issued	Amount	Issued	Amount
Balances—October 31, 2013	2,450,000	\$ 61,250	5,175,000	\$129,375	—	\$ —
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized gains (losses) in marketable securities	—	—	—	—	—	—
Change in unrealized loss on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.90 per share)	—	—	—	—	—	—
Class A common stock (\$1.01 per share)	—	—	—	—	—	—
Issuance of Series G Preferred Stock	—	—	—	—	2,800,000	70,000
Reclassification of preferred stock	(2,450,000)	(61,250)	—	—	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Restricted stock compensation and other adjustment	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
Balances—October 31, 2014	—	—	5,175,000	129,375	2,800,000	70,000
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized (loss) on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.90 per share)	—	—	—	—	—	—
Class A common stock (\$1.02 per share)	—	—	—	—	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Issuance of Series G Preferred Stock	—	—	—	—	200,000	5,000
Issuance of Class A Common stock	—	—	—	—	—	—
Repurchase of Class A common stock	—	—	—	—	—	—
Restricted stock compensation and other adjustment	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
Balances—October 31, 2015	—	—	5,175,000	129,375	3,000,000	75,000
Net income applicable to Common and Class A common stockholders	—	—	—	—	—	—
Change in unrealized (loss) on interest rate swap	—	—	—	—	—	—
Cash dividends paid:						
Common stock (\$0.92 per share)	—	—	—	—	—	—
Class A common stock (\$1.04 per share)	—	—	—	—	—	—
Issuance of shares under dividend reinvestment plan	—	—	—	—	—	—
Shares issued under restricted stock plan	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	—	—	—	—
Issuance of Class A Common stock	—	—	—	—	—	—
Restricted stock compensation and other adjustment	—	—	—	—	—	—
Adjustments to redeemable noncontrolling interests	—	—	—	—	—	—
Balances—October 31, 2016	—	\$ —	5,175,000	\$129,375	3,000,000	\$75,000

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				
9,035,212	\$90	23,530,704	\$235	\$367,070	\$(112,168)	\$ 62	\$445,914
—	—	—	—	—	49,469	—	49,469
—	—	—	—	—	—	19	19
—	—	—	—	—	—	(18)	(18)
—	—	—	—	—	(8,271)	—	(8,271)
—	—	—	—	—	(23,845)	—	(23,845)
—	—	—	—	(2,304)	—	—	67,696
—	—	—	—	1,870	—	—	(59,380)
6,347	—	6,811	—	248	—	—	248
152,000	2	80,500	1	(3)	—	—	—
—	—	(6,300)	—	—	—	—	—
—	—	—	—	4,098	—	—	4,098
—	—	—	—	—	(887)	—	(887)
9,193,559	92	23,611,715	236	370,979	(95,702)	63	475,043
—	—	—	—	—	34,659	—	34,659
—	—	—	—	—	—	(1,293)	(1,293)
—	—	—	—	—	(8,413)	—	(8,413)
—	—	—	—	—	(26,974)	—	(26,974)
5,326	—	6,104	—	223	—	—	223
152,000	2	92,750	1	(3)	—	—	—
—	—	(26,600)	—	—	—	—	—
—	—	—	—	(360)	—	—	4,640
—	—	2,875,000	29	59,731	—	—	59,760
—	—	(188,753)	(2)	(3,360)	—	—	(3,362)
—	—	—	—	4,201	—	—	4,201
—	—	—	—	—	2,294	—	2,294
9,350,885	94	26,370,216	264	431,411	(94,136)	(1,230)	540,778
—	—	—	—	—	19,436	—	19,436
—	—	—	—	—	—	(73)	(73)
—	—	—	—	—	(8,745)	—	(8,745)
—	—	—	—	—	(28,348)	—	(28,348)
4,988	—	5,854	—	219	—	—	219
152,100	2	95,600	1	(3)	—	—	—
—	—	(650)	—	—	—	—	—
—	—	3,162,500	31	73,623	—	—	73,654
—	—	—	—	4,410	—	—	4,410
—	—	—	—	—	(2,298)	—	(2,298)
9,507,973	\$96	29,633,520	\$296	\$509,660	\$(114,091)	\$(1,303)	\$599,033

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Business

Urstadt Biddle Properties Inc. (“Company”), a real estate investment trust (REIT), is engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers in the northeastern part of the United States with a concentration in the metropolitan New York tri-state area outside of the City of New York. The Company’s major tenants include supermarket chains and other retailers who sell basic necessities. At October 31, 2016, the Company owned or had equity interests in 75 properties containing a total of 5.0 million square feet of gross leasable area (“GLA”).

Principles of Consolidation and Use of Estimates

The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and joint ventures in which the Company meets certain criteria of a sole general partner in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, “Consolidation,” and ASC Topic 970-810, “Real Estate-General-Consolidation.” The Company has determined that such joint ventures should be consolidated into the consolidated financial statements of the Company. In accordance with ASC Topic 970-323, “Real Estate-General-Equity Method and Joint Ventures”; joint ventures that the Company does not control but otherwise exercises significant influence in, are accounted for under the equity method of accounting. See Note 6 for further discussion of the unconsolidated joint ventures. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the disclosure of 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 2016 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, 2016. As of October 31, 2016, the fiscal tax years 2013 through and including 2015 remain open to examination by the Internal Revenue Service. There are currently no federal tax examinations in progress.

Real Estate Investments

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

Upon the acquisition of real estate properties, the fair value of the real estate purchased is allocated to the acquired tangible assets (consisting of land, buildings and building improvements), and identified intangible assets and liabilities (consisting of above-market and below-market leases and in-place leases), in accordance with ASC Topic 805, “Business Combinations.” The Company utilizes methods similar to those used by independent appraisers in estimating the fair value of acquired assets and liabilities. The fair value of the tangible assets of an acquired property considers the value of the property “as-if-vacant.” The fair value reflects the depreciated replacement cost of the asset. In allocating purchase price to identified intangible assets and liabilities of an acquired property, the value of above-market and below-market leases are estimated based on the difference between contractual rentals and the estimated market rents over

the applicable lease term discounted back to the date of acquisition utilizing a discount rate adjusted for the credit risk associated with the respective tenants. The aggregate value of in-place leases is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates over (ii) the estimated fair value of the property "as-if-vacant," determined as set forth above.

Above and below-market leases acquired are recorded at their fair value. The capitalized above-market lease values are amortized as a reduction of rental revenue over the remaining term of the respective leases and the capitalized below-market lease values are amortized as an increase to rental revenue over the remaining term of the respective leases. The value of in-place leases is based on the Company's evaluation of the specific characteristics of each tenant's lease. Factors considered include estimates of carrying costs during expected lease-up periods, current market conditions, and costs to execute similar leases. The value of in-place leases are amortized over the remaining term of the respective leases. If a tenant vacates its space prior to its contractual expiration date, any unamortized balance of their related intangible asset is recorded in the consolidated statement of income.

Depreciation and Amortization

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

Property Held for Sale and Discontinued Operations

The Company 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 September 2014, the Company sold, for \$31 million, its property located in Springfield, MA, 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 \$24.3 million, which is included in continuing operations in the consolidated

statement of income for the year ended October 31, 2014. The revenue and expenses of this property are included in continuing operations in the consolidated statements of income for the year ended October 31, 2014.

In August 2015, the Company sold, for \$44.5 million, its property located in Meriden, CT, as that property no longer met the Company's investment objectives. In conjunction with the sale, the Company realized a gain on sale of property in the amount of \$20.4 million, which is included in continuing operations in the consolidated statement of income for the year ended October 31, 2015. The revenue and expenses of this property are included in continuing operations in the consolidated statements of income for the years ended October 31, 2015 and 2014.

In addition, the Company had previously entered into a contract to sell its White Plains property and in April 2016, the Company satisfied the remaining contingency under the sale contract and expects to close on the sale of the property in March 2017. In accordance with ASC 360-10-45, the White Plains asset met all of the criteria to be classified as held for sale beginning in April 2016, but because the net book value of the White Plains asset is insignificant to financial statement presentation, the Company will not include the asset as held for sale on the consolidated balance sheet for all periods presented.

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

	Year Ended October 31,		
	2016	2015	2014
Revenues	\$ 5,638	\$ 6,126	\$12,411
Property operating expense	(1,340)	(3,244)	(5,689)
Depreciation and amortization	(476)	(1,787)	(2,767)
Net Income	<u>\$ 3,822</u>	<u>\$ 1,095</u>	<u>\$ 3,955</u>

In December 2013 (fiscal 2014), prior to the adoption of ASU 2014-08, which changed the criteria for reporting discontinued operations, the Company sold its two distribution service facilities in its non-core portfolio and one core property for \$18.1 million, resulting in a gain on sale of properties of \$12.5 million. In accordance with ASC 360 and 205 (prior to the accounting change) the operating results of the distribution service facilities are shown as discontinued operations on the consolidated statements of income for the fiscal year ended October 31, 2014. The operating results of the other property were insignificant to financial statement presentation and are not shown as discontinued operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes revenues and expenses for the Company's discontinued operations (amounts in thousands):

	Year Ended October 31,		
	2016	2015	2014
Revenues	\$ —	\$ —	\$141
Property operating expense	—	—	—
Depreciation and amortization	—	—	—
Income from discontinued operations	\$ —	\$ —	\$141

Cash flows from discontinued operations for the fiscal years ended October 31, 2016, 2015 and 2014 are combined with the cash flows from operations within each of the three categories presented. Cash flows from discontinued operations are as follows (amounts in thousands):

	Year Ended October 31,		
	2016	2015	2014
Cash flows from operating activities	\$ —	\$ —	\$(13,131)
Cash flows from investing activities	\$ —	\$ —	\$ 14,314
Cash flows from financing activities	\$ —	\$ —	\$ —

Deferred Charges

Deferred charges consist principally of leasing commissions (which are amortized ratably over the life of the tenant leases) and financing fees (which are amortized over the terms of the respective agreements). Deferred charges in the accompanying consolidated balance sheets are shown at cost, net of accumulated amortization of \$3,703,000 and \$3,108,000 as of October 31, 2016 and 2015, respectively.

Asset Impairment

On a periodic basis, management assesses whether there are any indicators that the value of its real estate investments may be impaired. A property value is considered impaired when management's estimate of current and projected operating cash flows (undiscounted and without interest) of the property over its remaining useful life is less than the net carrying value of the property. Such cash flow projections consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the loss is measured as the excess of the net carrying amount of the property over the fair value of the asset. Changes in estimated future cash flows due to changes in the Company's plans or market and economic conditions

could result in recognition of impairment losses which could be substantial. Management does not believe that the value of any of its real estate investments is impaired at October 31, 2016.

Revenue Recognition

Our leases with tenants are classified as operating leases. Rental income is generally recognized based on the terms of leases entered into with tenants. In those instances in which the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition will commence when the improvements are substantially completed and possession or control of the space is turned over to the tenant. When the Company determines that the tenant allowances are lease incentives, the Company commences revenue recognition when possession or control of the space is turned over to the tenant for tenant work to begin. Minimum rental income from leases with scheduled rent increases is recognized on a straight-line basis over the lease term. At October 31, 2016 and 2015, approximately \$16,829,000 and \$15,570,000, respectively, has been recognized as straight-line rents receivable (representing the current net cumulative rents recognized prior to when billed and collectible as provided by the terms of the leases), all of which is included in tenant receivables in the accompanying consolidated financial statements. Percentage rent is recognized when a specific tenant's sales breakpoint is achieved. Property operating expense recoveries from tenants of common area maintenance, real estate taxes and other recoverable costs are recognized in the period the related expenses are incurred. Lease incentives are amortized as a reduction of rental revenue over the respective tenant lease terms. Lease termination amounts are recognized in operating revenues when there is a signed termination agreement, all of the conditions of the agreement have been met, the tenant is no longer occupying the property and the termination consideration is probable of collection. Lease termination amounts are paid by tenants who want to terminate their lease obligations before the end of the contractual term of the lease by agreement with the Company. There is no way of predicting or forecasting the timing or amounts of future lease termination fees. Interest income is recognized as it is earned. Gains or losses on disposition of properties are recorded when the criteria for recognizing such gains or losses under GAAP have been met.

The Company provides an allowance for doubtful accounts against the portion of tenant receivables (including an allowance for future tenant credit losses of approximately 10% of the deferred straight-line rents receivable) which is estimated to be uncollectible.

Such allowances are reviewed periodically. At October 31, 2016 and 2015, tenant receivables in the accompanying consolidated balance sheets are shown net of allowances for doubtful accounts of \$4,097,000 and \$3,668,000, respectively.

Cash Equivalents

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

Restricted Cash

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

Derivative Financial Instruments

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

As of October 31, 2016, 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, 2016, the Company had approximately \$34.8 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 3.79% per annum. As of October 31, 2016 and 2015, the Company had a deferred liability of \$1,726,000 and \$1,230,000, 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.

In addition, in June 2016, the Company entered into a \$50 million mortgage loan commitment (see Note 5) with a lender to refinance the Company's secured mortgage on its Ridgeway property located in Stamford, CT in July 2017. In conjunction with entering into the mortgage commitment, the Company simultaneously executed with the same lender an interest rate swap contract with a \$50 million notional amount that will take effect on July 17, 2017 and will be co-terminus with the new Ridgeway mortgage loan. Such interest rate swap will convert the LIBOR-based variable rate on the new Ridgeway mortgage loan to a fixed annual rate of 3.398%. As of October 31, 2016, the Company had a deferred asset of \$422,000 (included in prepaid expenses and other assets on the consolidated balance sheets) relating to the fair value of the Company's interest rate swap applicable to the Ridgeway mortgage loan.

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 or losses on marketable securities and unrealized gains and losses on interest rate swaps designated as cash flow hedges. At October 31, 2016 and 2015, accumulated other comprehensive loss consisted of net unrealized losses on interest rate swap agreements of approximately \$1,304,000 and \$1,230,000, respectively. Unrealized gains and losses included in other comprehensive (loss) will be reclassified into earnings as gains and losses are realized.

Concentration of Credit Risk

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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,		
	2016	2015	2014
Numerator			
Net income applicable to common stockholders—basic	\$ 4,142	\$ 7,412	\$ 11,401
Effect of dilutive securities:			
Restricted stock awards	236	431	723
Net income applicable to common stockholders—diluted	<u>\$ 4,378</u>	<u>\$ 7,843</u>	<u>\$ 12,124</u>
Denominator			
Denominator for basic EPS—weighted average common shares	8,241	8,059	7,801
Effect of dilutive securities:			
Restricted stock awards	669	669	735
Denominator for diluted EPS—weighted average common equivalent shares	<u>8,910</u>	<u>8,728</u>	<u>8,536</u>
Numerator			
Net income applicable to Class A common stockholders—basic	\$15,294	\$27,247	\$38,068
Effect of dilutive securities:			
Restricted stock awards	(236)	(431)	(723)
Net income applicable to Class A common stockholders—diluted	<u>\$15,058</u>	<u>\$26,816</u>	<u>\$37,345</u>
Denominator			
Denominator for basic EPS—weighted average Class A common shares	26,921	26,141	23,208
Effect of dilutive securities:			
Restricted stock awards	191	191	219
Denominator for diluted EPS—weighted average Class A common equivalent shares	<u>27,112</u>	<u>26,332</u>	<u>23,427</u>

Stock-Based Compensation

The Company accounts for its stock-based compensation plans under the provisions of ASC Topic 718, "Stock Compensation," which requires that compensation expense be recognized based on the fair value of the stock awards less estimated forfeitures. The fair value of stock awards is equal to the fair value of the Company's stock on the grant date.

Segment Reporting

The Company'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,		
	2016	2015	2014
Ridgeway Revenues	11.3%	11.7%	13.3%
All Other Property Revenues	88.7%	88.3%	86.7%
Consolidated Revenue	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
		Year Ended October 31,	
		2016	2015
Ridgeway Assets		7.6%	8.4%
All Other Property Assets		92.4%	91.6%
Consolidated Assets (Note 1)		<u>100.0%</u>	<u>100.0%</u>

Note 1—Ridgeway did not have any significant expenditures for additions to long-lived assets in any of the fiscal years ended October 31, 2016, 2015 and 2014.

	Year Ended October 31,		
	2016	2015	2014
	Ridgeway Percent Leased	98%	97%

	Year Ended October 31,		
	2016	2015	2014
	Ridgeway Significant Tenants (by base rent):		
The Stop & Shop Supermarket Company	19%	19%	19%
Bed, Bath & Beyond	14%	14%	14%
Marshall's Inc., a division of the TJX Companies	11%	11%	11%
All Other Tenants at Ridgeway (Note 2)	56%	56%	56%
Total	100%	100%	100%

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

Income Statement (In thousands):

	Year Ended October 31, 2016		
	Ridgeway	All Other Operating Segments	Total Consolidated
Revenues	\$13,192	\$103,600	\$116,792
Operating Expenses	\$ 3,649	\$ 33,616	\$ 37,265
Interest Expense	\$ 2,487	\$ 10,496	\$ 12,983
Depreciation and Amortization	\$ 2,468	\$ 20,557	\$ 23,025
Income from Continuing Operations	\$ 4,588	\$ 30,017	\$ 34,605
	Year Ended October 31, 2015		
	Ridgeway	All Other Operating Segments	Total Consolidated
Revenues	\$13,485	\$101,827	\$115,312
Operating Expenses	\$ 3,768	\$ 35,723	\$ 39,491
Interest Expense	\$ 2,545	\$ 10,930	\$ 13,475
Depreciation and Amortization	\$ 2,358	\$ 20,077	\$ 22,435
Income from Continuing Operations	\$ 4,814	\$ 25,021	\$ 29,835
	Year Ended October 31, 2014		
	Ridgeway	All Other Operating Segments	Total Consolidated
Revenues	\$13,599	\$88,729	\$102,328
Operating Expenses	\$ 3,859	\$32,064	\$ 35,923
Interest Expense	\$ 2,601	\$ 7,634	\$ 10,235
Depreciation and Amortization	\$ 2,374	\$16,875	\$ 19,249
Income from Continuing Operations	\$ 4,765	\$23,981	\$ 28,746

Reclassification

Certain fiscal 2014 and 2015 amounts have been reclassified to conform to current period presentation.

New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"). The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying ASU 2014-09, companies will perform a five-step analysis of transactions to determine when and how revenue is recognized. ASU 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB's ASC. ASU 2014-09 is effective for annual reporting periods (including interim periods within that reporting period) beginning after December 15, 2016 and shall be applied using either a full retrospective or modified retrospective approach. Early application is not permitted. In August 2015, FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 for all public companies for all annual periods beginning after December 15, 2017 with early adoption permitted only as of annual reporting periods beginning after December 31, 2016, including interim periods within the reporting period. In March 2016, the FASB issued ASU 2016-08 as an amendment to ASU 2014-09, the amendment clarifies how to identify the unit of accounting for the principal versus agent evaluation, how to apply the control principle to certain types of arrangements, such as service transaction, and reframed the indicators in the guidance to focus on evidence that an entity is acting as a principal rather than as an agent. The Company is currently assessing the potential impact that the adoption of ASU 2014-09 and ASU 2016-08 will have on its consolidated financial statements.

During April 2015, the FASB issued ASU No. 2015-03, "Interest—Imputation of Interest—Simplifying the Presentation of Debt Issuance Costs." ASU 2015-03 modifies the treatment of debt issuance costs from a deferred charge to a deduction of the carrying value of the financial liability. ASU 2015-03 is effective for annual periods beginning after December 15, 2015, with early adoption permitted and retrospective application. ASU 2015-03 is not expected to have a material impact on the Company's consolidated financial statements when adopted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

In March 2016, the FASB issued ASU 2016-09, "Compensation—Stock Compensation." ASU 2016-09 simplifies the accounting for share-based payment transactions, including a policy election option with respect to accounting for forfeitures either as they occur or estimating forfeitures (as is currently required), as well as increasing the amount an employer can withhold to cover income taxes on equity awards. ASU 2016-09 is effective for us in the first quarter of fiscal 2018, and we are currently assessing the impact this standard will have on the Company's consolidated financial statements.

The Company has evaluated all other new Accounting Standards Updates issued by FASB and has concluded that these updates do not have a material effect on the Company's consolidated financial statements as of October 31, 2016.

(2) REAL ESTATE INVESTMENTS

The Company's investments in real estate, net of depreciation, were composed of the following at October 31, 2016 and 2015 (in thousands):

	<u>Consolidated Investment Properties</u>	<u>Unconsolidated Joint Ventures</u>	<u>Mortgage Note Receivable</u>	<u>2016 Totals</u>	<u>2015 Totals</u>
Retail	\$820,323	\$38,469	\$13,500	\$872,292	\$804,954
Office	<u>10,417</u>	—	—	<u>10,417</u>	<u>10,381</u>
	<u>\$830,740</u>	<u>\$38,469</u>	<u>\$13,500</u>	<u>\$882,709</u>	<u>\$815,335</u>

The Company's investments at October 31, 2016 consisted of equity interests in 75 properties and one mortgage note receivable. The 75 properties and the property securing the mortgage note receivable are located in various regions throughout the northeastern part of the United States with a concentration in the metropolitan New York tri-state area outside of the City of New York. The Company's primary investment focus is neighborhood and community shopping centers located in the region just described. Since a significant concentration of the Company's properties are in the northeast, market changes in this region could have an effect on the Company's leasing efforts and ultimately its overall results of operations.

(3) PROPERTIES

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

	October 31,	
	<u>2016</u>	<u>2015</u>
Land	\$ 187,676	\$ 175,952
Buildings and improvements	<u>829,162</u>	<u>765,738</u>
	<u>1,016,838</u>	<u>941,690</u>
Accumulated depreciation	<u>(186,098)</u>	<u>(165,660)</u>
	<u>\$ 830,740</u>	<u>\$ 776,030</u>

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

Minimum rental payments on non-cancelable operating leases for the Company's consolidated properties totaling \$491.5 become due as follows (in millions): 2017—\$82.1; 2018—\$71.6; 2019—\$63.0; 2020—\$53.8; 2021—\$44.5; and thereafter—\$176.5.

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, 2016.

Significant Investment Property Transactions

The Company is currently under contract to purchase three grocery or pharmacy anchored shopping centers located in its primary marketplace. The Company's equity needed to close the transactions will amount to approximately \$17.1 million, which it plans on funding with available cash, borrowings on its Unsecured Revolving Credit Facility (the "Facility") or proceeds from the sale of its White Plains shopping center.

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

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

The Company is currently in contract to sell its White Plains property to an unrelated entity. The sale was originally scheduled to close in fiscal 2016 but the purchaser requested, and the Company granted, several extensions in fiscal 2016 that postponed the closing to later in fiscal 2017. In consideration for granting the extensions, the Company received \$4.8 million to compensate the Company for carrying the property vacant. The Company has recorded the \$4.8 million as base rental income in the accompanying consolidated statement of income for the year ended October 31, 2016. In addition, in further consideration for the Company granting the extension to the purchaser the Company required that the purchaser deposit \$11.9 million of the purchased price with the Company. The Company has recorded the \$11.9 million deposit in other liabilities on the consolidated balance sheet at October 31, 2016.

In December 2014 (fiscal 2015), the Company, through four wholly-owned subsidiaries, purchased, for \$124.6 million, four retail properties totaling 375,000 square feet located in Northern New Jersey ("NJ Retail Properties"). The Company funded the acquisition with a combination of available cash remaining from the sale of Class A Common Stock and the sale of its Series G Preferred Stock (see Note 8), borrowings under its Facility and a non-recourse mortgage secured by the properties (see Note 5).

In conjunction with the purchase, the Company incurred acquisition costs totaling \$1,867,000, which have been expensed in the year ended October 31, 2015 consolidated statement of income.

In June 2015, the Company, through a wholly-owned subsidiary, purchased, for \$4.0 million, a 7,000 square foot retail property located in Fort Lee (Bergen County), New Jersey (the "Fort Lee Property"). The Company funded the acquisition with a combination of available cash and borrowings under its Facility. In conjunction with the purchase, the Company incurred acquisition costs totaling \$24,000, which have been expensed in the year ended October 31, 2015 consolidated statement of income.

In July 2015, the Company, through a wholly-owned subsidiary purchased, for \$10.0 million, a 26,000 square foot grocery anchored shopping center located in Harrison (Westchester County), New York (the "Harrison Property"). The acquisition was funded with a borrowing on the Company's Facility. In conjunction with the purchase, the Company incurred acquisition costs totaling \$68,000, which have been expensed in the year ended October 31, 2015 consolidated statement of income.

The Company is in the process of evaluating the purchase price allocation of its High Ridge Road and Newfield Green Properties acquired in fiscal 2016 in accordance with ASC Topic 805; consequently the purchase price allocation is preliminary and may be subject to change.

In fiscal 2015, the Company completed evaluating the fair value of the in-place leases for its NJ Retail properties, its Harrison property and its Fort Lee property, all acquired in fiscal 2015. In addition, the Company completed its evaluation of the Greenwich properties and its McLean Plaza property (see Note 6), all acquired in fiscal 2014. As a result of its evaluation, the Company has allocated \$964,000 to a liability associated with the fair value assigned to the acquired leases at the McLean Plaza Property, a \$166,000 liability associated with the fair value assigned to the acquired leases at the Greenwich Properties, a \$113,000 asset associated with the fair value assigned to the acquired leases at the NJ Retail Properties, a \$69,000 asset associated with the leases at its Fort Lee Property and a \$48,000 asset associated with the fair value assigned to the acquired leases at its Harrison Property, all of which amounts represent a non-cash investing activity and are therefore not included in the accompanying consolidated statement of cash flows for the fiscal year ended October 31, 2015.

For the years ended October 31, 2016, 2015 and 2014, the net amortization of above-market and below-market leases amounted to \$157,000, \$415,000 and \$410,000, respectively, which amounts are included in base rents in the accompanying consolidated statements of income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In fiscal 2016, the Company incurred costs of approximately \$21.5 million related to capital improvements, tenants improvements and leasing costs to its properties.

(4) MORTGAGE NOTE RECEIVABLE

In October 2016, the Company, through a wholly-owned subsidiary, originated a loan in the amount of \$13.5 million secured by a first mortgage on a shopping center located in Rockland County, NY. The loan requires payments to the Company of interest only recognized on the effective yield method at the rate of one-month LIBOR plus 3.25% per annum. The loan has a maturity date of October 10, 2017. The Company funded the mortgage loan with available cash.

Principal payments on the mortgage note receivable become due as follows (in thousands):

Fiscal Year Ended October 31,	Amount
2017	\$13,500
2018	—
2019	—
2020	—
2021	—
Thereafter	—

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

At October 31, 2016, the Company has mortgage notes payable and other loans that are due in installments over various periods to fiscal 2031. The loans bear interest at rates ranging from 2.8% to 6.6% and are collateralized by real estate investments having a net carrying value of approximately \$482.8 million.

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

	Principal Repayments	Scheduled Amortization	Total
2017	\$ 49,524	\$ 6,057	\$ 55,581
2018	—	5,221	5,221
2019	26,880	4,960	31,840
2020	—	4,506	4,506
2021	—	4,808	4,808
Thereafter	163,127	7,933	171,060
	<u>\$239,531</u>	<u>\$33,485</u>	<u>\$273,016</u>

The fiscal 2017 principal repayment amount above includes the \$43.4 million mortgage balance that will be due on the Company's Ridgeway property, located in

Stamford, CT, when that loan becomes prepayable in July 2017. The Company has already entered into a mortgage commitment to refinance the note with a new lender (see below).

Until it was terminated on August 23, 2016, the Company had an \$80 million unsecured revolving credit facility with a syndicate of four banks led by The Bank of New York Mellon, as administrative agent. The syndicate also included Wells Fargo Bank N.A. (syndication agent), Bank of Montreal and Regions Bank (co-documentation agents). The Facility gave the Company the option, under certain conditions, to increase the Facility's borrowing capacity up \$125 million (subject to lender approval). The maturity date of the Facility was September 21, 2016 with a one-year extension at the Company's option.

In August 2016, the Company refinanced its existing Facility with a syndicate of three banks led by The Bank of New York Mellon, as administrative agent. The syndicate also included Wells Fargo Bank N.A. and Bank of Montreal (co-syndication agents), increasing the capacity to \$100 million from \$80 million, with the ability under certain conditions to additionally increase the capacity to \$150 million (subject to lender approval). The maturity date of the new Facility is August 23, 2020 with a one-year extension at the Company's option. Borrowings under the Facility can be used for general corporate purposes and the issuance of letters of credit (up to \$10 million). Borrowings will bear interest at the Company's option of Eurodollar rate plus 1.35% to 1.95% or The Bank of New York Mellon's prime lending rate plus 0.35% to 0.95% based on consolidated indebtedness, as defined. The Company pays a quarterly commitment fee on the unused commitment amount of 0.15% to 0.25% based on outstanding borrowings during the year. 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, 2016.

As of October 31, 2016, \$92 million was available to be drawn on the Facility.

During the fiscal years ended October 31, 2016 and 2015, the Company borrowed \$52.0 million and \$104.8 million, respectively, on its Facility to fund a portion of the equity for property acquisitions and capital improvements to its properties. During the fiscal years ended October 31, 2016 and 2015, the Company re-paid \$66.8 million and \$97.6 million, respectively, on its Facility with proceeds from a combination of non-recourse mortgage financings and available cash.

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

In July 2016, the Company entered into a commitment to refinance its \$44 million mortgage secured by its Ridgeway shopping center in Stamford, CT on July 17, 2017, the first day the current Ridgeway mortgage can be repaid without penalty. The new mortgage will be in the amount of \$50 million and will have a term of 10 years and will require payment of principal and interest at the rate of LIBOR plus 1.90%. Concurrent with entering into the commitment, the Company also entered into an interest rate swap contract which will convert the variable interest rate (based on LIBOR) to a fixed rate of 3.398% per annum.

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

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

In December 2014, through four wholly-owned subsidiaries, the Company placed a \$62.7 million non-recourse first mortgage loan secured by the NJ Retail Properties that were purchased in December 2014. The mortgage loan requires monthly payments of principal and interest in the amount of \$294,000 at a fixed interest rate of 3.85% per annum. The mortgage matures in January 2027. Proceeds from the mortgage were used to repay the Facility.

In July 2015, the Company repaid at maturity its \$4.5 million non-recourse first mortgage loan that was secured by its Fairfield Plaza property. The Company funded this repayment with a borrowing on its Facility.

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

Interest paid in the years ended October 31, 2016, 2015, and 2014 was approximately \$13.1 million, \$13.4 million and \$10.3 million, respectively.

(6) CONSOLIDATED JOINT VENTURES AND REDEEMABLE NONCONTROLLING INTERESTS

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

Ironbound (Ferry Plaza)

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

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

Orangeburg

The Company, through a wholly-owned subsidiary, is the managing member and owns an approximate 34.0% interest in Orangeburg, which owns a CVS Pharmacy anchored shopping center in Orangeburg, NY. The other member (non-managing) of Orangeburg is the prior owner of the contributed property who, in exchange for contributing the net assets of the property,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

received units of Orangeburg equal to the value of the contributed property less the value of the assigned first mortgage payable. The Orangeburg operating agreement provides for the non-managing member to receive an annual cash distribution equal to the regular quarterly cash distribution declared by the Company for one share of the Company's Class A Common stock for each unit of Orangeburg ownership. The annual cash distribution will be paid from available cash, as defined, of Orangeburg. Upon liquidation, proceeds from the sale of Orangeburg assets are to be distributed in accordance with the operating agreement. Orangeburg has a defined termination date of December 31, 2097. Since purchasing this property, the Company has made additional investments in the amount of \$4.2 million in Orangeburg and as a result as of October 31, 2016 its ownership percentage has increased to 34.0% 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.

Noncontrolling interests:

The Company accounts for non-controlling interests in accordance with ASC Topic 810, "Consolidation." Because the limited partners or non-controlling members in Ironbound, Orangeburg and McLean Plaza have the right to require the Company to redeem all or a part of their limited partnership or limited liability company units at prices as defined in the governing agreements, the Company reports the noncontrolling interests in the consolidated joint ventures in the mezzanine section, outside of permanent equity, of the consolidated balance sheets at redemption value which approximates fair value

as the limited liability members have the right to force redemption of their units by the Company. The value of the Orangeburg and McLean redemption is based solely on the price of the Company's Class A Common stock on the date of redemption. For the years ended October 31, 2016 and 2015, the Company adjusted the carrying value of the non-controlling interests by \$2.3 million and \$(2.3) million, respectively, with the corresponding adjustment recorded in stockholders' equity.

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

	October 31,	
	2016	2015
Beginning Balance	\$15,955	\$18,864
Initial McLean Plaza		
Noncontrolling Interest-Net	—	(615)
Change in Redemption Value	2,298	(2,294)
Accumulated depreciation	<u>\$18,253</u>	<u>\$15,955</u>

(7) INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED JOINT VENTURES

At October 31, 2016 and 2015, 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,	
	2016	2015
Chestnut Ridge and Plaza 59		
Shopping Centers (50.0%)	\$18,200	\$18,248
Gateway Plaza (50%)	7,160	7,186
Putnam Plaza Shopping Center (66.67%)	5,970	6,686
Midway Shopping Center, L.P. (11.642%)	4,856	5,144
Applebee's at Riverhead (50%)	1,560	1,318
81 Pondfield Road Company (20%)	723	723
Total	<u>\$38,469</u>	<u>\$39,305</u>

Gateway Plaza and Applebee's at Riverhead

The Company, through two wholly owned subsidiaries, owns a 50% undivided equity interest in the Gateway Plaza Shopping Center ("Gateway") and Applebee's at Riverhead ("Applebee's"). Both properties are located in Riverhead, New York (together the "Riverhead Properties"). Gateway, a 198,500 square foot shopping center anchored by a 168,000 square foot Walmart which also has 27,000 square feet of in-line space that is partially leased and a newly constructed 3,500 square

foot outparcel that is leased. Applebee's has a 5,400 square foot free standing Applebee's restaurant with an additional newly constructed 7,200 square foot pad site of which 7,200 square feet is leased.

Gateway is subject to a \$13.1 million non-recourse first mortgage. The mortgage has a term of ten years and requires payments of principal and interest at a fixed rate of interest of 4.2% per annum.

Chestnut Ridge and Plaza 59 Shopping Centers

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

Midway Shopping Center, L.P.

The Company, through a wholly owned subsidiary, owns an 11.642% equity interest in Midway Shopping Center L.P. ("Midway"), which owns a 247,000 square foot grocery-anchored shopping center in Westchester County, New York. Although the Company only has an approximate 12% equity interest in Midway, it controls 25% of the voting power of Midway, and as such, has determined that it exercises significant influence over the financial and operating decisions of Midway but does not control the venture and accounts for its investment in Midway under the equity method of accounting.

The Company has allocated the \$6.2 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 \$29.3 million. The loan requires payments of principal and interest at the rate of 4.80% per annum and will mature in 2027.

Putnam Plaza Shopping Center

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

Putnam Plaza has a first mortgage payable in the amount of \$19.5 million. The mortgage requires monthly payments of principal and interest at a fixed rate of 4.17% and will mature in 2019.

81 Pondfield Road Company

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

The Company accounts for the above investments under the equity method of accounting since it exercises significant influence, but does not control the joint ventures. The other venturers in the joint ventures have substantial participation rights in the financial decisions and operation of the ventures or properties, which preclude the Company from consolidating the investments. The Company has evaluated its investment in the joint ventures and has concluded that the joint ventures are not VIE's. Under the equity method of accounting the initial investment is recorded at cost as an investment in unconsolidated joint venture, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions from the venture. Any difference between the carrying amount of the investment on the Company's balance sheet and the underlying equity in net assets of the venture is evaluated for impairment at each reporting period.

(8) STOCKHOLDERS' EQUITY

Authorized Stock

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

Preferred Stock

The Series F Cumulative Preferred Stock is non-voting, has no stated maturity and is redeemable for cash at \$25 per share at the Company's option on or after October 24, 2017. The holders of our Series F Preferred Stock have general preference rights with respect to liquidation and quarterly distributions. Except under certain conditions, holders of the Series F Preferred Stock will not be entitled to vote on most matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of Series F Preferred Stock, together with all of the Company's other series of preferred stock (voting as a single class without regard to series) will have the right to elect two additional members to serve on the Company's Board of Directors until the arrearage has been cured. Upon the occurrence of a Change of Control, as defined in the Company's Articles Supplementary to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

the Charter, the holders of the Series F Preferred Stock will have the right to convert all or part of the shares of Series F Preferred Stock held by such holders on the applicable conversion date into a number of the Company's shares of Class A Common Stock. Underwriting commissions and costs incurred in connection with the sale of the Series F Preferred Stock are reflected as a reduction of additional paid in capital.

The Series G Cumulative 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 October 28, 2019. The holders of our Series G Preferred Stock have general preference rights with respect to liquidation and quarterly distributions. Except under certain conditions, holders of the Series G Preferred Stock will not be entitled to vote on most matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of Series G Preferred Stock, together with all of the Company's other Series of preferred stock (voting as a single class without regard to series) will have the right to elect two additional members to serve on the Company's Board of Directors until the arrearage has been cured. Upon the occurrence of a Change of Control, as defined in the Company's Articles Supplementary to the Charter, the holders of the Series G Preferred Stock will have the right to convert all or part of the shares of Series G Preferred Stock held by such holders on the applicable conversion date into a number of the Company's shares of Class A Common stock. Underwriting commissions and costs incurred in connection with the sale of the Series G Preferred Stock are reflected as a reduction of additional paid in capital.

In November 2014, we redeemed all of the outstanding shares of our 7.5% Series D Cumulative Preferred Stock with a liquidation preference \$25 per share. As a result we recognized a loss of \$1.87 million on our consolidated statement of income for the fiscal year ended October 31, 2014, which represents the difference between redemption value and carrying value net of original deferred issuance costs.

Common Stock

In July and August 2016, the Company sold 3,162,500 shares of Class A Common Stock in an underwritten follow-on common stock offering for \$23.29 per share and raised net proceeds of \$73.7 million.

In November 2014, the Company sold 2,875,000 shares of Class A Common Stock in an underwritten follow-on common stock offering for \$20.82 per share and raised net proceeds of \$59.7 million.

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

The Company has a Dividend Reinvestment and Share Purchase Plan (as amended, the "DRIP"), that permits stockholders to acquire additional shares of Common Stock and Class A Common Stock by automatically reinvesting dividends. During fiscal 2016, the Company issued 4,988 shares of Common Stock and 5,854 shares of Class A Common Stock (5,326 shares of Common Stock and 6,104 shares of Class A Common Stock in fiscal 2015) through the DRIP. As of October 31, 2016, there remained 347,639 shares of Common Stock and 404,315 shares of Class A Common Stock available for issuance under the DRIP.

The Company has a stockholder rights agreement that expires on November 11, 2018. The rights are not currently exercisable. When they are exercisable, the holder will be entitled to purchase from the Company one one-hundredth of a share of a newly-established Series A Participating Preferred Stock at a price of \$65 per one one-hundredth of a preferred share, subject to certain adjustments. The distribution date for the rights will occur 10 days after a person or group either acquires or obtains the right to acquire 10% ("Acquiring Person") or more of the combined voting power of the Company's Common Shares, or announces an offer, the consummation of which would result in such person or group owning 30% or more of the then outstanding Common Shares. Thereafter, shareholders other than the Acquiring Person will be entitled to purchase original common shares of the Company having a value equal to 2 times the exercise price of the right.

If the Company is involved in a merger or other business combination at any time after the rights become exercisable, and the Company is not the surviving corporation or 50% or more of the Company assets are sold or transferred, the rights agreement provides that the holder other than the Acquiring Person will be entitled

to purchase a number of shares of common stock of the acquiring company having a value equal to two times the exercise price of each right.

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

Stock Repurchase

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

The Company has repurchased 4,600 shares of Common Stock and 913,331 shares of Class A Common Stock under the Program. For the year ended October 31, 2016, the Company did not repurchase any shares under the Program.

(9) STOCK COMPENSATION AND OTHER BENEFIT PLANS

Restricted Stock Plan

The Company has a Restricted Stock Plan that provides a form of equity compensation for employees of the Company. In March 2016, the Stockholders of the Company approved an increase in the number of

shares available for grant under the plan, as amended by 750,000 shares. The Plan, which is administered by the Company's compensation committee, authorizes grants of up to an aggregate of 4,500,000 shares of the Company's common equity consisting of 350,000 Common shares, 350,000 Class A Common shares and 3,800,000 shares, which at the discretion of the compensation committee, may be awarded in any combination of Class A Common shares or Common shares.

In accordance with ASC Topic 718, the Company recognizes compensation expense for restricted stock awards upon the earlier of the explicit vesting period or the date a participant first becomes eligible for retirement unless a waiver was received by an employee over the retirement age, waving his right to continued vesting after retirement.

In fiscal 2016, the Company awarded 152,100 shares of Common Stock and 95,600 shares of Class A Common Stock to participants in the Plan. The grant date fair value of restricted stock grants awarded to participants in 2016 was approximately \$4.5 million. As of October 31, 2016, 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 4.7 years. For the years ended October 31, 2016, 2015 and 2014, amounts charged to compensation expense totaled \$4,426,000, \$4,121,000 and \$4,088,000, respectively.

A summary of the status of the Company's non-vested restricted stock awards as of October 31, 2016, and changes during the year ended October 31, 2016 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, 2015	1,281,850	\$16.58	373,850	\$19.37
Granted	152,100	\$17.95	95,600	\$18.84
Vested	(175,950)	\$16.35	(84,200)	\$18.64
Forfeited	—	—	(650)	\$19.31
Non-vested at October 31, 2016	<u>1,258,000</u>	\$16.77	<u>384,600</u>	\$19.40

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 \$187,000, \$150,000 and \$150,000 in each of the three years ended October 31, 2016, 2015 and 2014, 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.

(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 or unobservable inputs considering the assumptions that market participants would make in pricing the obligations. The inputs used include an estimate of the fair value of the cash flow generated by the limited partnership or limited liability company in which the investor owns the joint venture units capitalized at prevailing market rates for properties with similar characteristics or located in similar areas.

The fair values of interest rate swaps are determined using widely accepted valuation techniques, including discounted cash flow analysis, on the expected cash flows of each derivative. The analysis reflects the contractual terms of the swaps, including the period to maturity, and 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, 2016 and 2015, 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, 2016 and 2015 (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)
Fiscal Year Ended October 31, 2016				
Liabilities:				
Interest Rate Swap Agreements	\$ 1,304	\$ —	\$1,304	\$ —
Redeemable noncontrolling interests	\$18,253	\$14,407	\$ —	\$3,846
Fiscal Year Ended October 31, 2015				
Liabilities:				
Interest Rate Swap Agreements	\$ 1,230	\$ —	\$1,230	\$ —
Redeemable noncontrolling interests	\$15,955	\$13,104	\$ —	\$2,851

Fair market value measurements based upon Level 3 inputs changed from \$9,062 at November 1, 2014 to \$2,851 at October 31, 2015 as a result of a \$77 decrease in the redemption value of the Company's noncontrolling interest in Ironbound in accordance with the application of ASC Topic 810 and the transfer in the amount of \$6,134 of the noncontrolling interest in McLean to Level 1. During the quarter ended January 31, 2015, McLean was converted to a limited liability company from a general partnership. One of the results of this conversion is that the noncontrolling equity interests in McLean can only be redeemed for shares of the Company's Class A Common stock or for cash based on the value of the Company's Class A Common stock. In accordance with ASC 810, the noncontrolling interest will now be valued as a Level 1 measurement. Fair market value measurements based upon Level 3 inputs changed from \$2,851 at November 1, 2015 to \$3,846 at October 31, 2016 as a result of a \$995 increase in the redemption value of the Company's noncontrolling interest in Ironbound in accordance with the application of ASC Topic 810.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, tenant receivables, mortgage note receivable, 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 \$287 million and \$266 million at October 31, 2016 and October 31, 2015, respectively. The estimated fair value of mortgage notes payable is based on discounting the future cash flows at 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. When the Company acquires a property it is required to fair value all of the assets and liabilities, including intangible assets and liabilities, relating to the property's in-place leases (see Note 1). Those fair value measurements fall within Level 3 of the fair value hierarchy.

Although management is not aware of any factors that would significantly affect the estimated fair value amounts from October 31, 2015, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(11) COMMITMENTS AND CONTINGENCIES

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

At October 31, 2016, the Company had commitments of approximately \$5.3 million for tenant-related obligations.

(12) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited quarterly results of operations for the years ended October 31, 2016 and 2015 are as follows (in thousands, except per share data):

	Year Ended October 31, 2016				Year Ended October 31, 2015			
	Quarter Ended				Quarter Ended			
	Jan 31	Apr 30	July 31	Oct 31	Jan 31	Apr 30	July 31	Oct 31
Revenues	<u>\$27,451</u>	<u>\$29,166</u>	<u>\$28,276</u>	<u>\$31,899</u>	<u>\$28,506</u>	<u>\$30,050</u>	<u>\$28,819</u>	<u>\$27,937</u>
Income from Continuing Operations	<u>\$ 6,672</u>	<u>\$ 8,556</u>	<u>\$ 8,827</u>	<u>\$10,550</u>	<u>\$ 6,164</u>	<u>\$ 7,478</u>	<u>\$ 8,785</u>	<u>\$27,785</u>
Net Income Attributable to								
Urstadt Biddle Properties Inc.	\$ 6,447	\$ 8,339	\$ 8,610	\$10,320	\$ 6,011	\$ 7,247	\$ 8,441	\$27,565
Preferred Stock Dividends	<u>(3,570)</u>	<u>(3,570)</u>	<u>(3,570)</u>	<u>(3,570)</u>	<u>(3,894)</u>	<u>(3,570)</u>	<u>(3,571)</u>	<u>(3,570)</u>
Net Income Applicable to Common and Class A Common Stockholders	<u>\$ 2,877</u>	<u>\$ 4,769</u>	<u>\$ 5,040</u>	<u>\$ 6,750</u>	<u>\$ 2,117</u>	<u>\$ 3,677</u>	<u>\$ 4,870</u>	<u>\$23,995</u>
Per Share Data:								
Net Income from Continuing Operations—Basic:								
Class A Common Stock	\$0.09	\$0.14	\$0.15	\$0.18	\$0.06	\$0.11	\$0.15	\$0.72
Common Stock	\$0.08	\$0.13	\$0.13	\$0.16	\$0.06	\$0.10	\$0.13	\$0.64
Net Income from Continuing Operations—Diluted:								
Class A Common Stock	\$0.08	\$0.14	\$0.15	\$0.18	\$0.06	\$0.11	\$0.15	\$0.70
Common Stock	\$0.08	\$0.12	\$0.13	\$0.16	\$0.06	\$0.10	\$0.13	\$0.62

Amounts may not equal full year results due to rounding.

(13) SUBSEQUENT EVENTS

On December 15, 2016, the Board of Directors of the Company declared cash dividends of \$0.235 for each share of Common Stock and \$0.265 for each share of Class A Common Stock. The dividends are payable on January 20, 2017 to stockholders of record on January 6, 2017. The Board of Directors also ratified the actions of the Company's compensation committee authorizing awards of 96,225 shares of Common Stock and 152,100 shares of Class A Common Stock to certain officers, directors and employees of the Company effective January 2, 2017, pursuant to the Company's restricted stock plan. The fair value of the shares awarded totaling \$5.2 million will be charged to expense over the respective vesting periods.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Urstadt Biddle Properties Inc. (the “Company”) as of October 31, 2016 and 2015 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, 2016. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Urstadt Biddle Properties Inc. at October 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended October 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of October 31, 2016 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated January 12, 2017 expressed an unqualified opinion thereon.

New York, New York
January 12, 2017

PKF O’Connor Davies, LLP

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

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- economic and other market conditions that could impact us, our properties or the financial stability of our tenants;
- financing risks, such as the inability to obtain debt or equity financing on favorable terms, as well as the level and volatility of interest rates;
- any difficulties in renewing leases, filling vacancies or negotiating improved lease terms;
- the inability of the Company's properties to generate revenue increases to offset expense increases;
- environmental risk and regulatory requirements;
- risks of real estate acquisitions and dispositions (including the failure of transactions to close);
- risks of operating properties through joint ventures that we do not fully control.

EXECUTIVE SUMMARY

Overview

We are a fully integrated, self-administered real estate company that has elected to be a REIT for federal income tax purposes, engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers located in the northeastern part of the United States with a concentration in the metropolitan New York tri-state area outside of the City of New York. Other real estate assets include office properties. Our major tenants include supermarket chains and other retailers who sell basic necessities.

At October 31, 2016, we owned or had equity interests in 75 properties, which include equity interests we own in three consolidated joint ventures and seven unconsolidated joint ventures, containing a total of 5.0 million square feet of Gross Leasable Area ("GLA"). Of the properties owned by wholly-owned subsidiaries or joint venture entities that we consolidate, approximately 93.3% was leased (95.8% at October 31, 2015). Of the properties owned by unconsolidated joint ventures, approximately 98.4% was leased (98.1% at October 31, 2015). The drop in our leased rate at October 31, 2016, when compared with the leased rate at October 31, 2015, is predominantly related to the bankruptcy of Great Atlantic and Pacific Tea Company, Inc. ("A&P"). During the first quarter of fiscal 2016, three of the nine spaces that A&P occupied became vacant. Those spaces totaled 132,000 square feet or about 3.3% of our consolidated property square footage. Two of the aforementioned three spaces were re-leased in the second quarter of fiscal 2016, but one former A&P space, totaling approximately 63,000 square feet, remains vacant at October 31, 2016 (1.6% of consolidated portfolio square footage). For more information about the impact of the A&P bankruptcy, see "Leasing—Significant Events with Impacts on Leasing" below.

The above percentages exclude our White Plains property. In November 2014, a zoning change was obtained from the City of White Plains that will allow this property to be converted to a higher and better use. On this basis, we have completely vacated the property to make potential redevelopment possible. This included the expiration of two leases at the property totaling 90,000 square feet in February 2015, for which the average base rent per square foot was approximately \$24.69 per annum. In April 2015, we entered into a contract to sell this property to a third party, with the closing date scheduled to be fifteen days after the property is completely vacated of all tenants, which was accomplished in April 2016. In February 2016,

the sale contract was amended to allow the purchaser to extend the closing. The amendment provided the purchaser six one-month options to extend the closing date for a payment of \$461,000 per one-month extension option exercised. The purchaser exercised all of the six options, and we recorded the \$2.8 million received as base rent revenue as of October 31, 2016. In addition, in October 2016, we granted the purchaser an additional extension option to extend the closing until March 2017. In exchange for granting the extension, we received an additional \$2 million, which we have recorded as base rent revenue as of October 31, 2016. Furthermore, the extension agreement required the purchaser to deposit a total of \$11.9 million with us and an additional \$3 million with a third-party agent to be applied to the purchase price of the shopping center at closing. The \$11.9 million is recorded in other liabilities at October 31, 2016.

We have paid quarterly dividends to our shareholders continuously since our founding in 1969 and have increased the level of dividend payments to our shareholders for 22 consecutive years.

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

We have a conservative capital structure and do not have any secured debt maturing until October 2017, for which we have entered into a commitment to refinance in July 2017. See “Significant Financings and Debt Transactions in Fiscal 2016” below.

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

- acquire quality neighborhood and community shopping centers in the northeastern part of the United States with a concentration on properties in the metropolitan New York tri-state area outside of the City of New York, and unlock further value in these properties with selective enhancements to both the property and tenant mix, as well as improvements to management and leasing fundamentals;
- selectively dispose of underperforming properties and re-deploy the proceeds into potentially higher performing properties that meet our acquisition criteria;
- invest in our properties for the long term through regular maintenance, periodic renovations and capital improvements, enhancing their attractiveness to tenants and customers, as well as increasing their value;
- leverage opportunities to increase GLA at existing properties, through development of pad sites and reconfiguring of existing square footage, to meet the needs of existing or new tenants;
- proactively manage our leasing strategy by aggressively marketing available GLA, renewing existing leases with strong tenants, and replacing weak ones when necessary, with an eye towards securing leases that include regular or fixed contractual increases to minimum rents, replacing below-market-rent leases with increased market rents when possible and further improving the quality of our tenant mix at our shopping centers;
- maintain strong working relationships with our tenants, particularly our anchor tenants;
- maintain a conservative capital structure with low leverage levels; and
- control property operating and administrative costs.

Highlights of Fiscal 2016; Recent Developments

Set forth below are highlights of our acquisitions, other investments, dispositions and financings during fiscal 2016:

- In July 2016, we purchased, for \$45.3 million, the 72,000 square foot Newfield Green shopping center located in Stamford, CT.
- In July 2016, we completed a follow-on Class A Common stock offering, raising proceeds of \$73.7 million, of which we used \$60.1 million to repay borrowings on our Unsecured Revolving Credit Facility (the “Facility”).
- In July 2016, we entered into a commitment to refinance our \$44 million mortgage secured by our Ridgeway shopping center in Stamford, CT on July 17, 2017, the first day the current Ridgeway mortgage can be repaid without penalty. The new mortgage will be in the amount of \$50 million and will have a term of ten years and will require payment of principal and interest at the rate of LIBOR plus 1.9%. Concurrent with entering into the commitment, we also entered into an interest rate swap contract which will convert the variable interest rate (based on LIBOR) to a fixed rate of 3.398% per annum.

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

- In August 2016, we refinanced our existing Facility, increasing the capacity to \$100 million from \$80 million, with the ability under certain conditions to additionally increase the capacity to \$150 million.
- In September 2016, we refinanced our \$7.2 million mortgage secured by two Greenwich, CT properties with the existing lender. The new mortgage principal balance will be \$11 million and have a term of ten years and will require payments of principal and interest at the rate of LIBOR plus 2.0%. Concurrent with entering into the mortgage, we also entered into an interest rate swap contract which will convert the variable interest rate (based on LIBOR) to a fixed rate of 3.475% per annum.
- In October 2016, we purchased, for \$13.3 million, the 27,000 square foot 970 High Ridge Road shopping center located in Stamford, CT.
- In October 2016, we originated a loan in the amount of \$13.5 million, bearing interest at one-month LIBOR plus 3.25% per annum, secured by a first mortgage on a shopping center located in Rockland County, NY, and maturing October 10, 2017.

Known Trends; Outlook

We believe that shopping center REITs face opportunities and challenges that are both common to and unique from other REITs and real estate companies. As a REIT, we are susceptible to changes in interest rates, the lending environment, the availability of capital markets and the general economy. For example, some experts are predicting an increased interest rate environment, which could negatively impact the attractiveness of REIT stock to investors and our borrowing activities. It is also possible, however, that higher interest rates could signal a stronger economy, resulting in greater spending by consumers. The impact of such changes are difficult to predict.

As a shopping center REIT, we are focused on certain challenges that are unique to the retail industry. In particular, we recognize the challenges presented by e-commerce to brick-and-mortar retail establishments, including our tenants. However, we believe that because consumers prefer to purchase food and other staple goods and services available at supermarkets in person, the nature of our properties makes them less vulnerable to the encroachment of e-commerce than other properties whose tenants may more directly compete with the internet. Moreover, we believe the nature of our properties makes them less susceptible to economic downturns than other retail properties whose anchor tenants are not supermarkets or other staple goods providers. We continue to be sensitive to these considerations, however, when we establish the tenant mix at our shopping centers, and believe that our strategy of focusing on supermarket anchors is a strong one.

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

Leasing

Rollovers

For the fiscal year 2016, we signed leases for a total of 418,400 square feet of retail space in our consolidated portfolio. New leases for vacant spaces were signed for 187,600 square feet at an average rental increase of 6.04% on a cash basis, excluding 6,800 square feet of new leases for which there was no prior rent history available. Renewals for 224,000 square feet of space previously occupied were signed at an average rental increase of 3.41% on a cash basis.

Tenant improvements and leasing commissions averaged \$28.02 per square foot for new leases and \$4.45 per square foot for renewals for the fiscal year ended October 31, 2016. The average term for new leases was 7.6 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 2016 generally become effective over the following one to two years. There is risk that some new tenants will not ultimately take possession of their space and that tenants for both new and renewal leases may not pay all of their contractual rent due to operating, financing or other matters. However, these increases/decreases

do provide information about the tenant/landlord relationship and the potential increase we may achieve in rental income over time.

In 2017, we believe our leasing volume will be in-line with our historical averages with overall positive increases in rental income for renewal leases and flat to slightly positive increases for new leases. However, changes in rental income associated with individual signed leases on comparable spaces may be positive or negative, and we can provide no assurance that the rents on new leases will continue to increase at the above described levels, if at all.

Significant Events with Impacts on Leasing

In July 2015, one of our largest tenants, A&P, filed a voluntary petition under Chapter 11 of Title 11 of the

United States Bankruptcy Code (the “Bankruptcy Code”). Subsequently, A&P determined that it would be liquidating the company. As of October 31, 2015, A&P leased and occupied nine spaces totaling 365,000 square feet in our portfolio. The total base rent per annum for these nine spaces totaled \$5,540,000 at October 31, 2015. The bankruptcy process relating to our nine spaces is complete. As of October 31, 2016, eight of the nine A&P leases have been assumed by new operators in the bankruptcy process or re-leased by the Company to new operators (see Notes 1, 2 and 3 below). The remaining lease was rejected by A&P in bankruptcy (see Note 4 below), and we are in the process of re-leasing that space. The table below details information about the nine former A&P leases in our portfolio prior to the transactions described above:

Property	Location	Square Feet	Base Rent Per Annum	Base Rent Per Square Foot	Lease Expiration	Note
Pompton Lakes Town Square	Pompton Lakes, NJ	63,000	\$1,244,000	\$19.80	Rejected by A&P	4
Ferry Plaza Shopping Center	Newark, NJ	63,000	1,215,000	\$19.15	Nov 2020*	1
Village Shopping Center	New Providence, NJ	46,000	990,000	\$21.75	Feb 2029*	1
Boonton Shopping Center	Boonton, NJ	49,000	950,000	\$19.21	Oct 2024*	1
Valley Ridge Shopping Center	Wayne, NJ	36,000	540,000	\$15.00	Terminated	3
Harrison Shopping Center	Harrison, NY	12,000	264,000	\$22.00	Sept 2024*	2
Bloomfield Shopping Center	Bloomfield, NJ	31,000	154,000	\$ 5.00	Terminated	3
Shoppes at Eastchester	Eastchester, NY	30,000	110,000	\$ 3.71	Oct 2019	1 and 5
McLean Plaza Shopping Center	Yonkers, NY	35,000	73,000	\$ 2.09	Oct 2034*	1
		<u>365,000</u>	<u>\$5,540,000</u>			

* Subject to further tenant renewal options

Note 1 – Lease purchased by Acme, a division of Albertson’s.

Note 2 – Lease purchased by Key Food.

Note 3 – Lease purchased by Urstadt Biddle Properties Inc. Lease subsequently terminated and re-leased to new supermarket operator at increased base rent per square foot.

Note 4 – Rejected by A&P in the bankruptcy process; in process of re-leasing.

Note 5 – We have amended the lease to increase the base rent per square foot from \$3.71 to \$10.00 per square foot through 10/31/19 and to provide tenant with an option to extend the lease term through 10/31/24 at a base rent of \$25.00 per square foot.

In the second quarter of fiscal 2016, we completed the re-leasing of both the Bloomfield and Wayne A&P spaces to new regional supermarket operators (see Note 3 above). The new leases will generate annual base rent of \$1.07 million as compared with \$694,000 that A&P was previously paying on those two spaces, which is an aggregate increase of \$372,000 per annum. The Bloomfield A&P lease had twenty years of remaining term (including tenant options) with no base rental rate increases. Both new leases provide for the tenant to pay its proportionate share of common area maintenance and real estate taxes as additional rent. The Bloomfield space was delivered to the

tenant in early February 2016, and the Wayne space was delivered to the tenant at the beginning of March 2016. We are still marketing the Pompton Lakes location for lease.

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

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

rates if rents provided in the expiring leases are below then existing market rates. Most of our leases require tenants to pay a share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are those that are both important to the presentation of the Company's financial condition and results of operations and require management's most difficult, complex or subjective judgments. For a further discussion about the Company's critical accounting policies, please see Note 1 to the consolidated financial statements of the Company included in the Annual Report.

LIQUIDITY AND CAPITAL RESOURCES

Overview

At October 31, 2016, we had cash and cash equivalents of \$7.3 million, compared to \$6.6 million at October 31, 2015. Our sources of liquidity and capital resources include operating cash flow from real estate operations, proceeds from bank borrowings and long-term mortgage debt, capital financings and sales of real estate investments. Substantially all of our revenues are derived from rents paid under existing leases, which means that our operating cash flow depends on the ability of our tenants to make rental payments. In fiscal 2016, 2015 and 2014, net cash flow provided by operations amounted to \$60.1 million, \$51.1 million and \$50.9 million, respectively.

Our short-term liquidity requirements consist primarily of normal recurring operating expenses and capital expenditures, debt service, management and professional fees, cash distributions to certain limited partners and non-managing members of our consolidated joint ventures, dividends paid to our preferred stockholders and regular dividends paid to our Common and Class A Common stockholders, which we expect to continue. Cash dividends paid on Common and Class A Common stock totaled \$37.1 million in fiscal 2016, compared to \$35.4 million in fiscal 2015 and \$32.1 million in fiscal 2014. Historically, we have met short-term liquidity requirements, which is defined as a rolling twelve month period, primarily by generating net cash from the operation of our properties. We believe that our net cash provided by operations will continue to be sufficient to fund our short-term liquidity requirements, including payment of dividends necessary to maintain our federal income tax REIT status.

Our long-term liquidity requirements consist primarily of obligations under our long-term debt, dividends paid to our preferred stockholders, capital expenditures and capital required for acquisitions. In addition, the limited partners and non-managing members of our three consolidated joint venture entities, Ironbound, McLean and Orangeburg, have the right to require the Company to repurchase all or a portion of their limited partner or non-managing member interests at prices and on terms as set forth in the governing agreements. See Note 6 to the financial statements included in this Annual Report. Historically, we have financed the foregoing requirements through operating cash flow, borrowings under our 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 leverage low. We expect to continue doing so in the future. We cannot assure, however, that these sources will always be available to us when needed, or on the terms we desire.

Capital Expenditures

We invest in our existing properties and regularly make capital expenditures in the ordinary course of business to maintain our properties. We believe that such expenditures enhance the competitiveness of our properties. In fiscal 2016, we paid approximately \$21.5 million for property improvements, tenant improvements and leasing commission costs (approximately \$6.2 million representing property improvements and approximately \$15.3 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 \$5.3 million predominantly for anticipated capital improvements and leasing costs related to new tenant leases and property improvements during fiscal 2017. These expenditures are expected to be funded from operating cash flows, bank borrowings or other financing sources.

Significant Financings and Debt Transactions in Fiscal 2016

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 \$273.0 million consist entirely of fixed-rate mortgage loan indebtedness with a weighted average interest rate of 4.5% at October 31, 2016. These mortgages are secured by 22 properties with a net book value of \$483 million and have fixed rates of interest ranging from 2.78% to 6.6%. We may refinance our mortgage loans, at or prior to scheduled maturity, through replacement mortgage loans. The ability to do so, however, is dependent upon various factors, including the income level of the properties, interest rates and credit conditions within the commercial real estate

market. Accordingly, there can be no assurance that such re-financings can be achieved.

At October 31, 2016, we had \$8 million of variable-rate debt consisting of draws on our Facility (see below) that was not fixed through an interest rate swap or otherwise. See “Quantitative and Qualitative Disclosures about Market Risk” included in this Annual Report for additional information on our interest rate risk.

We currently maintain a ratio of total debt to total assets below 31% and a fixed charge coverage ratio of over 2.68 to 1, which we believe will allow us to obtain additional secured mortgage loans or other types of borrowings, if necessary. We own 46 properties in our consolidated portfolio that are not encumbered by secured mortgage debt. At October 31, 2016, we had borrowing capacity of \$91 million on our Facility. Our Facility includes financial covenants that limit, among other things, our ability to incur unsecured and secured indebtedness. See “Note 5 in our consolidated financial statements included in this Annual Report” for additional information on these and other restrictions.

In 2016, we engaged in various financing activities and debt transactions, as follows:

- Until it was terminated on August 23, 2016, we had an \$80 million unsecured revolving credit facility with a syndicate of four banks led by The Bank of New York Mellon, as administrative agent. The syndicate also included Wells Fargo Bank N.A. (syndication agent), Bank of Montreal and Regions Bank (co-documentation agents). The facility gave us the option, under certain conditions, to increase the Facility’s borrowing capacity up \$125 million, subject to lender approval. The maturity date of the facility was September 21, 2016 with a one-year extension at our option.
- In August 2016, we refinanced our existing Facility with a syndicate of three banks, increasing the capacity to \$100 million from \$80 million, with the ability under certain conditions to additionally increase the capacity to \$150 million, subject to lender approval. The maturity date of the new Facility is August 23, 2020 with a one-year extension at our option. Borrowings under the Facility can be used for general corporate purposes and the issuance of up to \$10 million of letters of credit. Borrowings will bear interest at our option of Eurodollar rate plus 1.35% to 1.95% or The Bank of New York Mellon’s prime lending rate plus 0.35% to 0.95%, based on consolidated indebtedness, as defined. We pay a quarterly commitment fee on the unused commitment amount of 0.15% to 0.25%, based on outstanding borrowings during the year. As of October 31, 2016, \$92 million was available to be drawn on the 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, 2016.
- During the fiscal years ended October 31, 2016 and 2015, we borrowed \$52 million and \$104.8 million, respectively, on our Facility to fund a portion of the equity for property acquisitions and capital improvements to our properties. During the fiscal years ended October 31, 2016 and 2015, we re-paid \$66.8 million and \$97.6 million, respectively, on our Facility with proceeds from a combination of non-recourse mortgage financings, secured mortgage financings and available cash.
- In September 2016, we refinanced our \$7.2 million mortgage secured by two Greenwich, CT properties with the existing lender. The new mortgage has a principal balance of \$11 million, a term of ten years and requires payments of principal and interest at the rate of LIBOR plus 2.0%. Concurrent with entering into the mortgage, we also entered into an interest rate swap contract which converts the variable interest rate (based on LIBOR) to a fixed rate of 3.475% per annum.
- In July 2016, we entered into a commitment to refinance our \$44 million mortgage secured by our Ridgeway shopping center in Stamford, CT on July 17, 2017, the first day the current Ridgeway mortgage can be repaid without penalty. The new mortgage will be in the amount of \$50 million, have a term of ten years and require payment of principal and interest at the rate of LIBOR plus 1.9%. Concurrent with entering into the commitment, we also entered into an interest rate swap contract which will convert the variable interest rate (based on LIBOR) to a fixed rate of 3.398% per annum.
- In July 2016, we placed a \$22.7 million mortgage secured by our newly acquired Newfield Green shopping center located in Stamford, CT. The new mortgage has a term of fifteen years and requires payments of principal and interest at the fixed rate of 3.89% per annum.
- In July 2016, we sold 2,750,000 shares of Class A Common Stock in an underwritten follow-on common stock offering for \$23.29 per share and raised net proceeds of \$64.1 million. In August 2016, the underwriters exercised their over-allotment option and purchased an additional 412,500 shares of Class A Common Stock that raised additional net proceeds of \$9.6 million.
- In May 2016, we repaid a \$7.5 million mortgage that was secured by our Bloomfield, NJ property.

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

Net Cash Flows from Operating Activities

Increase from fiscal 2015 to fiscal 2016:

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

Increase from fiscal 2014 to fiscal 2015:

The increase was due primarily to an increase in the operating income generated by our properties in the year ended October 31, 2015 versus fiscal 2014 offset by an increase in receivable and other assets and other liabilities.

Net Cash Flows from Investing Activities

Decrease in cash used from fiscal 2015 to fiscal 2016:

The decrease in cash flows used in investing activities in fiscal 2016 when compared to the prior fiscal year was the result of the purchase of two properties totaling \$58.6 million in fiscal 2016 versus purchasing six properties totaling \$138.5 million in fiscal 2015, offset by the Company receiving \$42.9 million in fiscal 2015 in proceeds from the sale of the Meriden property. In addition, we initiated a first mortgage loan in the amount of \$13.5 million in fiscal 2016.

Increase in cash used from fiscal 2014 to fiscal 2015:

The increase in cash flows used in investing activities in fiscal 2015 when compared to the prior fiscal year was the result of the purchase of six properties totaling \$138.5 million in fiscal 2015, versus purchasing eight properties in fiscal 2014 totaling \$81.7 million.

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 2016: (Total \$159.5 million)

- Proceeds from issuance of Class A Common Stock in the amount of \$73.7 million.
- Proceeds from revolving credit line borrowings in the amount of \$52.0 million.
- Proceeds from mortgage financings in the amount of \$34.7 million.

Fiscal 2015: (Total \$237.6 million)

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

Fiscal 2014: (Total \$198.8 million)

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

Cash used:

Fiscal 2016: (Total \$138.9 million)

- Dividends to shareholders in the amount of \$51.4 million.
- Repayment of mortgage notes payable in the amount of \$21.7 million.
- Repayment of revolving credit line borrowings in the amount of \$66.8 million.

Fiscal 2015: (Total \$250.1 million)

- Dividends to shareholders in the amount of \$50.0 million.
- Repayment of mortgage notes payable in the amount of \$12.9 million.
- Repayment of revolving credit line borrowings in the amount of \$97.6 million.
- Repayment of the unsecured term loan in the amount of \$25 million.
- Redemption of preferred stock in the amount of \$61.3 million.
- Repurchase of Class A Common stock in the amount of \$3.4 million.

Fiscal 2014: (Total \$125.0 million)

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

RESULTS OF OPERATIONS

Fiscal 2016 vs. Fiscal 2015

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

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

Note 1 – Properties held in both periods includes only properties owned for the entire periods of 2016 and 2015 including the Company's White Plains Property (see Executive Summary above). All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

Revenues

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

Property Acquisitions and Properties Sold:

In fiscal 2015, the Company purchased equity interests in six properties totaling approximately 409,000 square feet of GLA and sold two properties totaling approximately 320,000 square feet and in fiscal 2016, the Company purchased two properties totaling 99,000 square feet. These properties accounted for all of the revenue and expense changes attributable to property acquisitions and sales in fiscal 2016 when compared with fiscal 2015.

*Properties Held in Both Periods:***Revenues**

Base rents increased by \$4.8 million in fiscal 2016 as compared to fiscal 2015 primarily as a result of the Company receiving \$4.8 million in extension fees from the entity in contract to purchase our White Plains property. In fiscal 2015, the Company entered into contract to sell our White Plains property and that closing was scheduled to occur in April 2016. In February, the purchaser approached the Company and asked for an extension of the closing

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

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

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

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

Expenses

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

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

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

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

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

Fiscal 2015 vs. Fiscal 2014

The following information summarizes our results of operations for the years ended October 31, 2015 and 2014 (amounts in thousands):

	Year Ended October 31,		Change Attributable to:			
	2015	2014	Increase (Decrease)	% Change	Property Acquisitions/ Sales	Properties Held In Both Periods (Note 2)
Revenues						
Base rents	\$83,885	\$75,099	\$8,786	11.7%	\$9,010	\$(224)
Recoveries from tenants	28,703	24,947	3,756	15.1%	2,888	868
Other income	2,252	2,099	153	7.3%	225	(72)
Operating Expenses						
Property operating	21,267	18,926	2,341	12.4%	1,659	682
Property taxes	18,224	16,997	1,227	7.2%	1,203	24
Depreciation and amortization	22,435	19,249	3,186	16.6%	2,743	443
General and administrative	8,576	8,016	560	7.0%	n/a	n/a
Non-Operating Income/Expense						
Interest expense	13,475	10,235	3,240	31.7%	3,452	(212)
Interest, dividends, and other investment income	228	134	94	70.1%	n/a	n/a

Note 2 – Properties held in both periods includes only properties owned for the entire periods of 2015 and 2014 including the Company's White Plains Property (see Executive Summary above). All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

Revenues

Base rents increased by 11.7% to \$83.9 million in fiscal 2015 as compared with \$75.1 million in the comparable period of 2014. The increase in base rents and the changes in other income statement line items were attributable to:

Property Acquisitions and Properties Sold:

In fiscal 2014 and fiscal 2015, the Company purchased equity interests in fourteen properties totaling approximately 906,000 square feet of GLA and sold three properties totaling 569,000 square feet of GLA, whose operating results are included in continuing operations. These properties accounted for all of the revenue and expense changes attributable to property acquisitions and sales in the years ended October 31, 2015 and 2014. The Company also sold three properties in fiscal 2014 that are included in discontinued operations. The revenue and expense changes for these two properties are not included in the above variance analysis.

Properties Held in Both Periods:

Revenues

Base rents decreased during the year ended October 31, 2015 by \$224,000 when compared with the corresponding prior period primarily as a result of the loss of rent caused by the departure of two large tenants in the Company's White Plains property after January 31, 2015. The Company is in the process of selling this property and in order to accomplish this we had to vacate the remaining tenants from the property. The negative base rent variance for White Plains property for the year ended October 31, 2015 when compared with fiscal 2014 was \$2.0 million. This decrease was mostly offset by an increase in base rents billed to tenants as our leased rate increased from the year ended 2014 to the year ended 2015.

In fiscal 2015, the Company leased or renewed 507,000 square feet (or approximately 12.9% of total consolidated property leasable area). At October 31, 2015, the Company's consolidated properties were approximately 95.8% leased (excluding the White Plains property), an increase of 1.00% from the end of fiscal 2014. Overall property occupancy increased to 95.0% at October 31, 2015, up from 94.2% at the end of fiscal 2014.

For the year ended October 31, 2015, recoveries from tenants for properties owned in both periods (which represents reimbursements from tenants for operating expenses and property taxes) increased by a net \$868,000. This increase was a result of an increase in the percentage of the portfolio that is leased, which allows the Company to bill and collect a higher percentage of operating costs from its tenants and an actual increase in operating costs

incurred in properties held in both periods. This operating expense increase was predominantly the result of an increase in snow removal costs and parking lot repairs.

Expenses

Property operating expenses for properties held in both periods increased for the year ended October 31, 2015, when compared with fiscal 2014, by \$682,000, as a result of an increase in expenses relating to snow removal costs and parking lot repairs.

Real estate taxes for properties held in both periods were relatively unchanged for the year ended October 31, 2015 when compared with fiscal 2014, as a result of normal property tax assessment increases at a majority of the properties held in both periods, offset by a reduction in tax expense at the Company's White Plains property caused by a property tax assessment reduction.

Depreciation and amortization for properties held in both fiscal 2015 and 2014 increased as a result of tenant improvements being completed at several properties that had significant leasing activity in 2014 and 2015.

General and administrative expense increased in the year ended October 31, 2015 when compared with fiscal 2014 by \$560,000, as a result of increased compensation expense for additional staffing at the Company over the last quarter of fiscal 2014 and the first three quarters of fiscal 2015.

Interest expense for properties owned in the year ended October 31, 2015 when compared with fiscal 2014 decreased by \$212,000, as a result of normal amortization on the Company's fixed rate mortgages and the repayment of a \$4.5 million mortgage in July 2015.

Funds from Operations

We consider Funds from Operations ("FFO") to be an additional measure of our operating performance. We report FFO in addition to net income applicable to common stockholders and net cash provided by operating activities. Management has adopted the definition suggested by The National Association of Real Estate Investment Trusts ("NAREIT") and defines FFO to mean net income (computed in accordance with GAAP) excluding gains or losses from sales of property, plus real estate-related depreciation and amortization and after adjustments for unconsolidated joint ventures.

Management considers FFO a meaningful, additional measure of operating performance because it primarily excludes the assumption that the value of the Company's real estate assets diminishes predictably over time and industry analysts have accepted it as a performance measure. FFO is presented to assist investors in analyzing the performance of the Company. It is helpful as it excludes various items included in net income that are not indicative

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

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, 2016 (amounts in thousands):

	Year Ended October 31,		
	2016	2015	2014
Net Income Applicable to Common and Class A Common Stockholders	\$ 19,436	\$ 34,659	\$ 49,469
Real property depreciation	18,866	18,750	15,361
Amortization of tenant improvements and allowances	3,517	3,161	3,298
Amortization of deferred leasing costs	557	449	520
Depreciation and amortization on unconsolidated joint ventures	1,589	1,414	1,255
(Gain)/loss on sale of properties	(362)	(20,377)	(36,871)
Funds from Operations Applicable to Common and Class A Common Stockholders	<u>\$ 43,603</u>	<u>\$ 38,056</u>	<u>\$ 33,032</u>
Net Cash Provided by (Used in):			
Operating Activities	<u>\$ 60,062</u>	<u>\$ 51,100</u>	<u>\$ 50,915</u>
Investing Activities	<u>\$(80,053)</u>	<u>\$(105,034)</u>	<u>\$(54,624)</u>
Financing Activities	<u>\$ 20,639</u>	<u>\$ (12,472)</u>	<u>\$ 73,793</u>

FFO amounted to \$43.6 million in fiscal 2016, compared to \$38.1 million in fiscal 2015 and \$33.0 million in fiscal 2014.

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

The net increase in FFO in fiscal 2015 when compared with fiscal 2014 was predominantly attributable, among other things, to: a) the additional net operating income generated from properties acquired in fiscal 2014 and fiscal 2015; b) an overall increase in net operating income

at properties owned in both fiscal 2014 and 2015, offset by; c) an increase in acquisition costs of \$1.4 million in fiscal 2015 when compared with fiscal 2014; and d) an increase in interest expense of \$3.2 million as a result of the Company's secured mortgage borrowings increasing when we assumed the mortgage encumbering two properties we acquired in fiscal 2014 and when the Company placed a new \$62.7 million combined mortgage on the four properties it acquired in fiscal 2015.

Off-Balance Sheet Arrangements

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

- a 66.67% equity interest in the Putnam Plaza Shopping Center,
- an 11.642% equity interest in the Midway Shopping Center L.P.,
- a 50% equity interest in the Chestnut Ridge Shopping Center and Plaza 59 Shopping Centers,
- a 50% equity interest in the Gateway Plaza shopping center and the Riverhead Applebee's Plaza, and
- a 20% economic interest in a partnership that owns a suburban office building with ground level retail.

These unconsolidated joint ventures are accounted for under the equity method of accounting, as we have the ability to exercise significant influence over, but not control of, the operating and financial decisions of these investments. Our off-balance sheet arrangements are more fully discussed in Note 7, "Investments in and Advances to Unconsolidated Joint Ventures" in our financial statements in this Annual Report. Although we have

not guaranteed the debt of these joint ventures, we have agreed to customary environmental indemnifications and nonrecourse carve-outs (e.g. guarantees against fraud, misrepresentation and bankruptcy) on certain loans of the joint ventures. The below table details information about the outstanding non-recourse mortgage financings on our unconsolidated joint ventures (amounts in thousands):

Joint Venture Description	Location	Principal Balance		Fixed Interest Rate Per Annum	Maturity Date
		Original Balance	At October 31, 2016		
Midway Shopping Center	Scarsdale, NY	\$32,000	\$29,212	4.80%	Dec 2027
Putnam Plaza Shopping Center	Carmel, NY	\$21,000	\$19,470	4.17%	Oct 2024
Gateway Plaza	Riverhead, NY	\$14,000	\$13,110	4.18%	Feb 2024
Applebee's Plaza	Riverhead, NY	\$ 1,300	\$ 1,080	5.98%	Aug 2026
Applebee's Plaza	Riverhead, NY	\$ 1,000	\$ 998	3.38%	Aug 2026

Contractual Obligations

Our contractual payment obligations as of October 31, 2016 were as follows (amounts in thousands):

	Total	Payments Due by Period					Thereafter
		2017	2018	2019	2020	2021	
Mortgage notes payable and other loans	\$273,016	\$55,580	\$ 5,221	\$31,840	\$ 4,506	\$ 4,808	\$171,061
Interest on mortgage notes payable	80,775	12,732	9,912	9,015	7,918	7,616	33,582
Revolving Credit Lines	8,000	—	—	—	8,000	—	—
Property acquisitions	17,100	17,100	—	—	—	—	—
Tenant obligations*	5,300	5,300	—	—	—	—	—
Total Contractual Obligations	<u>\$384,191</u>	<u>\$90,712</u>	<u>\$15,133</u>	<u>\$40,855</u>	<u>\$20,424</u>	<u>\$12,424</u>	<u>\$204,643</u>

*Committed tenant-related obligations based on executed leases as of October 31, 2016.

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, 2016. 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, 2016. The Company's independent registered public accounting firm, PKF O'Connor Davies, LLP has audited the effectiveness of the Company's internal control over financial reporting, as indicated in their attestation report which is included on the following page.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited Urstadt Biddle Properties Inc.'s internal control over financial reporting as of October 31, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) (2013 Framework). Urstadt Biddle Properties Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles; (3) receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (4) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

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

In our opinion, Urstadt Biddle Properties Inc. maintained, in all material respects, effective internal control over financial reporting as of October 31, 2016 based on criteria established in Internal Control—Integrated Framework issued by COSO (2013 Framework).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Urstadt Biddle Properties Inc. as of October 31, 2016 and 2015, 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, 2016 and our report dated January 12, 2017 expressed an unqualified opinion thereon.

New York, New York
January 12, 2017

PKF O'Connor Davies, LLP

TAX STATUS

The following tables set forth the dividends declared per Common share and Class A Common share and tax status for Federal income tax purposes of the dividends paid during the fiscal years ended October 31, 2016 and 2015:

Dividend Payment Date	Common Shares				Class A Common Shares			
	Gross Dividend Paid Per Share	Ordinary Income	Capital Gain	Non- Taxable Portion	Gross Dividend Paid Per Share	Ordinary Income	Capital Gain	Non- Taxable Portion
January 15, 2016	\$0.23	\$0.1205	\$0.078	\$0.0315	\$0.26	\$0.13625	\$0.08825	\$0.0355
April 15, 2016	\$0.23	\$0.1205	\$0.078	\$0.0315	\$0.26	\$0.13625	\$0.08825	\$0.0355
July 15, 2016	\$0.23	\$0.1205	\$0.078	\$0.0315	\$0.26	\$0.13625	\$0.08825	\$0.0355
October 21, 2016	<u>\$0.23</u>	<u>\$0.1205</u>	<u>\$0.078</u>	<u>\$0.0315</u>	<u>\$0.26</u>	<u>\$0.13625</u>	<u>\$0.08825</u>	<u>\$0.0355</u>
	<u>\$0.92</u>	<u>\$0.482</u>	<u>\$0.312</u>	<u>\$0.126</u>	<u>\$1.04</u>	<u>\$0.545</u>	<u>\$0.353</u>	<u>\$0.142</u>

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 16, 2015	\$0.225	\$0.085	\$0.11375	\$0.02625	\$0.255	\$0.09625	\$0.12875	\$0.03
April 17, 2015	\$0.225	\$0.085	\$0.11375	\$0.02625	\$0.255	\$0.09625	\$0.12875	\$0.03
July 17, 2015	\$0.225	\$0.085	\$0.11375	\$0.02625	\$0.255	\$0.09625	\$0.12875	\$0.03
October 16, 2015	<u>\$0.225</u>	<u>\$0.085</u>	<u>\$0.11375</u>	<u>\$0.02625</u>	<u>\$0.255</u>	<u>\$0.09625</u>	<u>\$0.12875</u>	<u>\$0.03</u>
	<u>\$0.90</u>	<u>\$0.34</u>	<u>\$0.455</u>	<u>\$0.105</u>	<u>\$1.02</u>	<u>\$0.385</u>	<u>\$0.515</u>	<u>\$0.12</u>

The Company has paid quarterly dividends since it commenced operations as a real estate investment trust in 1969. During the fiscal year ended October 31, 2016, the Company made distributions to stockholders aggregating \$0.92 per Common share and \$1.04 per Class A Common share. On December 15, 2016, the Company's Board of Directors approved the payment of a quarterly dividend payable January 20, 2017 to stockholders of record on January 6, 2017. The quarterly dividend rates were declared in the amounts of \$0.235 per Common share and \$0.265 per Class A Common share.

MARKET PRICE RANGES

Shares of Common Stock and Class A Common Stock of the Company are traded on the New York Stock Exchange under the symbols “UBP” and “UBA,” respectively. The following table sets forth the high and low closing sales prices for the Company’s Common Stock and Class A Common Stock during the fiscal years ended October 31, 2016 and 2015 as reported on the New York Stock Exchange:

	<u>Fiscal Year Ended</u> <u>October 31, 2016</u>		<u>Fiscal Year Ended</u> <u>October 31, 2015</u>	
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>
<u>Common shares:</u>				
First Quarter	\$16.63	\$19.01	\$11.73	\$20.00
Second Quarter	\$17.42	\$19.19	\$17.33	\$20.09
Third Quarter	\$18.25	\$22.37	\$16.53	\$17.92
Fourth Quarter	\$17.16	\$21.50	\$16.23	\$19.95
 <u>Class A Common shares:</u>				
First Quarter	\$18.57	\$20.47	\$21.56	\$24.22
Second Quarter	\$19.51	\$21.46	\$20.75	\$24.01
Third Quarter	\$20.47	\$25.13	\$18.68	\$21.03
Fourth Quarter	\$21.11	\$24.50	\$17.43	\$20.52

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, 2016, we had total mortgage debt and other notes payable of \$273 million, of which 100% was fixed-rate, inclusive of variable rate mortgages that have been swapped to fixed interest rates using interest rate swap derivatives contracts.

For our fixed-rate debt, there is inherent rollover risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and the Company's future financing requirements.

To reduce our exposure to interest rate risk on variable-rate debt, we use interest rate swap agreements, for example, to convert some of our variable-rate debt to fixed-rate debt. As of October 31, 2016, we had seven open derivative financial instruments. These interest rate swaps are cross collateralized with mortgages on properties in Rye, NY, Ossining, NY, Yonkers, NY, and Greenwich CT. The Rye swaps expire in October 2019, the Ossining and Yonkers swaps expire in October 2024, and the Greenwich swaps expire in September 2026, all concurrent with the maturity of the respective mortgages. All of the aforementioned derivatives contracts are adjusted to fair market value at each reporting period. The Company has concluded that all of the aforementioned derivatives contracts are effective cash flow hedges as defined in ASC Topic 815. We are required to evaluate the effectiveness at inception and at each reporting date. As a result of the aforementioned derivatives contracts being effective cash flow hedges all changes in fair market value are recorded directly to stockholders equity in accumulated comprehensive income and have no effect on the earnings of the Company.

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, 2016 (amounts in thousands, except weighted average interest rate):

	For The Fiscal Year ended October 31,						Total	Estimated Fair Value
	2017	2018	2019	2020	2021	Thereafter		
Mortgage notes payable and other loans	\$55,580	\$5,221	\$31,840	\$4,506	\$4,808	\$171,061	\$273,016	\$286,694
Weighted average interest rate for debt maturing	5.18%	n/a	6.11%	n/a	n/a	4.09%	4.51%	

At October 31, 2016, the Company had \$8 million in outstanding variable rate debt (based on LIBOR). If LIBOR were to increase or decrease by 1%, the Company's interest expense would increase or decrease by approximately \$80,000 annually.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

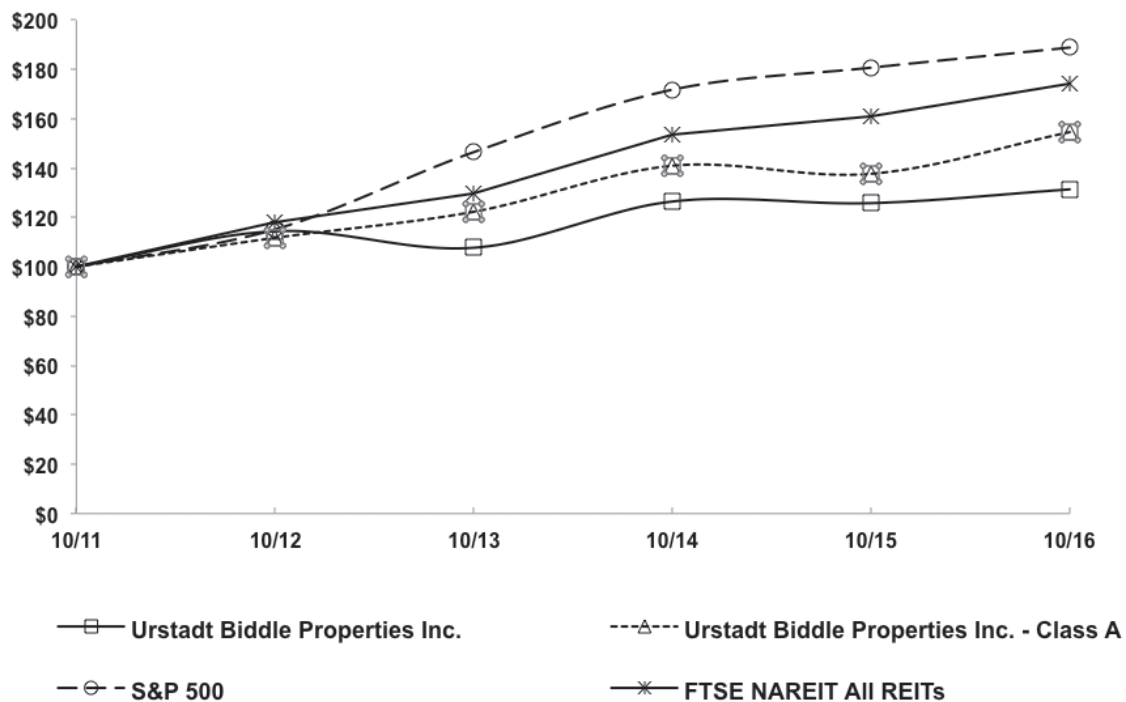
There were no changes in, or any disagreements with, the Company's independent registered public accounting firm on accounting principles and practices or financial disclosure during the years ended October 31, 2016 and 2015.

PERFORMANCE GRAPH

The following graph compares, for the five-year period beginning October 31, 2011 and ended October 31, 2016, the Company's cumulative total return to holders of the Company's Class A Common Shares and Common Shares with the returns for the NAREIT All—REITs Total Return Index (a peer group index) published by the National Association of Real Estate Investment Trusts (NAREIT) and for the S&P 500 Index for the same period.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

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



*\$100 invested on 10/31/11 in stock or index, including reinvestment of dividends. Fiscal year ending October 31.

	10/11	10/12	10/13	10/14	10/15	10/16
Urstadt Biddle Properties Inc.	100.00	114.43	107.76	126.49	125.85	131.42
Urstadt Biddle Properties Inc.—Class A	100.00	111.78	122.35	141.00	137.73	154.62
S&P 500	100.00	115.21	146.52	171.82	180.75	188.90
FTSE NAREIT All REITs	100.00	118.19	129.75	153.77	161.16	174.15

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

DIRECTORS

CHARLES J. URSTADT
Chairman
Urstadt Biddle Properties Inc.

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

KEVIN J. BANNON
Director
Prudential Retail Mutual Funds

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

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

RICHARD GRELLIER
Managing Director
Deutsche Bank Securities Inc.

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

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

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

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

OFFICERS

CHARLES J. URSTADT
Chairman

WILLING L. BIDDLE
President and
Chief Executive Officer

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

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

MIYUN SUNG
Senior Vice President,
Chief Corporate Counsel
and Secretary

JAMES M. ARIES
Senior Vice President
Acquisitions

LINDA LACEY
Senior Vice President
Leasing

ANDREW ALBRECHT
Vice President
Management and Construction

JOSEPH ALLEGRETTI
Vice President
Leasing

NICHOLAS CAPUANO
Vice President and
Real Estate Counsel

ZACH FOX
Vice President
Acquisitions

DIANE MIDOLLO
Vice President and Controller

JACKIE PERLA
Vice President
Leasing

HEIDI BRAMANTE
Assistant Vice President and
Assistant Controller

SUZANNE CRISCITELLI
Assistant Vice President and
Senior Leasing Transaction Manager

STEVE DUDZIEC
Assistant Vice President
Leasing

ELLEN HANRAHAN
Assistant Vice President and
Assistant Secretary

JANINE IAROSI
Assistant Vice President
Insurance and
Benefit Administrator

SUZANNE MOORE
Assistant Vice President
Billing Manager and Accounts
Receivable Coordinator

MARY MURRAY
Assistant Vice President and
Director of Operations

ROBERT WEEKS
Assistant Vice President
Management

CORPORATE INFORMATION

Securities Traded

New York Stock Exchange
Symbols: UBA, UBP, UBPPRF and UBPPRG
Stockholders of Record as of
December 31, 2016:
Common Stock: 653 and
Class A Common Stock: 656

Annual Meeting

The annual meeting of stockholders will be held at 2:00 P.M. on March 22, 2017 at Six Landmark Square, 9th Floor, Stamford, CT 06901.

Form 10-K

A copy of the Company's 2016 Annual Report on Form 10-K filed with the Securities and Exchange Commission, without exhibits, may be obtained by stockholders without charge by writing to the Secretary of the Company at its executive office.

Shareholder Information and Dividend Reinvestment Plan

Inquiries regarding stock ownership, dividends or the transfer of shares can be made by writing to our Transfer Agent, Computershare Inc., Shareowner Services Department, P.O. Box 30170, College Station, TX 77842-3170 or by calling toll-free at 1-866-203-6250. The Company has a dividend reinvestment plan that provides stockholders with a convenient means of increasing their holdings without incurring commissions or fees. For information about the plan, stockholders should contact the Transfer Agent. Other shareholder inquiries should be directed to Miyun Sung, Secretary, telephone (203) 863-8200.

Investor Relations

Investors desiring information about the Company can contact 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)



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



URSTADT BIDDLE
PROPERTIES INC.

321 RAILROAD AVENUE
GREENWICH 06830

From left to right: Ridgeway Shopping Center, Stamford, CT; Goodwives Shopping Center, Darien, CT; and Arcadian Shopping Center, Ossining, NY