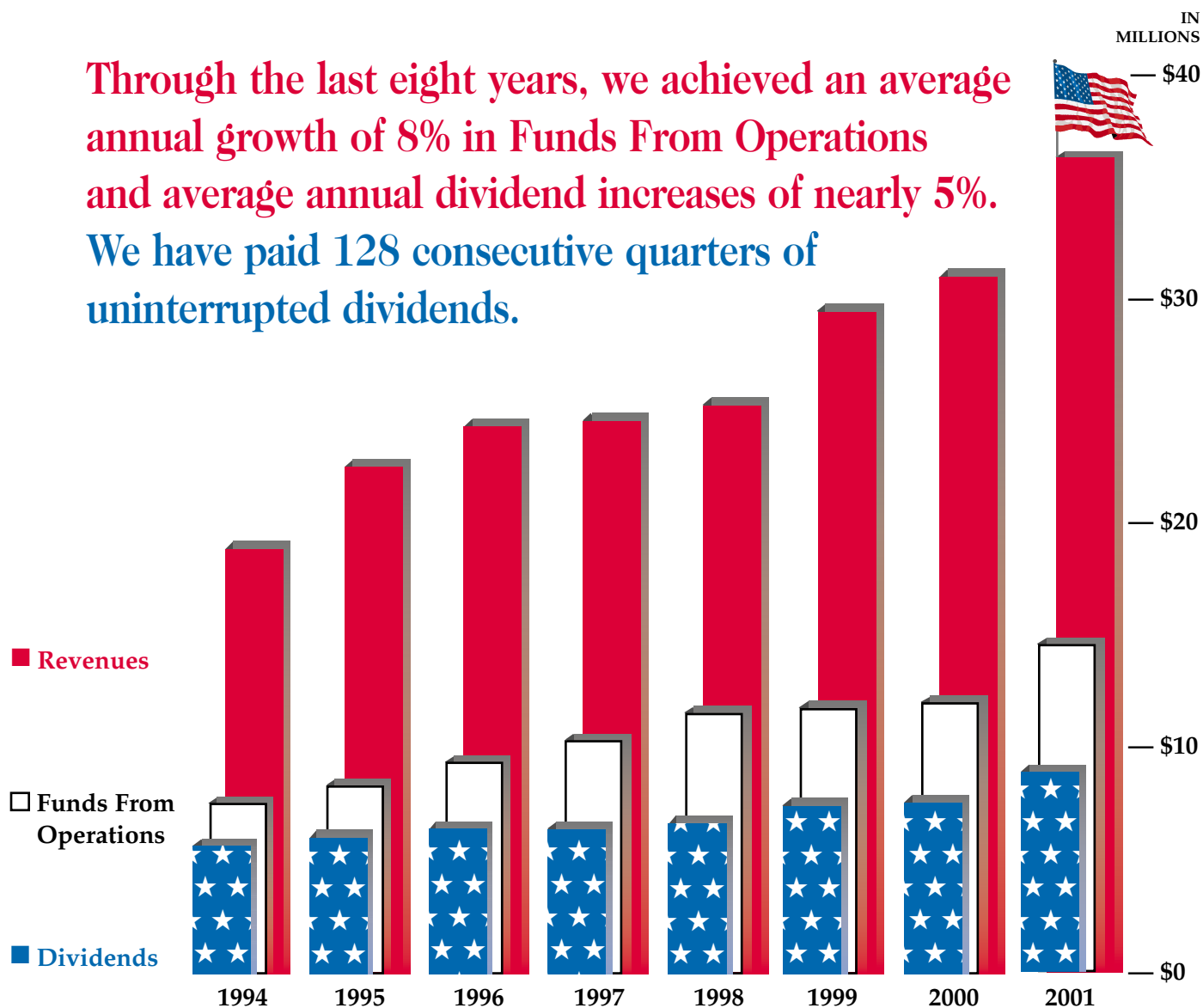




URSTADT BIDDLE PROPERTIES INC.

2001 ANNUAL REPORT

Through the last eight years, we achieved an average annual growth of 8% in Funds From Operations and average annual dividend increases of nearly 5%. We have paid 128 consecutive quarters of uninterrupted dividends.



We are the **Right Company**
 In the **Right Business**
 In the **Right Place**
 At the **Right Time**

URSTADT BIDDLE PROPERTIES INC.

Urstadt Biddle Properties Inc. (UBP) is a self-administered publicly held equity real estate investment trust providing investors with a means of participating in the ownership of income-producing properties. UBP's core properties consist of neighborhood and community shopping centers in the suburban areas of the northeastern United States with a primary concentration in Fairfield County, Connecticut and Westchester and Putnam Counties, New York. Other assets include office and retail buildings, industrial properties and mortgages.

Class A Common Shares and Common Shares of the Company trade on the New York Stock Exchange under the symbols "UBP.A" and "UBP."

2001 ANNUAL REPORT CONTENTS

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SELECTED FINANCIAL DATA

(In thousands, except per share data)

Year Ended October 31,	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Balance Sheet Data:								
Total Assets	\$ 218,352	\$ 180,792	\$ 183,774	\$ 165,039	\$ 137,430	\$ 132,160	\$ 149,099	\$ 142,559
Mortgage Notes Payable	\$ 47,115	\$ 51,903	\$ 51,263	\$ 32,900	\$ 43,687	\$ 39,798	\$ 57,212	\$ 46,386
Preferred Stock	\$ 33,462	\$ 33,462	\$ 33,462	\$ 33,462	—	—	—	—
Operating Data:								
Total Revenues	\$ 36,093	\$ 31,009	\$ 29,430	\$ 25,385	\$ 24,719	\$ 24,432	\$ 22,853	\$ 18,969
Total Operating Expenses	\$ 26,154	\$ 23,281	\$ 21,596	\$ 17,252	\$ 16,238	\$ 20,502	\$ 26,556	\$ 17,707
Net Income Applicable to Common and Class A Common Stockholders	\$ 10,540	\$ 5,442	\$ 6,043	\$ 5,615	\$ 8,589	\$ 10,271	\$ 3,864	\$ 1,344
Other Data:								
Funds from Operations (Note 1)	\$ 14,611	\$ 11,914	\$ 11,878	\$ 11,782	\$ 10,189	\$ 9,525	\$ 8,510	\$ 7,653
Per Share Data: (Note 2)								
Cash Dividends on:								
Class A Common Stock	\$.80	\$.78	\$.76	\$.19	—	—	—	—
Common Stock	\$.72	\$.70	\$.68	\$ 1.13	\$ 1.26	\$ 1.22	\$ 1.14	\$ 1.10
	<u>\$ 1.52</u>	<u>\$ 1.48</u>	<u>\$ 1.44</u>	<u>\$ 1.32</u>	<u>\$ 1.26</u>	<u>\$ 1.22</u>	<u>\$ 1.14</u>	<u>\$ 1.10</u>
Cash Dividends on Common and Class A Common Stock as a Percentage of Funds from Operations	<u>60%</u>	<u>65%</u>	<u>63%</u>	<u>58%</u>	<u>63%</u>	<u>69%</u>	<u>72%</u>	<u>76%</u>

Note (1): The Company considers Funds from Operations (FFO) to be a supplemental measure of operating performance. FFO is calculated as net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of properties, plus depreciation and amortization, and after adjustments for unconsolidated joint ventures.

Note (2): Prior to August 1998, the Company had one class of common stock. In August 1998, the Company declared a one-for-one stock split effected in the form of a new issue of Class A Common Stock.

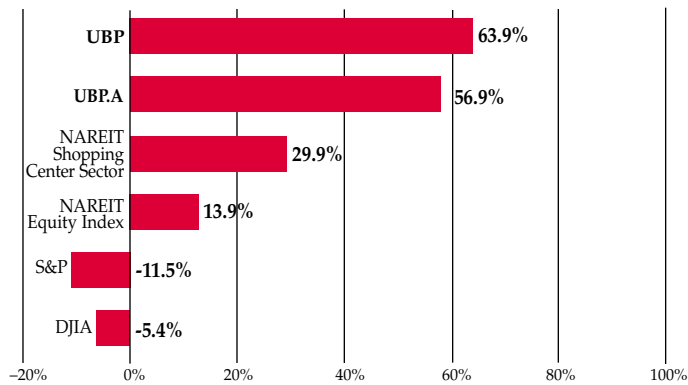
For a further discussion of FFO, see Management's Discussion and Analysis on page 29.

TO OUR STOCKHOLDERS

Prominently located in our offices in Greenwich is a bronze ship's bell. We ring it to signify important events such as the signing of leases, acquisitions, mortgages, etc. and we proudly refer to such events as "bell ringers". Well — the year 2001 was a "bell ringer" for Urstadt Biddle Properties.

In last year's letter to our stockholders, we described our Company as "Undervalued and Overlooked". But this year, Wall Street realized that it had overlooked a well-run company that delivers consistent growth in operations and dividends. Despite the events of September 11th and the stagnant condition of both the U.S. economy and the national stock markets, 2001 was a successful year for us. **In calendar year 2001, total returns to our stockholders (dividends plus stock price growth) were a remarkable 63.9% for our Common Stock and 56.9% for our Class A Common Stock** largely as a result of very attractive dividend yields, good real estate fundamentals and an investor's desire for safety. Quite an achievement in the down market of 2001.

The following chart compares the total returns of UBP and UBP.A to the major stock market and industry indices for the calendar year 2001:



We have long felt and often stated that the management of your Company is responsible for revenues and

*In calendar year 2001, total returns to our stockholders were a remarkable **63.9% for our Common Stock and 56.9% for our Class A Common Stock.***



Charles J. Urstadt
Chairman

expenses and ultimately our profitability and levels of dividends, but, we have little influence over the external factors which establish the price of our stock. 2001 marked a turning point in which perception came close to the reality of performance. For that we thank our old stockholders, as well as our new stockholders, who invested we think wisely, in the 5.5 million shares of Class A Common Stock which we sold this year.

During our stock offering "road show" we closed our presentations by saying "We are the right company, in the right business, in the right place, at the right time".

Our company is the **RIGHT COMPANY** because we have demonstrated that well located, conservatively financed and well managed properties will produce steady growth and increasing dividends.

Our enterprise is in the **RIGHT BUSINESS** because grocery anchored shopping centers will always be in demand by our tenants, as well as the customers who visit our sites. Our tenant base provides basic necessities and not luxury items, and so we feel we have a steady marketplace in our properties.

Our targeted region is the **RIGHT PLACE**, Westchester, Fairfield, Putnam, Nassau Counties and Northern New Jersey. The income per capita here is among the highest in the country. It is also densely populated with high barriers to entry for construction of new shopping centers. We feel there will always be new residents and employment migrating from New York City to enjoy the benefits of these affluent suburban areas.

Finally, we are in this business at the **RIGHT TIME**. With the present slowdown in the economy as well as the reluctance of consumers to travel, we believe our properties will not be adversely affected by the economic slowdown and there will be increased acquisition opportunities.

NEW STOCK ISSUE

This year the Company returned to the public capital markets for the first time in 18 years. In October, we sold 4.8 million shares of the Company's Class A Common Stock at \$9.30 per share in a highly successful secondary public stock offering and in November, the underwriters exercised an option to purchase an additional 699,222 shares. **Net proceeds from these offerings to us were more than \$47 million.**

With the proceeds from the stock offering and historically low interest rates on borrowings, we are adequately financed to buy additional properties in our target area. Our challenge is to put these proceeds to work quickly and profitably.

FUNDS FROM OPERATIONS

For the eighth consecutive year, the Company has reported an increase in its Funds From Operations (FFO),

The Company has no significant mortgage repayment obligations until 2006 and all of our mortgages have fixed rates of interest at favorable rates.



James R. Moore
Executive Vice President

a supplemental measure of operating performance used by REITs. **In 2001, FFO increased to \$14.6 million from \$11.9 million last year.** This year's FFO includes \$1.1 million in lease termination income. Other than the lease termination income, our FFO increased as a result of higher occupancies, new leasing completed this year, and the effects of property acquisitions. Since 1994, FFO has grown at a better than average annual rate of 8%.

By year end, the percentage of space in our properties that was leased rose to 98%.



Willing L. Biddle
President

DIVIDENDS

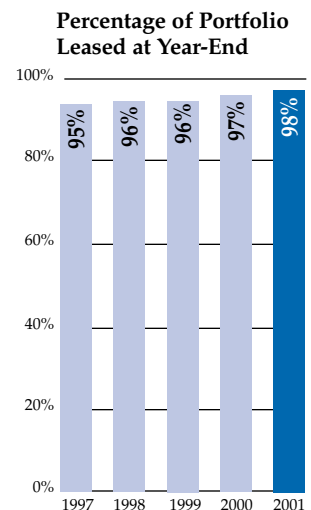
Since its inception more than 32 years ago, the Company has paid uninterrupted dividends on its Common Shares and Class A Common Shares. We are proud to state that the next quarterly payment will be **the Company's 129th consecutive quarterly dividend.**

We are also pleased to report that for the eighth consecutive year the Board of Directors in December 2001 approved an **increase in the quarterly dividend rates.** Funds from Operations have increased over this same period by more than the rate of increase in the dividend and thus the Company's cash flow coverage of the dividend has also increased. For 2001, our dividend payout rate was approximately 65% of our recurring funds from operations.

OPERATIONS

Our success is due to our capable hardworking acquisition, management and leasing staff.

We made significant progress in leasing vacant space this year and also raised the leased rates of our properties to their highest levels in recent years. By year end, the percentage of space in our properties that was leased rose to 98%. We completed the re-tenanting of our Meriden, CT property and made significant improvements to many others. We also made progress towards our stated goal of concentrating our assets close to our headquarters by acquiring two



TO OUR STOCKHOLDERS

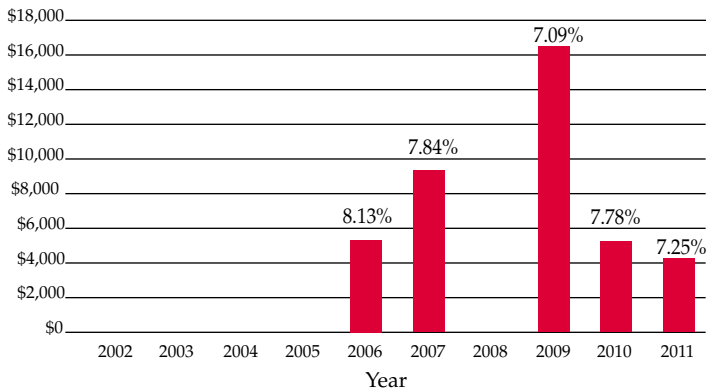
properties in our target area and selling three non-core properties. Soft economies tend to increase property availability and we anticipate 2002 to be an active acquisitions year. We have increased the staffing of our acquisitions and leasing departments to help accomplish this goal.

CAPITAL

The Company's capital base is stronger than ever. A portion of the net proceeds from the sale of Class A Common Stock was used to repay all of the Company's outstanding bank credit line debt before year end. Currently, we have \$40 million in available bank revolving credit lines. Our total mortgage debt level is modest. **At year end, mortgages comprised less than 25% of the Company's total capitalization** which is low compared to the REIT Industry average. Most importantly, as the chart below illustrates, the Company has no mortgages due until 2006 and all of our mortgages have fixed rates of interest at favorable rates.

Scheduled Maturities of Mortgage Debt

In thousands (with average interest rates for debt maturing each year)



REPURCHASE OF \$20 MILLION OF PREFERRED STOCK

Shortly after year-end, we repurchased \$20 million of the Company's outstanding Series B Preferred Stock in a negotiated transaction with a preferred stockholder. The

purchase was at a substantial discount to the preferred stock's redemption price. The Company will report an increase in net income applicable to Common and Class A Common stockholders from this transaction in the first quarter of fiscal 2002.

OUTLOOK

This Company has experienced and survived two real estate recessions and we are in the midst of the third. We do not share the view held by some that "all will be back to normal" before the end of 2002. However, we do feel that our long term strategy of low debt with fixed interest rates and long maturities has placed us in an excellent defensive position. We also feel that this economic climate will increase the opportunities for us to capitalize on our financial strength and add additional outstanding properties to our present holdings.

It is with great sadness that we inform you of the untimely passing of our former director Paul D. Paganucci. He provided us with wise counsel and a warmth of personality which never will be forgotten. We extend our deepest sympathies to his wife, Marilyn, and his family.

In closing, we extend our gratitude to our outstanding Board of Directors and staff who have made this "bell ringer" year such a great success and to both our old and new shareholders for your past and future support of the team's efforts!

Sincerely yours,

Charles J. Urstadt

Chairman

Willing L. Biddle

President

January 15, 2002

PORTFOLIO REVIEW

Our strategy is to concentrate our portfolio of properties in a geographic area close to our headquarters in Fairfield County, Connecticut, and primarily in one property type — grocery-anchored shopping centers. Our focus is on well-located neighborhood shopping centers leased to retailers who deliver basic services and products to consumers. We are also receptive to acquiring well-located high yield office properties near our executive offices in Greenwich, Connecticut.

LEASING

In 2001, we continued our success in leasing vacant space and positioning our properties for future growth. Overall, we signed new leases and negotiated lease renewals totaling 352,000 square feet of space, about 14% of the Company's total leasable area. Our leased portfolio rose from 97% at the end of 2000 to 98% this year. At **Townline Square** we completed one of the Company's largest re-tenanting projects in several years. We signed new leases for 115,000 square feet of space to replace tenants who were paying rent but vacated the

center several years ago. Old Navy, Linens 'N Things, Toy Works and Bath & Body Works opened for business this year and have revitalized the property. We also signed



Old Navy, Townline Square, Meriden, Connecticut



Townline Square, Meriden, Connecticut

PORTFOLIO REVIEW

leases with Burlington Coat Factory, Michaels Crafts and Chuck E Cheese and expect these national tenants to open at Townline in Spring 2002. At **Danbury Square**, Christmas Tree Shops, a highly successful regional home furnishings retailer opened a magnificent new 47,000 square foot



Danbury Square, Danbury, Connecticut

store this summer. David's Bridal, a division of the May Company opened in December 2001 bringing occupancy at the center to 100%. At **Newington Park**, Linens 'N Things opened a new 27,000 square foot store this summer and Outback Steak House will open for business in 2003, raising occupancy at that property to 100%. At the **Goodwives Shopping Center**, the former anchor tenant, Grand Union Supermarket filed for bankruptcy early in the year and its lease was sold to Shaw's Supermarket, a high quality New England grocery operator. We are exploring opportunities with Shaw's to expand its store in our center. At the **Eastchester Mall**, we received the necessary approvals to begin a facade upgrade

and added a regional home furnishings chain to our tenant roster. In **Tempe, Arizona** we leased 31,000 square feet to 99¢ Stores. The property is now 100% occupied.



Goodwives Shopping Center, Darien, Connecticut

PORTFOLIO REVIEW



Chilmark Shopping Center, Briarcliff Manor, New York

With the recent downturn in the U.S. economy, we believe our properties which are well located and leased to basic necessity-type goods retailers, are insulated from a less favorable economic climate. We continue to attract quality tenants to lease vacancies when they arise.

PORTFOLIO CHANGES

We purchased the 38,000 square foot **Chilmark Shopping Center** located in the affluent town of

Briarcliff Manor, New York and not far from our Arcadian Shopping Center in Westchester County. We plan to renovate the center and expand the leased area of the anchor tenant. We also purchased a small medical office building located in Greenwich, Connecticut. We disposed of three non-core properties by selling our **Albany, Georgia** warehouse property, undeveloped land in **Denver, Colorado** and the **Countryside Square Shopping Center** in Clearwater, Florida, that was owned in partnership.



Westchester Community College, Briarcliff Manor, New York



7 Riversville Road, Greenwich, Connecticut

PORTFOLIO REVIEW

Shortly after year end we strengthened our acquisitions and leasing departments with the hiring of **Jim Aries** as Vice President, Acquisitions and Leasing. Jim brings to our company a solid retail real estate background, with more than ten years of “big box” anchor tenant leasing and property acquisitions experience. As we look ahead, we believe there will be attractive investment opportunities available to us. We have the financial resources to benefit from these opportunities and expect to add to our portfolio in the coming year.



John Merritt (left), *Vice President Acquisitions and Leasing*
James Aries, *Vice President, Acquisitions and Leasing*



Urstadt Biddle Properties
Corporate Headquarters, Greenwich, CT

INVESTMENT PORTFOLIO

URSTADT BIDDLE PROPERTIES INC.

Core Properties

UBP owns or has interests in twelve shopping centers, three mixed-use commercial properties and five office buildings which total 1,816,000 square feet.

Location	Square Feet	Principal Tenants	Property Type
Springfield, Massachusetts	314,000	A&P, Toy Works, Fashion Bug	Shopping center
Meriden, Connecticut	312,000	ShopRite, Old Navy, Linens 'N Things	Shopping center
Danbury, Connecticut	194,000	Barnes & Noble, Christmas Tree Shops	Shopping center
Briarcliff Manor, New York	160,000	Stop & Shop, Toy Works	Shopping center*
Carmel, New York	126,000	ShopRite, Eckerd Drugs	Shopping center
Wayne, New Jersey	102,000	A&P, PNC Bank	Shopping center
Darien, Connecticut	95,000	Shaw's Supermarket	Shopping center
Somers, New York	78,000	Gristede's, US Post Office	Shopping center
Farmingdale, New York	70,000	King Kullen, Eckerd Drugs	Shopping center
Eastchester, New York	68,000	Food Emporium (A&P)	Shopping center*
Briarcliff Manor, New York	38,000	Dress Barn, Radio Shack	Shopping center
Somers, New York	19,000	Putnam County Savings Bank	Shopping center
Newington, New Hampshire	102,000	Linens 'N Things	Mixed-use
Ridgefield, Connecticut	48,000	Chico's	Mixed-use
Briarcliff Manor, New York	29,000	Westchester Community College	Mixed-use
Greenwich, Connecticut	61,000	Greenwich Hospital, Urstadt Biddle Properties (Executive Offices)	5 Office buildings

Non-Core Properties

UBP owns one office building containing 202,000 square feet, one retail property containing 126,000 square feet and two industrial properties with a total of 423,000 square feet. The Company also holds long-term mortgages totalling \$3.5 million.

Location	Square Feet	Principal Tenant	Property Type
Southfield, Michigan	202,000	Giffels Associates	Office building*
Tempe, Arizona	126,000	Mervyn's	Shopping center
Dallas, Texas	253,000	DaimlerChrysler Corporation	Parts distribution facility
St. Louis, Missouri	170,000	DaimlerChrysler Corporation	Parts distribution facility

*General partner interest.

URSTADT BIDDLE PROPERTIES INC.

CORE PROPERTIES

*Carmel ShopRite Center
Carmel, New York*



*Towne Centre Shopping Center
Somers, New York*



*Arcadian Shopping Center
Briarcliff Manor, New York*



*Heritage 202 Center
Somers, New York*



*Chilmark Shopping Center
Briarcliff Manor, New York*

*25 Valley Drive
Greenwich, Connecticut*



*7 Riversville Road
Greenwich, Connecticut*

*530 Old Post Road
Greenwich, Connecticut*



*Eastchester Mall
Eastchester, New York*

*Valley Ridge Shopping Center
Wayne, New Jersey*



**URSTADT BIDDLE
PROPERTIES**
Greenwich,
Connecticut



*Danbury Square
Danbury, Connecticut*



*Five Town Plaza
Springfield, Massachusetts*



*Newington Park
Newington, New Hampshire*



*Ridgefield Center
Ridgefield, Connecticut*



*Townline Square
Meriden, Connecticut*



*Goodwives Shopping Center
Darien, Connecticut*



*Bi-County Shopping Center
Farmingdale, New York*



CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)	October 31,	
	<u>2001</u>	<u>2000</u>
ASSETS		
Real Estate Investments:		
Properties owned — at cost, net of accumulated depreciation	\$160,152	\$146,851
Properties available for sale — at cost, net of accumulated depreciation and recoveries	11,039	12,158
Investment in unconsolidated joint venture	—	8,859
Mortgage notes receivable	3,507	2,379
	<u>174,698</u>	<u>170,247</u>
Cash and cash equivalents	34,080	1,952
Interest and rent receivable	3,826	3,853
Deferred charges, net of accumulated amortization	3,477	2,824
Prepaid expenses and other assets	2,271	1,916
	<u>\$218,352</u>	<u>\$180,792</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	\$47,115	\$51,903
Accounts payable and accrued expenses	2,670	1,222
Deferred officers' compensation	230	102
Other liabilities	4,142	2,090
	<u>54,157</u>	<u>55,317</u>
Minority Interests	<u>4,365</u>	<u>4,832</u>
Preferred Stock, par value \$.01 per share; 20,000,000 shares authorized; 8.99% Series B Senior Cumulative Preferred stock (liquidation preference of \$100 per share); 350,000 shares issued and outstanding in 2001 and 2000	<u>33,462</u>	<u>33,462</u>
Stockholders' Equity:		
Excess stock, par value \$.01 per share; 10,000,000 shares authorized; none issued and outstanding	—	—
Common stock, par value \$.01 per share; 30,000,000 shares authorized; 6,242,139 and 5,557,387 issued and outstanding shares in 2001 and 2000, respectively	62	55
Class A Common stock, par value \$.01 per share; 40,000,000 shares authorized; 9,600,019 and 5,356,249 issued and outstanding shares in 2001 and 2000 respectively	96	54
Additional paid in capital	162,763	122,448
Cumulative distributions in excess of net income	(31,654)	(33,397)
Unamortized restricted stock compensation and notes receivable from officers/stockholders	(4,899)	(1,979)
	<u>126,368</u>	<u>87,181</u>
	<u>\$218,352</u>	<u>\$180,792</u>

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

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	Year Ended October 31,		
	<u>2001</u>	<u>2000</u>	<u>1999</u>
Revenues			
Operating leases	\$34,209	\$30,242	\$28,666
Lease termination income	1,137	—	—
Interest and other	747	767	764
	<u>36,093</u>	<u>31,009</u>	<u>29,430</u>
Operating Expenses			
Property expenses	11,502	10,413	9,460
Interest	4,456	4,245	3,913
Depreciation and amortization	7,568	6,307	5,896
General and administrative expenses	2,484	2,152	2,150
Directors' fees and expenses	144	164	177
	<u>26,154</u>	<u>23,281</u>	<u>21,596</u>
Operating Income	9,939	7,728	7,834
Equity in Earnings of Unconsolidated Joint Venture	3,864	245	384
Minority Interests in Results of Consolidated Joint Ventures	(432)	(451)	(392)
Gains on Sales of Real Estate Investments	316	1,067	1,364
Net Income	13,687	8,589	9,190
Preferred Stock Dividends	<u>(3,147)</u>	<u>(3,147)</u>	<u>(3,147)</u>
Net Income Applicable to Common and Class A Common Stockholders	<u>\$10,540</u>	<u>\$5,442</u>	<u>\$6,043</u>
Basic Earnings per Share:			
Common	<u>\$.91</u>	<u>\$.50</u>	<u>\$.55</u>
Class A Common	<u>\$1.01</u>	<u>\$.55</u>	<u>\$.62</u>
Weighted Average Number of Shares Outstanding:			
Common	<u>5,881</u>	<u>5,351</u>	<u>5,236</u>
Class A Common	<u>5,182</u>	<u>5,059</u>	<u>5,101</u>
Diluted Earnings Per Share:			
Common	<u>\$.88</u>	<u>\$.49</u>	<u>\$.54</u>
Class A Common	<u>\$.97</u>	<u>\$.55</u>	<u>\$.61</u>
Weighted Average Number of Shares Outstanding:			
Common and Common Equivalent	<u>6,038</u>	<u>5,433</u>	<u>5,317</u>
Class A Common and Class A Common Equivalent	<u>5,606</u>	<u>5,532</u>	<u>5,545</u>

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,		
	2001	2000	1999
Operating Activities:			
Net income	\$13,687	\$8,589	\$9,190
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,568	6,307	5,896
Restricted stock compensation	769	630	488
Recovery of investment in properties owned subject to financing leases	191	1,214	1,249
Equity in income of unconsolidated joint venture	(3,864)	(245)	(384)
Gains on sales of real estate investments	(316)	(1,067)	(1,364)
Decrease (increase) in interest and rent receivable	98	(481)	(925)
Increase (decrease) in accounts payable and accrued expenses	1,448	(684)	780
Decrease (increase) in other assets and other liabilities, net	1,469	(371)	(507)
Net Cash Provided by Operating Activities	21,050	13,892	14,423
Investing Activities:			
Acquisitions of properties	(5,606)	(1,627)	(9,717)
Acquisition of minority interest	(1,013)	—	—
Improvements to properties and deferred charges	(11,695)	(6,642)	(3,985)
Investment in unconsolidated joint venture	(480)	(535)	(635)
Net proceeds from sale of properties	1,216	3,921	2,765
Distributions received from unconsolidated joint venture	6,544	1,500	600
Payments received on mortgage notes receivable	72	121	107
Miscellaneous	—	—	309
Net Cash (Used in) Investing Activities	(10,962)	(3,262)	(10,556)
Financing Activities:			
Sales of Common and Class A Common shares	42,959	2,713	2,232
Proceeds from mortgage notes payable and bank loans	26,250	6,500	19,000
Payments on mortgage notes payable and bank loans	(35,190)	(7,861)	(15,039)
Dividends paid – Common and Class A Common shares	(8,797)	(7,712)	(7,471)
Dividends paid – Preferred Stock	(3,147)	(3,147)	(3,147)
Purchases of Common and Class A Common shares	(35)	(1,929)	(584)
Net Cash Provided by (Used in) Financing Activities	22,040	(11,436)	(5,009)
Net Increase (Decrease) In Cash and Cash Equivalents	32,128	(806)	(1,142)
Cash and Cash Equivalents at Beginning of Year	1,952	2,758	3,900
Cash and Cash Equivalents at End of Year	\$34,080	\$1,952	\$2,758

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except shares and per share data)

	Common Stock		Class A Common Stock			(Cumulative Distributions In Excess of Net Income)	Unamortized Restricted Stock Compensation and Notes Receivable	Total
	Outstanding Number of Shares	Par Value	Outstanding Number of Shares	Par Value	Additional Paid In Capital			
Balances — October 31, 1998	5,221,602	\$52	5,193,650	\$52	\$118,558	\$(29,699)	\$(1,634)	\$87,329
Net income applicable to Common and Class A Common stockholders	—	—	—	—	—	6,043	—	6,043
Cash dividends paid:								
Common stock (\$.68 per share)	—	—	—	—	—	(3,511)	—	(3,511)
Class A Common stock (\$.76 per share)	—	—	—	—	—	(3,960)	—	(3,960)
Deemed repurchase of Class A Common stock and reissuance of Common stock	272,727	3	(272,727)	(3)	—	—	—	—
Sale of additional shares	32,000	—	212,000	2	1,943	—	—	1,945
Sale of additional shares under dividend reinvestment plan	17,816	—	18,616	—	287	—	—	287
Shares issued under restricted stock plan	46,500	1	46,500	1	759	—	(761)	—
Amortization of restricted stock compensation	—	—	—	—	—	—	488	488
Purchases of shares	(58,800)	(1)	(14,000)	—	(583)	—	—	(584)
Balances — October 31, 1999	5,531,845	55	5,184,039	52	120,964	(31,127)	(1,907)	88,037
Net income applicable to Common and Class A Common stockholders	—	—	—	—	—	5,442	—	5,442
Cash dividends paid:								
Common stock (\$.70 per share)	—	—	—	—	—	(3,748)	—	(3,748)
Class A Common stock (\$.78 per share)	—	—	—	—	—	(3,964)	—	(3,964)
Sale of additional shares	64,400	—	256,400	3	2,406	—	—	2,409
Sale of additional shares under dividend reinvestment plan	21,367	—	22,035	—	304	—	—	304
Shares issued under restricted stock plan	48,375	1	48,375	1	700	—	(702)	—
Amortization of restricted stock compensation	—	—	—	—	—	—	630	630
Purchases of shares	(108,600)	(1)	(154,600)	(2)	(1,926)	—	—	(1,929)
Balances — October 31, 2000	5,557,387	55	5,356,249	54	122,448	(33,397)	(1,979)	87,181
Net income applicable to Common and Class A Common stockholders	—	—	—	—	—	10,540	—	10,540
Cash dividends paid:								
Common stock (\$.72 per share)	—	—	—	—	—	(4,487)	—	(4,487)
Class A Common stock (\$.80 per share)	—	—	—	—	—	(4,310)	—	(4,310)
Sale of additional shares	200,000	2	4,805,000	48	42,521	—	—	42,571
Sale of additional shares under dividend reinvestment plan	18,652	—	23,257	—	343	—	—	343
Shares issued under restricted stock plan	48,000	—	48,000	—	686	—	(686)	—
Amortization of restricted stock compensation	—	—	—	—	—	—	769	769
Purchases of shares	(900)	—	(2,800)	—	(35)	—	—	(35)
Exercise of stock options	419,000	5	24,859	—	3,043	—	—	3,048
Note from officer upon exercise of stock options	—	—	—	—	—	—	(3,003)	(3,003)
Deemed repurchase of Class A Common stock	—	—	(654,546)	(6)	(6,243)	—	—	(6,249)
Balances — October 31, 2001	<u>6,242,139</u>	<u>\$62</u>	<u>9,600,019</u>	<u>\$96</u>	<u>\$162,763</u>	<u>\$(31,654)</u>	<u>\$(4,899)</u>	<u>\$126,368</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Urstadt Biddle Properties Inc. (Company), a real estate investment trust (REIT), is engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers in the northeastern part of the United States. Other assets include office and retail buildings and industrial properties. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At October 31, 2001, the Company owned or had interests in 24 properties.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and joint ventures in which the Company has the ability to control the affairs of the venture. Prior to September 2001, the Company had an investment in an unconsolidated joint venture which was accounted for by the equity method of accounting. Under the equity method, only the Company's net investment and proportionate share of income or loss of the unconsolidated joint venture is reflected in the financial statements. All significant intercompany transactions and balances have been eliminated in consolidation.

Reclassifications

Certain 2000 amounts have been reclassified to conform to the 2001 presentation.

Accounting for Leases

The Company accounts for its leases of real property in accordance with the provisions of Financial Accounting Standards Statement No. 13, "Accounting for Leases," as amended. This Statement sets forth specific criteria for determining whether a lease should be accounted for as an operating lease or a direct financing lease. In general, the financing lease method applies where property is under long-term lease to a creditworthy tenant and the present value of the minimum required lease payments at the inception of a lease is at least 90% of the market value of the property leased. Other leases are accounted for as operating leases.

Direct financing leases are carried at the aggregate minimum lease payments to be received over the terms of the leases, plus an estimated residual value, less unearned income. The income component of rental payments received, which is based upon the interest rate implicit in the lease, is reflected as financing lease revenues and the remaining portion of the rent is reflected as a recovery of the financing lease asset.

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 (IRC). Under those sections, a REIT, that among other things, distributes at least 95% (90% for tax years beginning after December 31, 2000) of real estate trust taxable income will not be taxed on that portion of its taxable income which is distributed. The Company believes it qualifies as a REIT and has distributed all of its taxable income for the fiscal years through 2001 in accordance with the provisions of Section 858 of the IRC. Accordingly, no provision has been made for Federal income taxes in the accompanying consolidated financial statements.

Taxable income of the Company prior to the dividends paid deduction for the years ended October 31, 2001, 2000 and 1999 was approximately \$11,394,000, \$11,936,000 and \$8,600,000 respectively. The difference between net income for financial reporting purposes and taxable income results from, among other things, differences in adjusted bases for capital gains and losses and different methods of accounting for leases, depreciable lives related to the properties owned and investments in joint ventures.

Depreciation and Amortization

The Company uses the straight-line method for depreciation and amortization. Properties owned and properties available for sale are depreciated over the estimated useful lives of the properties, which range from 30 to 40 years. Tenant improvements and deferred leasing costs are amortized over the life of the related leases. All other deferred charges are amortized over the terms of the agreements to which they relate.

Properties Available for Sale

A property is classified as available for sale upon determination by the Board of Directors that the property is to be marketed for sale in the normal course of business over the next several years.

Real Estate Investment Impairment

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If such assets are considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. It is the Company's policy to reclassify properties available for sale as assets to be disposed of upon determination that such properties will be sold within one year.

Capitalization

Acquisition of real estate investments, including brokerage, legal and other external costs incurred in acquiring new properties are capitalized as incurred. Additions, renovations and improvements that enhance and/or extend the useful life of a property are also capitalized. Direct leasing commissions, legal and other leasing related costs expended in connection with the Company's successful leasing activities are capitalized as incurred. 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.

Income Recognition

Revenues from operating and finance leases include revenues from properties owned and properties available for sale. Rental income is generally recognized based on the terms of leases entered into with tenants. Rental income from leases with scheduled rent increases is recognized on a straight-line basis over the lease term. Percentage rent is recognized when a specific tenant's sales breakpoint is achieved. Property operating cost recoveries from tenants of common area maintenance, real estate taxes, and other recoverable costs are recognized in the period the related expenses are incurred. Interest income is recognized as it is earned. Gains and losses on sales of properties are recorded when the criteria for recognizing such gains or losses under generally accepted accounting principles have been met.

Statements of Cash Flows

The Company considers short-term investments with original maturities of 90 days or less to be cash equivalents.

Use of Estimates

The preparation of financial statements requires management to make use of estimates and assumptions that affect amounts reported in the financial statements as well as certain disclosures. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, rent and interest receivable, accounts payable, accrued expenses and other assets and liabilities are reasonable estimates of their fair values because of the short maturities of these instruments. Mortgage notes receivable and payable have aggregate carrying values that approximate their estimated fair values based upon the remaining maturities and interest rates for loans with similar terms and remaining maturities. The fair value of these financial instruments were not materially different from their carrying values.

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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

	2001	2000	1999
Numerator			
Net income applicable to common stockholders – basic	\$5,326	\$2,650	\$2,893
Effect of dilutive securities:			
Operating partnership units	<u>(32)</u>	<u>28</u>	<u>—</u>
Net income applicable to common stockholders — diluted	<u>\$5,294</u>	<u>\$2,678</u>	<u>\$2,893</u>
Denominator			
Denominator for basic EPS-weighted average common shares	5,881	5,351	5,236
Effect of dilutive securities:			
Stock options and awards	<u>157</u>	<u>82</u>	<u>81</u>
Denominator for diluted EPS – weighted average common equivalent shares	<u>6,038</u>	<u>5,433</u>	<u>5,317</u>
Numerator			
Net income applicable to Class A common stockholders-basic	\$5,214	\$2,792	\$3,150
Effect of dilutive securities			
Operating partnership units	<u>246</u>	<u>246</u>	<u>218</u>
Net income applicable to Class A common stockholders – diluted	<u>\$5,460</u>	<u>\$3,038</u>	<u>\$3,368</u>
Denominator			
Denominator for basic EPS – weighted average Class A common shares	5,182	5,059	5,101
Effect of dilutive securities:			
Stock options and awards	135	90	104
Operating partnership units	<u>289</u>	<u>383</u>	<u>340</u>
Denominator for diluted EPS – weighted average Class A common equivalent shares	<u>5,606</u>	<u>5,532</u>	<u>5,545</u>

The weighted average Common equivalent shares and Class A common equivalent shares for the years ended October 31, 2001, 2000 and 1999 each exclude 54,553 shares. These shares were not included in the calculation of diluted EPS because the effect would be anti-dilutive.

Derivative Instrument and Hedging Activities

The Company adopted the provisions of Financial Accounting Standards Board Statement No. 133 “Accounting for Derivative Instruments and Hedging Activities” in fiscal 2001. The statement generally requires that all derivative instruments be reflected in the financial statements at their estimated fair value. The Company does not generally enter into derivative contracts for either investment or hedging purposes and accordingly there was no effect on the Company’s financial position or results of operations as a result of the adoption of this statement.

New Accounting Pronouncement

In 2001, the Financial Accounting Standards Board issued Statement No. 144 “Accounting for the Impairment or Disposal of Long Lived Assets” which updates and clarifies the accounting and reporting for impairment of assets held in use and to be disposed of. The Statement, among other things, will require the Company to classify the operations and cash flow of properties to be disposed of as discontinued operations. The Company expects to adopt the provisions of the Statement in Fiscal 2003, and does not expect the Statement to have a material impact on the Company’s financial position or results of operations.

(2) REAL ESTATE INVESTMENTS

The Company's investments in real estate were composed of the following at October 31, 2001 and 2000 (in thousands):

	Properties Owned	Properties Available for Sale	Mortgage Notes Receivable	2001 Totals	2000 Totals
Retail	\$139,772	\$ 2,010	\$3,507	\$145,289	\$143,367
Office/Mixed Use	20,076	6,995	—	27,071	23,233
Industrial	—	2,034	—	2,034	2,543
Undeveloped Land	304	—	—	304	1,104
	<u>\$160,152</u>	<u>\$11,039</u>	<u>\$3,507</u>	<u>\$174,698</u>	<u>\$170,247</u>

The Company's investments at October 31, 2001, consisted of equity interests in 24 properties, which are located in various regions throughout the United States and mortgage notes. As a significant concentration of the Company's properties are in the Northeast, market changes in this region could effect the Company's leasing efforts and ultimately on its overall results of operations. The following is a summary of the geographic locations of the Company's investments at October 31, 2001 and 2000 (in thousands):

	2001	2000
Northeast	\$160,897	\$147,620
Southeast	1,200	9,060
Midwest	8,064	8,782
Southwest	4,537	4,785
	<u>\$174,698</u>	<u>\$170,247</u>

(3) PROPERTIES OWNED

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

	2001	2000
Land	\$ 32,524	\$ 29,592
Buildings and improvements	159,650	144,644
	192,174	174,236
Accumulated depreciation	(32,022)	(27,385)
	<u>\$160,152</u>	<u>\$146,851</u>

Space at properties owned by the Company 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 become due as follows: 2002 – \$22,605,000; 2003 – \$21,117,000; 2004 – \$19,333,000; 2005 – \$17,564,000; 2006 – \$15,738,000 and thereafter – \$78,098,000.

Certain of the Company's leases provide for the payment of additional rent based on a percentage of the tenant's revenues. Such additional percentage rents are included in operating lease income and aggregated approximately \$70,000, \$148,000, and \$165,000, in 2001, 2000 and 1999 respectively.

In fiscal 2001, the Company received net proceeds of \$1,137,000 in satisfaction of all claims against a former tenant arising from the tenant's filing of a petition in bankruptcy and the tenant's rejection of its lease at one of the Company's properties. The settlement amount has been reflected in revenues in the accompanying consolidated statement of income as lease termination income in the year ended October 31, 2001.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(3) PROPERTIES OWNED (continued)

The Company is the general partner in a consolidated joint venture which owns the Eastchester Mall in Eastchester, New York. The limited partner is entitled to preferential distributions of cash flow from the property and may put its interest in the joint venture to the Company for a fixed number of shares of Common stock and Class A Common stock of the Company. The Company, at its option, may redeem the limited partner's interest for cash. The Company also has an option to purchase the limited partner's interest after a certain period. The partnership agreement, among other things, restricts the sale or refinancing of the property without the limited partner's consent.

The Company is also the general partner in a consolidated joint venture that owns the Arcadian Shopping Center in Briarcliff Manor, New York. In fiscal 1999, the limited partners contributed the property, subject to a \$6.3 million first mortgage to the joint venture in exchange for operating partnership units (OPU's) of the joint venture. The OPU's are exchangeable into an equivalent number of shares of the Company's Class A Common stock. The limited partners are entitled to preferential distributions of cash flow from the property and may put their partnership interests to the Company at the general partner's option, for cash or Class A Common stock of the Company at a unit price as defined in the partnership agreement. The Company has the option to purchase the limited partners interest for cash after a certain period. In fiscal 2001, the Company redeemed, at net book value, 127,548 OPU's for cash of \$1.0 million. The partnership agreement, among other things, places certain restrictions on the sale or refinancing of the property without the limited partners' consent for a specified period; thereafter the partnership agreement imposes no such restrictions. The acquisition of the shopping center and the assumption of the first mortgage by the joint venture represent noncash investing and financing activities and therefore are not included in the accompanying 1999 consolidated statement of cash flows.

The limited partners interests in both partnerships are reflected in the accompanying consolidated financial statements as Minority Interests.

In fiscal 2001, the Company entered into separate purchase agreements to acquire an office property and a shopping center (the "Properties") for purchase prices totaling \$9.5 million. The Properties are owned by unrelated title insurance companies (the LLC's) to position the Company to effect a tax-free exchange of properties under Section 1031 of the IRC. Pursuant to certain Exchange Agreements between the Company and the LLCs (the "Exchange Agreements"), the Company loaned the net purchase prices of the respective Properties to the LLCs to complete the purchase of the Properties. The LLCs have net leased the Properties to the Company for monthly lease payments equal to the debt service on the mortgage loans. The Exchange Agreements provide that on the earlier of the closing of the sale of a property or six months from the date of the assignment of the Purchase Agreements, the LLCs will convey the Properties directly to the Company in satisfaction of the loans. In December 2001, the office property was conveyed to the Company in satisfaction of the corresponding loan.

Since the Company effectively has all the risks and rewards of ownership, the net leases and mortgage loans with the LLCs referred to above have been given no accounting recognition and the transactions have been recorded as purchases of the properties. The properties are reflected at their respective purchase costs in "Properties Owned" in the accompanying consolidated balance sheet at October 31, 2001.

In connection with the acquisition of the shopping center, the Company assumed a first mortgage of \$4.2 million. The assumption of the first mortgage represents a non-cash financing activity and is therefore not included in the accompanying 2001 consolidated statement of cash flows.

In fiscal 2000, the Company purchased one office property for \$1.65 million.

In fiscal 1999, the Company acquired interests in three properties for total consideration of \$23 million, including the assumption of a first mortgage loan of \$4.1 million. The assumption of the first mortgage represents a noncash financing activity and is therefore not included in the accompanying 1999 consolidated statement of cash flows.

(4) PROPERTIES AVAILABLE FOR SALE

The Board of Directors authorized a plan to sell all of the non-core properties of the Company over a period of several years. At October 31, 2001, the non-core properties, which have been classified as Properties Available for Sale, consist of two distribution and service properties, one office building and one retail property located outside of the Northeast region of the United States.

At October 31, 2001 and 2000, properties available for sale consisted of the following (in thousands):

	2001	2000
Properties available for sale subject to:		
Operating leases	\$11,039	\$ 9,615
Direct financing leases	—	2,543
	<u>\$11,039</u>	<u>\$12,158</u>

Operating Leases

The components of properties available for sale subject to operating leases were as follows (in thousands):

	2001	2000
Land	\$ 1,493	\$ 2,292
Buildings and improvements	17,970	15,706
	<u>19,463</u>	<u>17,998</u>
Accumulated depreciation	<u>(8,424)</u>	<u>(8,383)</u>
	<u>\$11,039</u>	<u>\$ 9,615</u>

Minimum rental payments on non-cancelable operating leases become due as follows: 2002 – \$5,667,000; 2003 – \$4,956,000; 2004 – \$4,304,000; 2005 – \$4,304,000; 2006 – \$4,416,000 and thereafter \$7,441,000.

Sales of Properties

In fiscal 2001, the Company sold a non-core property to the property's sole tenant for \$100,000. There was no gain or loss on the sale. The Company also sold undeveloped land for a net gain on the sale of the property of \$316,000.

In fiscal 2000, the Company sold two of its non-core properties for net gains on the sales of the properties of \$1,067,000.

In fiscal 1999, the Company sold one of its non-core properties for a net gain on the sale of the property of \$1,364,000.

The net operating income of the properties sold in each of the years ended October 31, 2001, 2000 and 1999 was \$73,000, \$226,000 and \$754,000.

In fiscal 2001, the Company had a contract to sell one of its non-core properties which was classified as a property held for sale. During the Company's fourth quarter of fiscal 2001 the contract for sale was terminated and the property was reclassified as available for sale.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(5) INVESTMENT IN UNCONSOLIDATED JOINT VENTURE

The Company is the sole general partner in Countryside Square Limited Partnership (the "Partnership"), which owned the Countryside Square Shopping Center in Clearwater, Florida. Upon the formation of the Partnership, the Company contributed the property and the limited partners contributed 600,000 Common shares of the Company. In 1998, the Partnership received 600,000 Class A Common shares pursuant to a stock dividend and, in 1999, exchanged the 600,000 Common shares with an affiliate for an equivalent number of Class A Common shares. After the exchange, the Partnership owned 1,200,000 shares of Class A Common stock of the Company. The Company accounted for its proportionate interest in the Class A Common shares owned by the Partnership as a deemed repurchase of 545,454 Class A Common shares and reduced its investment in the unconsolidated joint venture and stockholders' equity in an amount equal to the fair value of the shares repurchased.

In September 2001, the property was sold by the Partnership. Prior to the sale of the property, the Company accounted for its interest in the Partnership under the equity method. Accordingly, through the date of sale in fiscal 2001, the Company recorded \$3,864,000 as its proportionate share of the income of the joint venture including earnings from the sale of the property. The Company's equity in earnings of the Partnership was reflected after eliminating its proportionate share of dividend income in the Class A Common shares of the Company recorded by the Partnership.

Upon the Partnership's sale of the property, the Company effectively gained control of the Partnership and as a result, the Partnership's accounts, which included \$1.2 million in notes issued by the purchaser of the property and 1,200,000 shares of the Company's Class A Common stock held by the Partnership, were thereafter consolidated with the Company. Upon consolidation, the remaining 654,546 shares of Class A Common stock held by the Partnership were deemed to be retired for accounting purposes. In December 2001, the Partnership was liquidated.

Upon the consolidation of the Partnership, the 654,546 shares of Class A Common stock deemed retired and the \$1.2 million in notes issued by the purchaser and received by the Company represented noncash activities and therefore are not included in the accompanying 2001 consolidated statement of cash flows.

(6) MORTGAGE NOTES RECEIVABLE

Mortgage notes receivable consist of fixed rate mortgages with contractual interest rates of 9% and 12%. The components of the mortgage notes receivable at October 31, 2001 and 2000 were as follows (in thousands):

	2001	2000
Remaining principal balance	\$ 3,986	\$ 2,897
Unamortized discounts to reflect market interest rates at time of acceptance of notes	(479)	(518)
	<u>\$ 3,507</u>	<u>\$ 2,379</u>

At October 31, 2001, principal payments on mortgage notes receivable become due as follows: 2002 - \$104,000; 2003 - \$164,000; 2004 - \$1,261,000; 2005 - \$130,000; 2006 - \$142,000 and thereafter - \$2,185,000.

(7) MORTGAGE NOTES PAYABLE AND LINES OF CREDIT

At October 31, 2001, the Company has eight nonrecourse mortgage notes payable totaling \$47,115,000 (\$40,034,000 at October 31, 2000) due in installments over various terms extending to the year 2011 and which bear fixed rates of interest ranging from 6.24% to 8.13%. The mortgage notes payable are collateralized by real estate investments having a net carrying value of approximately \$73.0 million as of October 31, 2001.

Scheduled principal payments during the next five years and thereafter are as follows: 2002 - \$860,000; 2003 - \$928,000; 2004 - \$1,000,000; 2005 - \$1,078,000; 2006 - \$6,110,000 and thereafter - \$37,139,000.

The Company has a \$20 million secured revolving credit loan agreement (the "Agreement") with a bank. The agreement which expires in October 2005 is secured by first mortgage liens on two properties. Interest on outstanding borrowings is at a variable rate of prime +1/2% or LIBOR + 1.5%. The Company can elect a fixed rate option at any time prior to the last year of the agreement. The agreement requires the Company to maintain certain debt service coverage ratios during its term and provides for a permanent reduction in the revolving credit loan amount of \$625,000 annually. At October 31, 2001, the Company had no outstanding borrowings under this revolving credit agreement (\$11,869,000 at October 31, 2000).

The Company also has a \$20 million unsecured line of credit arrangement with the same bank. The line of credit expires in fiscal 2003 and, is available to acquire real estate, refinance indebtedness and for working capital needs. Extensions of credit under the arrangement are at the bank's discretion and subject to the bank's satisfaction of certain conditions. Outstanding borrowings bear interest at the prime rate plus +1/2% or LIBOR +2 1/2%. The Company pays an annual fee of 1/4% on unused amounts. There were no borrowings outstanding under this line of credit at October 31, 2001 and 2000.

Interest paid for the years ended October 31, 2001, 2000, and 1999 was \$4,456,000 \$4,245,000 and \$4,038,000, respectively.

(8) PREFERRED STOCK

In fiscal 1998 the Company sold 350,000 shares of 8.99% Series B Senior Cumulative Preferred Stock, par value \$.01 per share, with a liquidation preference of \$100 per share ("Series B Preferred Stock"). Holders of the Series B Preferred Stock are entitled to receive cumulative preferential cash dividends equal to 8.99% per annum, payable quarterly in arrears and subject to adjustment under certain circumstances.

The Series B Preferred Stock has no stated maturity, will not be subject to any sinking fund or mandatory redemption and will not be convertible into other securities or property of the Company. On or after January 8, 2008, the Series B Preferred Stock may be redeemed by the Company at its option, in whole or in part, at a redemption price of \$100 per share, plus all accrued dividends. Upon a Change in Control of the Company (as defined), (i) each holder of Series B Preferred Stock shall have the right, at such holder's option, to require the Company to repurchase all or any part of such holder's Series B Preferred Stock for cash at a repurchase price of \$100 per share, plus all accrued and unpaid dividends, and (ii) the Company shall have the right, at the Company's option, to redeem all or any part of the Series B Preferred Stock at (a) prior to January 8, 2008, the Make-Whole Price (as defined) and (b) on or subsequent to January 8, 2008, the redemption price of \$100 per share, plus all accrued and unpaid dividends.

The Series B Preferred Stock contains covenants which require the Company to maintain certain financial coverages relating to fixed charge and capitalization ratios. Shares of the Series B Preferred Stock are non-voting; however, under certain circumstances (relating to non-payment of dividends or failure to comply with the financial covenants) the preferred stockholders will be entitled to elect two directors. The Company was in compliance with such covenants at October 31, 2001 and 2000.

(9) STOCKHOLDERS' EQUITY

On October 31, 2001 the Company completed a secondary offering of 4,800,000 shares of its Class A Common stock in an underwritten public offering. The aggregate net proceeds to the Company (after deducting underwriting fees and expenses) were \$41,136,000. The Company also granted the underwriters an option, exercisable for 30 days, to purchase up to 720,000 additional shares of Class A Common stock to cover over-allotments. On November 26, 2001 the underwriters exercised an option for 699,222 shares that resulted in net proceeds to the Company of \$6,112,000.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(9) STOCKHOLDERS' EQUITY (continued)

In fiscal 2001, the Company also sold 200,000 shares of Common stock and 5,000 shares of Class A Common stock for proceeds of \$1,435,000 in a private placement offering with two entities controlled by an officer of the Company.

In fiscal 1998, the Board of Directors declared and paid a special stock dividend on the Company's Common stock consisting of one share of a newly created class of Class A Common stock, par value \$.01 per share for each share of the Company's Common stock. The Class A Common stock entitles the holder to 1/20 of one vote per share. Each share of Common stock and Class A Common stock has 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 Stockholders rights plan, which expires on November 12, 2008. The rights are not currently exercisable. When they are exercisable, the holder will be entitled to purchase from the Company one one-hundredth of a share of a newly-established Series A Participating Preferred Stock at a price of \$65 per one one-hundredth of a preferred share, subject to certain adjustments. The distribution date for the rights will occur 10 days after a person or group either acquires or obtains the right to acquire 10% ("Acquiring Person") or more of the combined voting power of the Company's Common shares, or announces an offer the consummation of which would result in such person or group owning 30% or more of the then outstanding Common Shares. Thereafter, shareholders other than the Acquiring Person will be entitled to purchase original common shares of the Company having a value equal to two times the exercise price of the right.

If the Company is involved in a merger or other business combination at any time after the rights become exercisable, and the Company is not the surviving corporation or 50% or more of the Company assets are sold or transferred, the rights agreement provides that the holder other than the Acquiring Person will be entitled to purchase a number of shares of common stock of the acquiring company having a value equal to two times the exercise price of each right.

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

The Company has a restricted stock plan which provides for the grant of restricted stock awards to key employees and directors of the Company. The plan allows for restricted stock awards of up to 350,000 shares each of Common stock and Class A Common stock. As of October 31, 2001, the Company has awarded 239,625 shares of Common stock and 142,875 shares of Class A Common stock to participants as an incentive for future services. None of the shares awarded were vested at October 31, 2001. The shares vest after five years. Dividends on vested and non-vested shares are paid as declared. The market value of shares awarded has been recorded as unamortized restricted stock compensation and is shown as a separate component of stockholders' equity. Unamortized restricted stock compensation is being amortized to expense over the five year vesting period. For the years ended October 31, 2001, 2000 and 1999 amounts charged to expense totaled \$769,000, \$630,000 and \$488,000 respectively.

In 1996, the Company's Board of Directors authorized a program to purchase up to 500,000 shares each of the Company's Common stock and Class A Common stock. As of October 31, 2001, the Company purchased and retired a total of 224,500 Common shares and 214,100 Class A Common shares under this program.

(10) STOCK OPTION PLAN

The Company has a stock option plan, as amended, whereby 824,093 Common shares and 743,003 Class A Common shares are reserved for issuance to key employees and non-employee Directors of the Company. Options are granted at fair market value on the date of the grant, have a duration of ten years from the date of grant and are generally exercisable in installments over a maximum period of four years from the date of grant.

A summary of stock option transactions during the periods covered by these financial statements is as follows:

Year ended October 31	2001		2000		1999	
Common stock:	Number of Shares	Weighted Average Exercise Prices	Number of Shares	Weighted Average Exercise Prices	Number of Shares	Weighted Average Exercise Prices
Balance at beginning of period	739,958	\$6.91	736,843	\$7.04	734,843	\$7.09
Granted	—	—	593,000	\$6.81	6,000	\$7.69
Exercised	(419,000)	\$6.83	—	—	—	—
Canceled	(5,898)	\$7.54	(589,885)	\$6.91	(4,000)	\$12.70
Balance at end of period	315,060	\$7.00	739,958	\$6.91	736,843	\$7.04
Exercisable	222,060		146,958		698,597	
Class A Common stock:						
Balance at beginning of period	739,464	\$7.48	732,482	\$7.10	730,482	\$7.09
Granted	—	—	593,000	\$7.13	6,000	\$8.18
Exercised	(24,859)	\$7.38	—	—	—	—
Canceled	(400,000)	\$7.13	(586,018)	\$6.96	(4,000)	\$12.79
Balance at end of period	314,605	\$7.50	739,464	\$7.48	732,482	\$7.10
Exercisable	221,605		146,464		694,405	
Weighted average fair value of options granted during the year						
– Common stock	—		\$0.18		\$0.55	
– Class A Common stock	—		\$0.12		\$0.59	

At October 31, 2001, exercise prices of Common shares and Class A Common shares under option ranged from \$6.29 to \$9.03 for the Common shares and \$6.33 to \$9.09 for the Class A Common shares. Option expiration dates range for both classes of stock from April 2002 through July 2010 and the weighted average remaining contractual life of these options is 7.0 years.

As of October 31, 2001, options to acquire approximately 261,000 shares each of Common stock and Class A Common stock held by certain officers and directors of the Company permit the optionee to elect to receive either shares of Common stock or Class A Common stock or a combination of both. Upon an election to exercise shares of a class of common stock by the optionee, a comparable number of shares of the class of common stock not elected by such optionee is deemed cancelled and no longer available for future grants.

The fair value of the Company's stock options were estimated as of the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for the years ended October 31, 2000 and 1999 (there were no grants in 2001):

	Year ended October 31,	
	2000	1999
Risk-free interest rate	6.17%	5.65%
Expected dividend yields	9.8%-10.9%	9.1%
Expected volatility	15.1%	23.6%
Weighted average option life	10 Years	10 Years

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(10) STOCK OPTION PLAN (continued)

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock volatility. Because the Company's stock option plan has characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of the above stock option plan.

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation" ("SFAS 123"). Accordingly, no compensation expense has been recognized for the options described above. Had compensation cost for these options been determined based on the fair value on the grant date consistent with the provisions of SFAS 123, the effect on the Company's net income and earnings per share in each of the three years ended October 31, 2001, 2000 and 1999 would have been immaterial.

Certain officers of the Company have exercised stock options to purchase Common shares and Class A Common shares of the Company and signed full recourse promissory notes which, at October 31, 2001, total \$3,270,000 (\$267,000 at October 31, 2000). The notes are secured by the shares issued. The notes are for 10 year terms and bear fixed interest at 2% over an applicable U.S. treasury note rate. Interest is payable quarterly. The exercise of the stock options and the notes receivable from officers represent non-cash financing activities and are therefore not included in the accompanying consolidated statements of cash flows. The notes are shown as a reduction in stockholders equity as "Notes receivable from officers/stockholders".

(11) QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The unaudited quarterly results of operations for the years ended October 31, 2001 and 2000 are as follows (in thousands, except per share data):

	Year Ended October 31, 2001				Year Ended October 31, 2000			
	Quarter Ended				Quarter Ended			
	Jan 31	Apr 30	July 31	Oct 31	Jan 31	Apr 30	July 31	Oct 31
Revenues	<u>\$8,281</u>	<u>\$8,702</u>	<u>\$9,983</u>	<u>\$9,127</u>	<u>\$7,783</u>	<u>\$7,682</u>	<u>\$7,595</u>	<u>\$7,949</u>
Net Income (1)	<u>\$1,932</u>	<u>\$2,276</u>	<u>\$3,211</u>	<u>\$6,268</u>	<u>\$1,787</u>	<u>\$3,067</u>	<u>\$1,811</u>	<u>\$1,924</u>
Preferred Stock Dividends	<u>786</u>	<u>787</u>	<u>787</u>	<u>787</u>	<u>786</u>	<u>787</u>	<u>787</u>	<u>787</u>
Net Income Applicable to Common and Class A Common stockholders	<u>\$1,146</u>	<u>\$1,489</u>	<u>\$2,424</u>	<u>\$5,481</u>	<u>\$1,001</u>	<u>\$2,280</u>	<u>\$1,024</u>	<u>\$1,137</u>
Basic Earnings per Share:								
Common	<u>\$.10</u>	<u>\$.13</u>	<u>\$.21</u>	<u>\$.47</u>	<u>\$.09</u>	<u>\$.21</u>	<u>\$.09</u>	<u>\$.11</u>
Class A Common	<u>\$.11</u>	<u>\$.14</u>	<u>\$.24</u>	<u>\$.52</u>	<u>\$.10</u>	<u>\$.23</u>	<u>\$.10</u>	<u>\$.12</u>
Diluted Earnings per Share:								
Common	<u>\$.10</u>	<u>\$.12</u>	<u>\$.21</u>	<u>\$.45</u>	<u>\$.09</u>	<u>\$.20</u>	<u>\$.09</u>	<u>\$.11</u>
Class A Common	<u>\$.11</u>	<u>\$.14</u>	<u>\$.23</u>	<u>\$.49</u>	<u>\$.10</u>	<u>\$.23</u>	<u>\$.10</u>	<u>\$.12</u>

(1) Quarters ended October 31, 2001 and April 30, 2000 include gains on sales of real estate investments of \$316,000 and \$1,067,000 respectively. In addition, the quarter ended October 31, 2001 includes \$3,884,000 representing the Company's proportionate share of the earnings of its unconsolidated joint venture, a component of which is the earnings from the sale of its retail property on September 17, 2001.

(12) SEGMENT REPORTING

For financial reporting purposes, the Company has grouped its real estate investments into two segments: equity investments and mortgage loans. Equity investments are managed separately from mortgage loans as they require a different operating strategy and management approach. The Company assesses and measures operating results for each of its segments, based on net operating income. For equity investments, net operating income is calculated as rental revenues of the property less its rental expenses (such as common area expenses, property taxes, insurance, etc.) and, for mortgage loans, net operating income consists of interest income less direct expenses, if any.

The revenues, net operating income and assets for each of the reportable segments are summarized in the following tables for the years ended October 31, 2001, 2000 and 1999. Non-segment assets include cash and cash equivalents, interest receivable, and other assets. The non-segment revenues consist principally of interest income on temporary investments. The accounting policies of the segments are the same as those described in Note 1. (In thousands)

Year Ended October 31,	Equity Investments	Mortgage Loans	Non Segment	Total
2001				
Total Revenues	<u>\$35,346</u>	<u>\$302</u>	<u>\$445</u>	<u>\$36,093</u>
Net Operating Income	<u>\$23,412</u>	<u>\$302</u>	<u>\$445</u>	<u>\$24,159</u>
Total Assets	<u>\$183,474</u>	<u>\$3,507</u>	<u>\$31,371</u>	<u>\$218,352</u>
2000				
Total Revenues	<u>\$ 30,242</u>	<u>\$ 376</u>	<u>\$ 391</u>	<u>\$ 31,009</u>
Net Operating Income	<u>\$ 19,378</u>	<u>\$ 376</u>	<u>\$ 391</u>	<u>\$ 20,145</u>
Total Assets	<u>\$176,461</u>	<u>\$2,379</u>	<u>\$1,952</u>	<u>\$180,792</u>
1999				
Total Revenues	<u>\$ 28,666</u>	<u>\$ 302</u>	<u>\$ 462</u>	<u>\$ 29,430</u>
Net Operating Income	<u>\$ 18,814</u>	<u>\$ 302</u>	<u>\$ 462</u>	<u>\$ 19,578</u>
Total Assets	<u>\$179,370</u>	<u>\$2,500</u>	<u>\$1,904</u>	<u>\$183,774</u>

The reconciliation to net income for the combined reportable segments and for the Company is as follows:

Year Ended October 31,	2001	2000	1999
Net Operating Income from Reportable Segments	<u>\$24,159</u>	<u>\$20,145</u>	<u>\$19,578</u>
Additions:			
Equity in earnings of unconsolidated joint venture	3,864	245	384
Gains on sales of real estate investments	316	1,067	1,364
Total Additions	<u>4,180</u>	<u>1,312</u>	<u>1,748</u>
Deductions:			
Interest expense	4,456	4,245	3,913
Depreciation and amortization	7,568	6,307	5,896
General, administrative and other expenses	2,628	2,316	2,327
Total Deductions	<u>14,652</u>	<u>12,868</u>	<u>12,136</u>
Net Income	<u>13,687</u>	<u>8,589</u>	<u>9,190</u>
Preferred stock dividends	<u>(3,147)</u>	<u>(3,147)</u>	<u>(3,147)</u>
Net Income Applicable to			
Common and Class A Common Stockholders	<u>\$10,540</u>	<u>\$5,442</u>	<u>\$ 6,043</u>

(13) SUBSEQUENT EVENTS AND COMMITMENT

During fiscal 2001, the Company obtained a mortgage loan from a commercial bank for \$6 million secured by five office properties in Greenwich, Connecticut. The bank made an initial disbursement of \$4.8 million with \$1.2 million to be advanced. The \$1.2 million, when advanced, will have a seven year term and bear interest at a fixed rate of 2% over the U.S. treasury rate determined at the date of close.

In November 2001, the Company repurchased 200,000 shares of its outstanding 8.99 % Series B Cumulative Preferred Stock for a purchase price of \$16,050,000 in a negotiated transaction with the preferred stockholder. The repurchased shares have a net carrying value of \$19,121,000 at October 31, 2001.

In December 2001, the Company contracted to purchase a shopping center for \$7,100,000.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders of Urstadt Biddle Properties Inc.:

We have audited the accompanying consolidated balance sheets of Urstadt Biddle Properties Inc. and subsidiaries (the "Company"), as of October 31, 2001 and 2000, and the related consolidated statements of income, cash flows and stockholders' equity for each of the three years in the period ended October 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urstadt Biddle Properties Inc. and subsidiaries as of October 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 2001 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

New York, New York
December 12, 2001

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

OVERVIEW

The following discussion should be read in conjunction with the financial statements appearing elsewhere herein. The results of operations, liquidity and capital resources and cash flows of the Company include the historical results of operations of the Company during the years ended October 31, 2001, 2000 and 1999. This Annual Report contains forward-looking statements for purposes of the Securities Act of 1933 and the Securities Exchange Act of 1934 and as such may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, there can be no assurance that these expectations will be realized.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources include its cash and cash equivalents, proceeds from bank borrowings and long-term mortgage debt, capital financings and sales of real estate investments. The Company expects to meet its short-term liquidity requirements primarily by generating net cash from the operations of its properties. Payments of expenses related to real estate operations, debt service, management and professional fees, and dividend requirements place demands on the Company's short-term liquidity. The Company believes that its net cash provided by operations is sufficient to fund its short-term liquidity requirements for fiscal 2002. The Company expects to fund its long-term liquidity requirements such as property acquisitions, repayment of indebtedness and capital expenditures through other long-term indebtedness (including indebtedness assumed in acquisitions), proceeds from sales of non-core properties and/or the issuance of equity securities.

At October 31, 2001, the Company had cash and cash equivalents of \$34.1 million compared to \$1.9 million in 2000. The Company also has a \$20 million secured revolving credit facility with a bank which expires in fiscal 2005 and a conditional \$20 million unsecured revolving line of credit with the same bank which expires in fiscal 2003. The revolving credit lines are available to finance the acquisition, management and/or

development of commercial real estate, refinance indebtedness and for working capital purposes. Extensions of credit under the unsecured credit line are at the bank's discretion and subject to the bank's satisfaction of certain conditions. In fiscal 2001, the Company utilized borrowings totaling \$16.5 million from the revolving credit lines to repay mortgage indebtedness, finance property acquisitions and to fund tenant lease obligations.

At October 31, 2001, long-term debt consists of mortgage notes payable totaling \$47.1 million. In fiscal 2001, the Company repaid \$6 million in mortgage indebtedness which matured and obtained \$11.0 million in new mortgage loans (of which \$9.8 million has been advanced). The new loans have seven and ten year terms with interest at fixed rates ranging from 6.24% to 7.25%. Proceeds from the mortgage loans were used to repay a portion of the outstanding revolving credit line indebtedness.

In fiscal 2001, the Company completed a secondary offering of 4,800,000 shares of its Class A Common stock in an underwritten public offering. The aggregate net proceeds to the Company (after deducting underwriting fees and expenses) were \$41.1 million. The Company also granted the underwriters an option, exercisable for 30 days, to purchase up to 720,000 additional shares of Class A Common Stock to cover over-allotments. On November 26, 2001 the underwriters exercised an option for 699,222 shares which resulted in net proceeds to the Company of \$6.1 million. The Company intends to use the proceeds of this offering for acquisitions of properties, capital improvements (including tenant improvements) and debt repayment.

The Company also sold 200,000 shares of Common stock and 5,000 shares of Class A Common stock in a private placement offering for proceeds of \$1,435,000.

In 1996, the Company's Board of Directors authorized the purchase of 500,000 shares each of the Company's Common stock and Class A Common stock. The Company may postpone or discontinue repurchases of its shares for any reason including prevailing market conditions, availability of cash resources or alternative investment opportunities. To date, the Company has repurchased 224,500 Common shares and 214,100 Class A Common shares under this program. The Company expects to fund the cost of future share purchases, if any, from available cash.

In November 2001, the Company repurchased 200,000 shares of its outstanding 8.99% Series B Cumulative Preferred Stock for a purchase price of

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

\$16,050,000. The repurchase was effected in a negotiated transaction with the preferred stockholder. A portion of the proceeds received from the sale of Class A Common Stock was utilized to repurchase these shares.

The Company expects to make real estate investments periodically. In fiscal 2001, the Company acquired two properties for \$9.8 million. One property was acquired subject to a first mortgage loan of \$4.2 million. The loan has a remaining term of six years and fixed interest of 7.83%. The purchases were financed from available cash and borrowings under the Company's revolving credit lines. After year end, the Company signed a contract to acquire a shopping center for \$7.1 million subject to a first mortgage loan of \$2.3 million. The Company also invests in its existing properties and in fiscal 2001, spent approximately \$11.7 million for capital expenditures including \$8.3 million related to tenant improvements and allowances in connection with the Company's leasing activities. The Company expects to spend an additional \$3.2 million to complete its known capital improvement and leasing costs over the next year.

In a prior year, the Company's Board of Directors expanded and refined the strategic objectives of the Company to refocus its real estate portfolio into one of self-managed retail properties located in the Northeast and authorized a plan to sell the non-core properties of the Company in the normal course of business over a period of several years. In fiscal 2001, the Company sold two non-core properties for aggregate proceeds of \$1.2 million realizing net gains on the sales of \$316,000. An unconsolidated joint venture in which the Company is the general partner sold a shopping center that it owned. Upon the sale of the property, the Company effectively gained control of the Partnership and, as a result, the Partnership's accounts which included \$1.2 million in notes and 1.2 million shares of the Company's Class A Common stock held by the joint venture were thereafter consolidated with the Company. Upon consolidation, the shares were retired by the Company. The Company intends to sell the remaining non-core properties as opportunities become available and expects such property sales to result in net gains to the Company. At October 31, 2001, the non-core properties consist of two distribution and service facilities, one office building and one retail property (all of which are located outside of the Northeast region of the United States).

FUNDS FROM OPERATIONS

The Company considers Funds from Operations ("FFO") to be one supplemental financial measure of an equity REIT's operating performance. FFO is calculated as net income (computed in accordance with generally accepted accounting principles (GAAP), plus depreciation and amortization, excluding gains (or losses) from sales of property, and after adjustments for unconsolidated joint ventures. The Company considers recoveries of investments in properties subject to finance leases to be analogous to amortization for purposes of calculating FFO. FFO does not represent cash flows from operations as defined by GAAP and should not be considered an alternative to net income as an indication of the Company's operating performance or for cash flows as a measure of liquidity or its dividend paying capacity. Furthermore, FFO as disclosed by other REITs may not be comparable to the Company's calculation of FFO. The table below provides a reconciliation of net income in accordance with GAAP to FFO for each of the years ended October 31, 2001, 2000 and 1999 (amounts in thousands).

	2001	2000	1999
Net Income Applicable to Common and Class A Common Stockholders	\$10,540	\$5,442	\$6,043
Plus: Real property depreciation	4,463	4,571	4,114
Amortization of tenant improvements and allowances	2,234	1,067	956
Amortization of deferred leasing costs	851	545	585
Recoveries of investments in properties subject to finance leases	91	822	890
Adjustments for unconsolidated joint venture	(3,252)	534	654
Less: Gains on sales of real estate investments	(316)	(1,067)	(1,364)
Funds from Operations	<u>\$14,611</u>	<u>\$11,914</u>	<u>\$11,878</u>

RESULTS OF OPERATIONS

Fiscal 2001 vs. Fiscal 2000

Revenues

Revenues from operating leases increased 13.1% to \$34.2 million in fiscal 2001 compared to \$30.2 million in fiscal 2000. Overall, property occupancy levels increased to 98% from 97% last year. The increase in operating lease revenues results from leasing of vacant space, higher tenant base rent renewal rates at certain of the Company's properties and higher recoveries of property operating, real estate tax and other recoverable costs. Three of the Company's properties were accounted for as direct finance leases in accordance with generally accepted accounting principles. In fiscal 2001, one of the properties accounted for as a direct finance lease was sold and the leases of the remaining two properties expired and were relet. The re-negotiated leases were classified as operating leases and resulted in an increase of operating rents of \$682,000.

The lease termination income of \$1.137 million, net of expenses, represents a settlement in satisfaction of the Company's claims against a former tenant arising from the tenant's bankruptcy and rejection of its lease at one of the Company's properties.

Prior to September 2001, the Company had an investment in an unconsolidated joint venture that owned a shopping center in Clearwater, Florida which was accounted for under the equity method. In September 2001, the property was sold for \$16 million. Through the date of sale, the Company recorded \$3,864,000 as its proportionate share of the earnings from the sale of the property and income of the joint venture. Upon the sale of the property, the Company effectively gained control of the joint venture and, as a result, the joint venture's accounts which included \$1.2 million in mortgage notes and 1.2 million shares of the Company's Class A Common shares that the joint venture owned were thereafter consolidated. Upon consolidation, the Class A Common shares were deemed retired by the Company. (See Note 5 to financial statements)

In 2001, the Company sold two non-core properties for net gains of \$316,000.

Expenses

Total expenses amounted to \$26.2 million in fiscal 2001 compared to \$23.3 million last year. Property expenses increased principally from higher snow removal costs and property taxes during the year. Snow removal costs and property taxes increased \$686,000 in fiscal 2001 due to higher amounts of snowfall during the period and

increased real estate tax assessments at certain of the Company's core properties.

Interest expense increased from additional borrowings of \$16.5 million on the Company's revolving credit lines in fiscal 2001. The increase in interest expense was partially offset by higher interest rate mortgage loans that were repaid during the year.

Depreciation and amortization expense increased to \$7.6 million from \$6.3 million from the expenditure of \$11.7 million for property improvements, tenant allowances and deferred leasing costs in fiscal 2001. The Company also wrote off \$287,000 for unamortized tenant allowances related to tenants who vacated space during the year.

FISCAL 2000 VS. FISCAL 1999

Revenues

Revenues from operating leases increased 5.2% to \$30.2 million in fiscal 2000 compared to \$28.7 million in fiscal 1999. The increase in revenues include \$1.8 million of additional income from recent properties acquired. The increase in operating lease revenues was partially offset from the absence of approximately \$700,000 in rents from tenants who filed for bankruptcy and whose leases were rejected. The Company subsequently re-let the vacant spaces.

The Company sold two non-core properties for net gains on the sales of \$1,067,000.

Expenses

Total expenses amounted to \$23.3 million in fiscal 2000 compared to \$21.6 million in fiscal 1999. The largest expense category is property expenses of the real estate operating properties. The increases in property expenses in fiscal 2000 result principally from the additional property expenses for properties acquired during fiscal 1999, which increased property expenses by \$669,000.

Property expenses for all other properties increased by 3.3% from higher repair and maintenance expenses and real estate taxes at certain of the Company's core properties. Repairs and maintenance expenses increased \$70,000 from paving repairs at certain of the Company's shopping center parking lots, increased painting expenses and exterior facade and building work.

Interest expense increased as a result of a full year's interest expense on incremental borrowings of \$18.3 million in fiscal 1999.

Depreciation and amortization expense increased principally from the write off of unamortized tenant improvement costs and other allowances for tenants that vacated during the year. These costs amounted to \$280,000 in fiscal 2000.

TAX STATUS

The Company has elected to be treated as a real estate investment trust under the Internal Revenue Code. Thus, generally it will be subject to Federal income taxes only on that part of its taxable income not distributed as dividends so long as 95% of such taxable income is distributed (90% for tax years beginning after December 31, 2000). The Company intends to distribute all of its taxable income for fiscal 2001 and, accordingly, no provision has been made for Federal income taxes.

INCOME TAX INFORMATION

Dividends paid by the Company during fiscal 2001 were all considered ordinary income for Federal income tax purposes and were paid as follows:

Dividend Payment Date	Dividends Paid Per	
	Common Share	Class A Common Share
January 21, 2001	\$.18	\$.20
April 21, 2001	\$.18	\$.20
July 21, 2001	\$.18	\$.20
October 19, 2001	\$.18	\$.20
Total	\$.72	\$.80

MARKET PRICE RANGES

The following sets forth, for the fiscal years ended October 31, 2001 and 2000, the low and high closing sales price per Common Share and Class A Common Share as quoted on The New York Stock Exchange.

Shares trade on the New York Stock Exchange under the Symbols: UBP and UBPA.

	Fiscal 2001		Fiscal 2000	
	Low	High	Low	High
Common Shares				
First Quarter	\$6.354	– \$7.274	\$6.75	– \$7.438
Second Quarter	\$6.987	– \$7.848	\$6.75	– \$7.375
Third Quarter	\$7.638	– \$8.660	\$6.75	– \$7.313
Fourth Quarter	\$8.020	– \$8.930	\$6.75	– \$7.188
Class A Common Shares				
First Quarter	\$6.385	– \$7.641	\$7.125	– \$7.688
Second Quarter	\$7.354	– \$8.543	\$7.250	– \$7.688
Third Quarter	\$8.123	– \$9.277	\$6.750	– \$7.563
Fourth Quarter	\$8.550	– \$9.750	\$7.125	– \$7.563

DIRECTORS

CHARLES J. URSTADT
Chairman, Urstadt Biddle Properties Inc.

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

WILLING L. BIDDLE
President, Urstadt Biddle Properties Inc.

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

PETER HERRICK
Retired Vice Chairman, The Bank of New York

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

CHARLES D. URSTADT
President, Urstadt Property Co, Inc.

GEORGE J. VOJTA
Retired Vice Chairman
Bankers Trust Company

Directors Emeriti

GEORGE T. CONKLIN, JR.
GEORGE M. HUBBARD, JR.
JAMES O. YORK

Officers

CHARLES J. URSTADT
Chairman and Chief Executive Officer

WILLING L. BIDDLE
President and Chief Operating Officer

JAMES R. MOORE
Executive Vice President, Chief Financial Officer
and Treasurer

RAYMOND P. ARGILA
Senior Vice President, Legal and Assistant Secretary

THOMAS D. MYERS
Vice President and Secretary

JOHN C. MERRITT
Vice President, Acquisitions

LINDA L. LACEY
Vice President, Leasing

JAMES M. ARIES
Vice President, Acquisitions and Leasing

JOSEPH V. LoPARRINO
Vice President, Controller

WAYNE W. WIRTH
Vice President, Construction

HEIDI R. BRAMANTE
Assistant Vice President and Assistant Controller

Securities Traded

New York Stock Exchange
Symbols: UBP.A and UBP
Stockholders of Record as of January 7, 2002:
Common Stock: 1,541 and Class A Common Stock: 1,564

Annual Meeting

The annual meeting of stockholders will be held
at 11:00 A.M. March 13, 2002 at The Hyatt Regency
Greenwich, Old Greenwich, Connecticut.

Form 10-K

A copy of the Company's 2001 Annual Report on
Form 10-K filed with the Securities and Exchange
Commission may be obtained by stockholders
without charge by writing to the Secretary of the
Company at its executive office.

**Shareholder Information and Dividend
Reinvestment Plan**

Inquiries regarding stock ownership, dividends or
the transfer of shares can be addressed to our Transfer
Agent, The Bank of New York, Shareholder Relations
Department-11E, P.O. Box 11258, Church Street
Station, New York, NY 10286-1258 or call toll-free at
1-800-524-4458. The Company has a dividend reinvest-
ment plan which provides stockholders with a con-
venient means of increasing their holdings without
incurring commissions or fees. For information about
the plan, stockholders should contact the Transfer
Agent. Other shareholder inquiries should be directed
to Thomas D. Myers, Secretary, telephone
(203)-863-8200.

Investor Relations

Investors desiring information about the Company
can contact James R. Moore, Executive Vice President,
telephone (203) 863-8200. Investors are also encouraged
to visit our web site at: www.ubproperties.com

Auditors

Arthur Andersen LLP

General Counsel

Coudert Brothers

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)

Danbury Square
Danbury, Connecticut



Goodwives Shopping Center,
Darien, Connecticut



Towne Centre Shopping Center
Somers, New York



Townline Square,
Meriden, Connecticut

 **URSTADT BIDDLE**
PROPERTIES INC.

321 RAILROAD AVENUE
GREENWICH, CONNECTICUT 06830