



COMPANY UPDATE / ESTIMATE CHANGES

Key Metrics

UBA - NYSE (as of 6/9/2017)	\$19.29
Price Target	N/A
52-Week Range	\$18.32 - \$25.43
Class A Shares Outstanding (mm)	30
Market Cap. (\$mm)	\$679
3-Mo. Average Daily Volume (000)	125
Institutional Ownership	83%
Debt/Total Market Capital (4/17)	22.8%
Est 3 - Year Dividend Growth Rate	1% - 4%
Dividend	\$1.06
Dividend Yield	5.5%

FFO Per Class A Common Share FY 10/31

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	\$0.26		\$0.28A		\$0.29
2Q	\$0.31		\$0.30A		\$0.30
3Q	\$0.31	\$0.33	\$0.30		\$0.32
4Q	\$0.36	\$0.33	\$0.30		\$0.32
Year	\$1.25	\$1.28	\$1.19		\$1.23
P/FFO	15.4x				15.7x

Revenue (\$mm)

	2016	Prior 2017E	Curr. 2017E	Prior 2018E	Curr. 2018E
1Q	\$27		\$29A		\$31
2Q	\$29	\$31	\$30A		\$32
3Q	\$28	\$30	\$29		\$32
4Q	\$32	\$31	\$30		\$33
Year	\$117	\$121	\$119		\$127

Quarterly amounts may not add up to full year amounts due to rounding.
Revenue includes other income.

Company Description: *Urstadt Biddle Properties, Inc., headquartered in Greenwich, Connecticut, is a self-administered real estate investment trust (REIT). The company owns or has interest in 80 real estate properties, primarily community shopping centers in the suburbs of New York City.*

REITs

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June 12, 2017

Urstadt Biddle Properties, Inc.

UBA - NYSE - Neutral - 3

Second Quarter Results

- **2Q17 results.** Fiscal second quarter (ended April 30, 2017) FFO per Class A common share were \$0.30, one cent below the year ago period. This was below ours and the consensus estimate.
- **Leasing declined from fiscal 2016 year end.** The percentage of space leased in the consolidated core portfolio was 93.1%, down from 93.3% at the end of fiscal 2016. This decline was mostly due to one 6,500 square foot space becoming vacant.
- **We believe UBA has a strong balance sheet.** At the end of the second quarter, debt to total market capitalization was 22.8%, lower than any of the other retail REITs under our coverage.
- **We are maintaining our Neutral rating on UBA.** We are lowering our 2017 FFO per Class A common share estimate by nine cents to \$1.19. We believe UBA shares are fairly valued at this time.

Note Important Disclosures on Pages 6 and 7.
Note Analyst Certification on Page 6.

Additional Discussion

Urstadt Biddle reported second quarter (ended April 30) base rental revenues of \$21.7 million, up 0.8% from the year ago period (please see quarterly income statement on page 3). Recoveries from tenants increased 10.2% and represented 69.9% of property operating and tax expenses compared to 68.4% of property operating and tax expenses in the year ago period. Total real estate revenues were \$29.1 million versus \$28.3 million, a 2.9% year-over-year increase. The percentage of leased space in the core portfolio at April 30 was 93.1%, down from 93.3% at the end of fiscal year 2016.

Real estate NOI (net operating income) increased 0.4% to \$18.9 million. Second quarter net income available to common and Class A common shareholders (after preferred dividends) was \$24.1 million compared to \$4.8 million in the year ago period. EPS for Class A common were \$0.64 compared to \$0.14 in the year ago period. Second quarter FFO per share (Class A) were \$0.30, one cent below the year ago period.

Urstadt's balance sheet remained fairly strong, in our opinion. Debt to total market capitalization at the end of the quarter was 22.8%.

Acquisitions & Dispositions

On March 1, UBA completed its previously announced sale of its Westchester Pavilion in White Plains, New York for \$56.6 million. The sales price is a substantial premium over the price UBA paid for the property. In 2013, this property lost a large tenant. Management realized that this property had great potential to be redeveloped. A new mixed use property will replace this center. UBA recorded a \$19.5 million gain on this sale during the quarter.

In late March, UBA acquired the 36,500 square foot Van Houten Farm Shopping Center in Passaic, NJ for \$7.1 million. Tenants at this center include a supermarket, bank branch, local Italian restaurant and a stationery store. UBA also purchased a single tenant property in Fairfield, Connecticut in March for \$3.1 million. This property is leased to Walgreen's (WBA - \$80.99).

In March, UBA acquired one shopping center and two free standing retail buildings in Fairfield County, Connecticut. UBA has ownership in these properties) through a DownREIT Partnership. UBA will manage and lease these properties for the partnership.

We believe management will continue to explore further acquisition opportunities. Finding attractively priced properties in UBA's markets is difficult and competitive, and we believe this may be the biggest challenge UBA will face in the near term. We do not expect UBA to overpay for a property just to complete a deal.

Share Repurchase Program

Last week UBA announced a share repurchase program of up to 2,000,000 shares of the company's common stock, Class A common stock, and preferred shares (UBP.F - \$25.59 and UB.P.G - \$26.04). This replaces a prior repurchase program. Any repurchase will be funded with cash.

Quarterly Income Statement			
October fiscal year	2Q17	2Q16	% Change
(in thousands, except per share data)			
Base Rents	\$21,677	\$21,498	0.8%
Recoveries from Tenants	7,153	6,493	10.2%
Lease Termination Income	259	290	-10.7%
Total Property Revenue	29,089	28,281	2.9%
Property Operating Expenses	5,498	4,973	10.6%
Property Taxes	4,737	4,525	4.7%
Real Estate Operating Income (NOI)	18,854	18,783	0.4%
Other Income	903	885	2.0%
Equity in Net Income from Unconsolidated Joint Ventures	525	537	-2.2%
General and Administrative Expenses	2,212	2,291	-3.4%
Provision for Tenant Credit Losses	282	369	-23.6%
Acquisition Costs		49	
Directors' Fees and Expenses	83	82	1.2%
EBITDA	17,705	17,414	1.7%
Interest Expense (net of interest income)	3,063	3,199	-4.3%
Depreciation and Amortization Expense	6,183	5,659	9.3%
Income Before Minority Interests, Gains & Preferred Dividends	8,459	8,556	-1.1%
Noncontrolling Interests	(247)	(217)	
Gain on Sale of Marketable Securities			
Gain on Sale of Properties	19,460		
Other Income (Expense)			
Discontinued Operations (including Real Estate Gains)			
Net Income	27,672	8,339	
Preferred Stock Dividends	(3,571)	(3,570)	
Redemption of Preferred Stock			
Net Income Applicable to Common and Class A Shareholders	\$24,101	\$4,769	
Earnings Per Share (diluted) - Common	\$0.57	\$0.12	
Earnings Per Share (diluted) - Class A Common	\$0.64	\$0.14	
Avg. Shares Outstanding (diluted) - Common	9,019	8,906	1.3%
Avg. Shares Outstanding (diluted) - Class A Common	29,507	26,274	12.3%
Funds From Operations			
Net Income Applicable to Common and Class A Shareholders	\$24,101	\$4,769	
Real Estate Depreciation (incl. discontinued operations)	4,903	4,836	1.4%
Amortization of Tenant Improvements & Allowances	918	676	35.8%
Amortization of Deferred Leasing Costs	338	130	
Depreciation and Amortization on Unconsolidated Joint Ventures	404	361	11.9%
Other Adjustments (incl. Real Estate Gains)	(19,460)	(20)	
Total Funds From Operations	\$11,204	\$10,752	4.2%
FFO Per Share - Common	\$0.26	\$0.28	-7.1%
FFO Per Share - Class A Common	\$0.30	\$0.31	-3.2%

Source: Company reports

Condensed Balance Sheet

October fiscal year	10/31/2015	10/31/2016	4/30/2017
(in thousands)			
Assets			
Real Estate Investments:			
Core Properties - At Cost	\$941,690	\$1,016,838	\$1,058,042
Non-Core Properties - At Cost	941,690	1,016,838	1,058,042
Less: Accumulated Depreciation	(165,660)	(186,098)	(183,594)
	776,030	830,740	874,448
Investment in Unconsolidated Joint Ventures	39,305	38,469	38,289
Mortgage Notes Receivable		13,500	13,500
	815,335	882,709	926,237
Cash and Cash Equivalents	6,623	7,271	15,484
Restricted Cash	2,191	2,024	2,021
Marketable Securities			
Tenant Receivables, Net of Allowances if any	22,353	18,890	22,549
Prepaid Expenses and Other Assets	9,334	13,338	15,395
Deferred Charges, Net of Accumulated Amortization	5,239	7,092	10,984
Deposits on Real Estate Investments			
Total Assets	\$861,075	\$931,324	\$992,670
Liabilities and Stockholders' Equity			
Liabilities:			
Revolving Credit Line	22,750	8,000	
Unsecured Term Loan			
Mortgage Notes Payable	260,457	273,016	284,329
Preferred Stock Called for Redemption			
Accounts Payable and Accrued Expenses	3,438	4,977	5,295
Deferred Compensation - Officers	155	130	87
Other Liabilities	17,542	27,915	17,641
Total Liabilities	\$304,342	\$314,038	\$307,352
Redeemable Noncontrolling Interests	15,955	18,253	71,199
Redeemable Preferred Stock			
Commitment and Contingencies			
Stockholders' Equity:			
7.5% Series D Senior Cumulative Preferred Stock			
7.125% Series F Cumulative Preferred Stock	129,375	129,375	129,375
6.750% Series G Cumulative Preferred Stock	75,000	75,000	75,000
Excess Stock			
Common Stock	94	96	98
Class A Common Stock	264	296	297
Additional Paid In Capital	431,411	509,660	511,624
Cumulative Distributions in Excess of Net Income	(94,136)	(114,091)	(104,604)
Accumulated Other Comprehensive Income	(1,230)	(1,303)	2,329
Unamortized Restricted Stock Compensation			
Total Stockholders' Equity	\$540,778	\$599,033	\$614,119
Total Liabilities and Stockholders' Equity	\$861,075	\$931,324	\$992,670

Balance Sheet Ratio Analysis	10/31/2015	10/31/2016	4/30/2017
Net R/E Investments / Total Debt	287.9%	314.1%	325.8%
Debt to Equity	52.4%	46.9%	46.3%
Total Debt as % of Total Assets	32.9%	30.2%	28.6%
Shareholders' Equity as % of Total Assets	62.8%	64.3%	61.9%

Previous numbers have not been restated.

Source: Company reports

Valuation

We are lowering our 2017 Class A common share FFO estimate by nine cents to \$1.19.

Shopping Center REITs		Closing Price	Current	Yield	Payout Ratio	FFO Per Share			18/17E	Price / FFO	
	Symbol	6/9/2017	Dividend			2016	2017E	2018E	Growth	2017E	2018E
Kimco Realty Corporation	KIM	\$18.55	\$1.08	5.8%	71.1%	\$1.31	\$1.52	\$1.61	5.9%	12.2x	11.5x
DDR Corp.	DDR	\$9.17	\$0.76	8.3%	95.0%	\$1.27	\$0.80	\$0.92	15.0%	11.5x	10.0x
Weingarten Realty Investors	WRI	\$30.65	\$1.54	5.0%	65.3%	\$2.28	\$2.36	\$2.50	5.9%	13.0x	12.3x
Kite Realty Group Trust	KRG	\$18.86	\$1.21	6.4%	59.0%	\$2.00	\$2.05	\$2.11	2.9%	9.2x	8.9x
Cedar Realty Trust	CDR	\$5.26	\$0.20	3.8%	37.0%	\$0.26	\$0.54	\$0.56	3.7%	9.7x	9.4x
Peer Average		\$16.50	\$0.96	5.9%	67.1%	\$1.42	\$1.45	\$1.54	7.6%	11.1x	10.4x
S&P 500	.SPX	\$2,431.77	\$48.56	2.0%	37.2%	\$116.75	\$130.63	\$140.06	7.2%	18.6x	17.4x
Urstadt Biddle Properties	UBA	\$19.29	\$1.06	5.5%	89.1%	\$1.25	\$1.19	\$1.23	3.4%	16.2x	15.7x

Note: Hilliard Lyons has KRG rated Buy and DDR and WRI rated Neutral. The rest are not rated.

SPX figures are EPS not FFO per share.

UBA's fiscal year ends in October.

Source: NAREIT, HL Estimates, and Thomson Eikon.

At 15.7x our fiscal 2018 FFO forecast, UBA is trading at a premium to a select group of shopping center REITs and at a slight discount to its 5-year historic forward price/FFO multiple. We believe UBA deserves to trade at a premium to its peer group based on its geographic footprint and strong balance sheet. We believe UBA shares are fairly valued in the current economic environment. **We are maintaining our Neutral (Sector Perform) rating.** Our Neutral rating is based on valuation only as we like the company's balance sheet and geographic concentration.

Dividend - UBA raised the annual dividend on December 15, 2016. The annual payment went from \$1.04 to \$1.06 per Class A common share, a 1.9% increase. UBA has raised its dividend for 23 consecutive years.

Suitability

We assign shares of Urstadt Biddle Properties a suitability rating of 3 on our scale of 1 - 4 (1=most conservative, 4=most aggressive). Our rating is based on the company's small market cap, low relative trading volume and lack of property type diversification offset by what we view as a strong balance sheet.

Risks and Considerations

UBA's FFO could be impacted by external factors beyond the company's control or due to internal factors. We believe these risk factors include, but are not limited to: interest rate risk, a decline in consumer spending, change in consumer spending patterns/trends, an inability to finance acquisitions or developments, development risk, higher construction or supply cost, bankruptcy of tenant(s), etc.

Annual yield is calculated by dividing the distribution amount by the current market price of the security. For US income tax purposes, the Company may classify all or a portion of its distributions as dividends or other non-dividend distributions. Note that for some investors, for US income tax purposes all or a portion of the Company's 2016 dividend or distribution was treated as return of capital and not as "dividend income" as reflected on the IRS Form 1099-Div for the 2016 tax year. The Company generally makes a final determination regarding the proper tax treatment of distributions after calendar year end. We urge each shareholder to consult with his or her own tax advisor to determine the tax consequences of the distributions received, including any state, local or foreign tax considerations.

Additional information is available upon request.

Analyst Certification

I, Carol L. Kemple, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Important Disclosures

Hilliard Lyons' analysts receive bonus compensation based on Hilliard Lyons' profitability. They do not receive direct payments from investment banking activity.

Investment Ratings

Buy - We believe the stock has significant total return potential in the coming 12 months.

Long-term Buy - We believe the stock is an above average holding in its sector, and expect solid returns to be realized over a longer time frame than our Buy rated issues, typically 2-3 years.

Neutral - We believe the stock is an average holding in its sector, is currently fully valued, and may be used as a source of funds if better opportunities arise.

Underperform - We believe the stock is vulnerable to a price set back in the next 12 months.

Suitability Ratings

1 - A large cap, core holding with a solid history

2 - A historically secure company which could be cyclical, has a shorter history than a "1" or is subject to event driven setbacks

3 - An above average risk/reward ratio could be due to small size, lack of product diversity, sporadic earnings or high leverage

4 - Speculative, due to small size, inconsistent profitability, erratic revenue, volatility, low trading volume or a narrow customer or product base



Rating	Hilliard Lyons Recommended Issues		Investment Banking Provided in Past 12 Mo.	
	# of Stocks Covered	% of Stocks Covered	Banking	No Banking
Buy	34	27%	12%	88%
Hold/Neutral	80	65%	8%	93%
Sell	10	8%	0%	100%

As of 7 June 2017

Other Disclosures

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