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Urban Edge Properties
Form 10-K

February 13, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the annual period ended December 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-36523 (Urban Edge Properties)

Commission File Number: 333-212951-01 (Urban Edge Properties LP)

URBAN EDGE PROPERTIES

URBAN EDGE PROPERTIES LP

(Exact name of Registrant as specified in its charter)

Maryland (Urban Edge Properties) 47-6311266

Delaware (Urban Edge Properties LP) 36-4791544

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

888 Seventh Avenue, New York, New York 10019

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number including area code: (212) 956 2556

Securities registered pursuant to Section 12(b) of the Act:

Urban Edge Properties

Title of Each Class	Name of Each Exchange on Which Registered
---------------------	-------------------------------------------

Common Shares, \$.01 par value per share	New York Stock Exchange
------------------------------------------	-------------------------

Urban Edge Properties LP

Title of Each Class	Name of Each Exchange on Which Registered
---------------------	-------------------------------------------

None	N/A
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Securities registered pursuant to Section 12(g) of the Act:

Urban Edge Properties: None Urban Edge Properties LP: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Urban Edge Properties YES NO Urban Edge Properties LP YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Urban Edge Properties YES NO Urban Edge Properties LP YES NO

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Urban Edge Properties YES NO Urban Edge Properties LP YES NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Urban Edge Properties YES NO Urban Edge Properties LP YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information

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statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Urban Edge Properties Urban Edge Properties LP

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Urban Edge Properties:

Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
-------------------------------------------------------------	--------------------------------------------	------------------------------------------------	----------------------------------------------------	--------------------------------------------------

Urban Edge Properties LP:

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-Accelerated Filer <input checked="" type="checkbox"/>	Smaller Reporting Company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
--------------------------------------------------	--------------------------------------------	-----------------------------------------------------------	----------------------------------------------------	--------------------------------------------------

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

Urban Edge Properties Urban Edge Properties LP

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Urban Edge Properties YES NO Urban Edge Properties LP YES NO

As of June 29, 2018, the last business day of the Registrant’s most recently completed second fiscal quarter, the aggregate market value of the Common Shares held by nonaffiliates of the Registrant was approximately \$2.6 billion based upon the last reported sale price of \$22.87 per share on the New York Stock Exchange on such date.

As of January 31, 2019, Urban Edge Properties had 114,333,219 common shares outstanding. There is no public trading market for the common units of Urban Edge Properties LP. As a result, the aggregate market value of the common units held by non-affiliates of Urban Edge Properties LP cannot be determined.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates by reference information from certain portions of the Urban Edge Properties’ definite proxy statement for the 2019 annual meeting of shareholders to be filed with the Securities and Exchange Commission within 120 days after the close of the fiscal year.

EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the year ended December 31, 2018 of Urban Edge Properties and Urban Edge Properties LP. Unless stated otherwise or the context otherwise requires, references to “UE” and “Urban Edge” mean Urban Edge Properties, a Maryland real estate investment trust (“REIT”), and references to “UERP” and the “Operating Partnership” mean Urban Edge Properties LP, a Delaware limited partnership. References to the “Company,” “we,” “us” and “our” mean collectively UE, UERP and those entities/subsidiaries consolidated by UE. UERP is the entity through which we conduct substantially all of our business and own, either directly or through subsidiaries, substantially all of our assets. UE is the sole general partner and also a limited partner of UERP. As the sole general partner of UERP, UE has exclusive control of UERP’s day-to-day management.

As of December 31, 2018, UE owned an approximate 90.0% ownership interest in UERP. The remaining approximate 10.0% interest is owned by limited partners. The other limited partners of UERP are Vornado Realty L.P., members of management, our Board of Trustees, and contributors of property interests acquired. Under the limited partnership agreement of UERP, unitholders may present their common units of UERP for redemption at any time (subject to restrictions agreed upon at the time of issuance of the units that may restrict such right for a period of time). Upon presentation of a common unit for redemption, UERP must redeem the unit for cash equal to the then value of a share of UE’s common shares, as defined by the limited partnership agreement. In lieu of cash redemption by UERP, however, UE may elect to acquire any common units so tendered by issuing common shares of UE in exchange for the common units. If UE so elects, its common shares will be exchanged for common units on a one-for-one basis. This one-for-one exchange ratio is subject to specified adjustments to prevent dilution. UE generally expects that it will elect to issue its common shares in connection with each such presentation for redemption rather than having UERP pay cash. With each such exchange or redemption, UE’s percentage ownership in UERP will increase. In addition, whenever UE issues common shares other than to acquire common units of UERP, UE must contribute any net proceeds it receives to UERP and UERP must issue to UE an equivalent number of common units of UERP. This structure is commonly referred to as an umbrella partnership REIT, or UPREIT.

The Company believes that combining the annual reports on Form 10-K of UE and UERP into this single report provides the following benefits:

- enhances investors’ understanding of UE and UERP by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation because a substantial portion of the disclosure applies to both UE and UERP; and
- creates time and cost efficiencies throughout the preparation of one combined report instead of two separate reports.

The Company believes it is important to understand the few differences between UE and UERP in the context of how UE and UERP operate as a consolidated company. The financial results of UERP are consolidated into the financial statements of UE. UE does not have any other significant assets, liabilities or operations, other than its investment in UERP, nor does it have employees of its own. UERP, not UE, generally executes all significant business relationships other than transactions involving the securities of UE. UERP holds substantially all of the assets of UE. UERP conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for the net proceeds from equity offerings by UE, which are contributed to the capital of UERP in exchange for units of limited partnership in UERP, as applicable, UERP generates all remaining capital required by the Company’s business. These sources may include working capital, net cash provided by operating activities, borrowings under the revolving credit agreement, the issuance of secured and unsecured debt and equity securities and proceeds received from the disposition of certain properties.

Shareholders’ equity, partners’ capital and noncontrolling interests are the main areas of difference between the consolidated financial statements of UE and UERP. The limited partners of UERP are accounted for as partners’ capital in UERP’s financial statements and as noncontrolling interests in UE’s financial statements. The noncontrolling interests in UERP’s financial statements include the interests of unaffiliated partners in consolidated entities. The noncontrolling interests in UE’s financial statements include the same noncontrolling interests at UERP’s level and limited partners of UERP. The differences between shareholders’ equity and partners’ capital result from differences in the equity issued at UE and UERP levels.

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To help investors better understand the key differences between UE and UELP, certain information for UE and UELP in this report has been separated, as set forth below: Part II, Item 8. Financial Statements which includes specific disclosures for UE and UELP, and Note 14, Equity and Noncontrolling Interests, Note 16, Earnings Per Share and Unit and Note 17 thereto, Quarterly Financial Data.

This report also includes separate Part II, Item 9A. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for each of UE and UELP in order to establish that the requisite certifications have been made and that UE and UELP are compliant with Rule 13a-15 or Rule 15d-15 of the Securities Exchange Act of 1934 and 18 U.S.C. §1350.

URBAN EDGE PROPERTIES AND URBAN EDGE PROPERTIES LP
 ANNUAL REPORT ON FORM 10-K
 YEAR ENDED DECEMBER 31, 2018

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PART I - FINANCIAL INFORMATION

ITEM 1. BUSINESS

The Company

Urban Edge Properties (“UE”, “Urban Edge” or the “Company”) (NYSE: UE) is a Maryland REIT that manages, develops, redevelops, and acquires retail real estate, primarily in the New York metropolitan area. Urban Edge Properties LP (“UELP” or the “Operating Partnership”) is a Delaware limited partnership formed to serve as UE’s majority-owned partnership subsidiary and to own, through affiliates, all of our real estate and other assets. UE and UELP were created in 2014 to own the majority of Vornado Realty Trust’s (“Vornado”) (NYSE: VNO) former shopping center business (the “UE Business”), and separated from Vornado in January 2015. Our portfolio is currently comprised of 83 shopping centers, four malls and a warehouse park totaling approximately 16.3 million square feet (sf) with a consolidated occupancy rate of 93.1%.

Unless the context otherwise requires, “we”, “us” and “our” refer to UE after giving effect to the transfer of the UE Business from Vornado, and for periods prior to such transfer, refer to the UE Business while owned by Vornado.

The Company elected to be taxed as a REIT under sections 856-860 of the Internal Revenue Code of 1986, as amended (the “Code”), commencing with the filing of its 2015 tax return for its tax year ended December 31, 2015. With the exception of the Company’s taxable REIT subsidiary (“TRS”), to the extent the Company meets certain requirements under the Code, the Company will not be taxed on its federal taxable income. If we fail to qualify as a REIT for any taxable year, we will be subject to federal income taxes at regular corporate rates (including any alternative minimum tax, which, for corporations, was repealed under the TCJA (defined below) for tax years beginning after December 31, 2017) and may not be able to qualify as a REIT for the four subsequent taxable years. In addition to its TRS, the Company is subject to certain foreign and state and local income taxes, including a 29% non-resident withholding tax on its two Puerto Rico malls, which are included in income tax expense in the consolidated statements of income.

Company Strategies

Our goal is to be a leading owner and operator of retail real estate in major urban markets, with a focus on the New York metropolitan area. We believe urban markets offer attractive acquisition and redevelopment opportunities resulting from high population density, strong demand from consumers for differentiated live-work-play environments with access to public transportation, above average retailer sales trends, a limited supply of institutional quality assets and a strong supply of older, undermanaged assets that remain privately owned. We seek to create value through the following primary strategies:

Maximizing the value of existing properties through proactive management. We intend to maximize the value of each of our assets through comprehensive, proactive management encompassing: continuous asset evaluation for highest-and-best-use; efficient and cost-conscious day-to-day operations that minimize retailer operating expense and enhance property quality; and targeted leasing to desirable tenants. Leasing is a critical value-creation function that includes:

- Monitoring retailer sales, merchandising, store operations, timeliness of payments, overall financial condition and related factors;
- Being constantly aware of each asset’s competitive position and recommending physical improvements or adjusting merchandising if circumstances warrant;
- Continuously canvassing trade areas to identify unique operators that can distinguish a property and enhance its offerings;
- Maintaining regular contact with the brokerage community to stay abreast of new merchants, potential relocations, new supply and overall trade area dynamics;
- Conducting regular portfolio reviews with key merchants;

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- Building and nurturing deep relationships with retailer decision-makers;
- Focusing on spaces with below-market leases that might be recaptured;
- Understanding the impact of options, exclusives, co-tenancy and other restrictive lease provisions; and
- Optimizing required capital investment in every transaction.

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Actively investing. We intend to acquire properties in our target markets that meet our criteria for risk-adjusted return and enhance the overall quality of our existing portfolio.

Investment considerations include:

Geography: We focus primarily on the New York metropolitan area and secondarily on the Washington, DC to Boston corridor. We intend to invest in our existing core markets, and, overtime, may expand into new markets that have similar characteristics.

Product: We generally seek large properties that provide scale relative to the competition and optionality for redevelopment to meet the changing demands of the local community.

Tenancy: We consider tenant mix, sales performance and related occupancy cost, lease term, lease provisions, omni-channel capabilities, susceptibility to e-commerce disruption and other factors. Our tenant base comprises a diverse group of merchants, including department stores, supermarkets, discounters, entertainment offerings, health clubs, DIY stores, in-line specialty shops, restaurants and other food and beverage vendors and service providers.

Rent: We consider existing rents relative to market rents and target submarkets that have potential for market rent growth as evidenced by strong retailer sales performance.

Competition and Barriers-to-Entry: We seek assets in underserved, high barrier-to-entry markets in densely populated, affluent trade areas. We believe that properties located in such markets present more attractive risk-return profile relative to other markets.

Access and Visibility: We seek assets with convenient access and good visibility.

Physical Condition: We consider aesthetics, functionality, building and site conditions and environmental matters in evaluating asset quality.

Constantly evaluating our portfolio and, where appropriate, engaging in selective dispositions. We regularly evaluate each property and intend to dispose of those properties that do not meet our investment criteria.

Maintaining capital discipline. We intend to keep our balance sheet flexible and capable of supporting growth. We expect to generate increasing levels of cash flow from internally generated funds and to have substantial borrowing capacity under our existing revolving credit agreement and from potential secured debt financing on our existing assets.

Significant Tenants

None of our tenants accounted for more than 10% of total revenues in any of the years ended December 31, 2018, 2017 and 2016. The Home Depot, Inc. is our largest tenant and accounted for approximately \$22.6 million, or 5.5% of our total revenue for the year ended December 31, 2018.

Employees

Our headquarters are located at 888 Seventh Avenue, New York, NY 10019. As of December 31, 2018, we had 116 employees.

Available Information

Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports, as well as Reports on Forms 3, 4 and 5 regarding officers, trustees or 10% beneficial owners of us, filed or furnished pursuant to Section 13(a), 15(d) or 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available free of charge through our website (www.uedge.com) as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. Also available on our website are copies of our Audit Committee Charter, Compensation Committee Charter, Corporate Governance and Nominating Committee Charter, Code of Business Conduct and Ethics and Corporate Governance Guidelines. In the event of any changes to these charters or the code or guidelines, changed

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copies will also be made available on our website. Copies of these documents are also available directly from us free of charge. Our website also includes other financial information, including certain non-GAAP financial measures, none of which is a part of this Annual Report on Form 10-K. Copies of our filings under the Exchange Act are also available free of charge from us, upon request.

Supplement to Material U.S. Federal Income Tax Consequences

This summary supplements and updates the discussion contained under the caption “Material U.S. Federal Income Tax Consequences” in the prospectus dated August 5, 2016, contained in our Registration Statement on Form S-3 filed with the SEC on August 5, 2016 and any prospectus supplements thereto, should be read in conjunction therewith and is subject to the qualifications set forth therein. This summary is for general information purposes only and is not tax advice. This discussion does not address all aspects of taxation that may be relevant to particular holders of our securities in light of their personal investment or tax circumstances.

The reference to the “PATH Act” in the second paragraph in the section titled “Investments in Partnerships” on page 44 of the prospectus is replaced with the “Bipartisan Budget Act of 2015.”

The Tax Cuts and Jobs Act

The recently enacted Tax Cuts and Jobs Act (the “TCJA”), generally applicable for tax years beginning after December 31, 2017, made significant changes to the Code, including a number of provisions of the Code that affect the taxation of businesses and their owners, including REITs and their stockholders, and, in certain cases, that modify the tax rules discussed in the accompanying prospectus.

Among other changes, the TCJA made the following changes:

For tax years beginning after December 31, 2017 and before January 1, 2026, (i) the U.S. federal income tax rates on ordinary income of individuals, trusts and estates have been generally reduced and (ii) non-corporate taxpayers are permitted to take a deduction for certain pass-through business income, including dividends received from REITs that are not designated as capital gain dividends or qualified dividend income, subject to certain limitations.

The maximum U.S. federal income tax rate for corporations has been reduced from 35% to 21%, and corporate alternative minimum tax has been eliminated for corporations, which would generally reduce the amount of U.S. federal income tax payable by our taxable REIT subsidiaries (“TRSs”) and by us to the extent we were subject to corporate U.S. federal income tax (for example, if we distributed less than 100% of our taxable income or recognized built-in gains in assets acquired from C corporations). In addition, the maximum withholding rate on distributions by us to non-U.S. stockholders that are treated as attributable to gain from the sale or exchange of a U.S. real property interest is reduced from 35% to 21%.

Certain new limitations on the deductibility of interest expense now apply which may affect the deductibility of interest paid or accrued by us or our TRSs.

Certain new limitations on net operating losses now apply which may affect net operating losses generated by us or our TRSs.

A U.S. tax-exempt stockholder that is subject to tax on its unrelated business taxable income (“UBTI”) will generally be required to separately compute its taxable income and loss for each unrelated trade or business activity for purposes of determining its UBTI.

New accounting rules generally require us to recognize income items for federal income tax purposes no later than when we take the item into account for financial statement purposes, which may accelerate our recognition of certain income items.

This summary does not purport to be a detailed discussion of the changes to U.S. federal income tax laws as a result of the enactment of the TCJA. Technical corrections or other amendments to the TCJA or further administrative and regulatory guidance interpreting the TCJA may be forthcoming at any time. We cannot predict the long-term effect of the TCJA or any future law changes on REITs or their stockholders. Investors are urged to consult their own tax advisors regarding the effect of the TCJA based on their particular circumstances.

Consolidated Appropriations Act

The Consolidated Appropriations Act amended various provisions of the Code and implicates certain tax-related disclosures contained in the prospectus. The discussion contained in the second and third paragraphs under “Qualified Shareholders and Qualified Foreign Pension Funds” on page 55 of the prospectus is replaced with the following

paragraph:

For these purposes, a qualified shareholder is generally a non-U.S. stockholder that (i)(A) is eligible for treaty benefits under an income tax treaty with the United States that includes an exchange of information program, and the principal class of interests of which is listed and regularly traded on one or more stock exchanges as defined by the treaty, or (B) is a foreign limited partnership

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organized in a jurisdiction with an exchange of information agreement with the United States and that has a class of regularly traded limited partnership units (having a value greater than 50% of the value of all partnership units) on the New York Stock Exchange or Nasdaq, (ii) is a “qualified collective investment vehicle” (within the meaning of Section 897(k)(3)(B) of the Code) and (iii) maintains records of persons holding 5% or more of the class of interests described in clauses (i)(A) or (i)(B) above. However, in the case of a qualified shareholder having one or more “applicable investors,” the exception described in the first sentence of this paragraph will not apply to the applicable percentage of the qualified shareholder’s stock (with “applicable percentage” generally meaning the percentage of the value of the interests in the qualified shareholder held by applicable investors after applying certain constructive ownership rules). The applicable percentage of the amount realized by a qualified shareholder on the disposition of our stock or with respect to a distribution from us attributable to gain from the sale or exchange of a USRPI will be treated as amounts realized from the disposition of USRPIs. Such treatment shall also apply to applicable investors in respect of distributions treated as a sale or exchange of stock with respect to a qualified shareholder. For these purposes, an “applicable investor” is a person who generally holds an interest in the qualified shareholder and holds more than 10% of our stock applying certain constructive ownership rules.

The discussion contained in the fourth paragraph under “Qualified Shareholders and Qualified Foreign Pension Funds” on page 55 of the prospectus is replaced with the following paragraph:

For periods on or after December 18, 2015, for FIRPTA purposes neither a “qualified foreign pension fund” nor any entity all of the interests of which are held by a qualified foreign pension fund is treated as a non-U.S. stockholder. A “qualified foreign pension fund” is an organization or arrangement (i) created or organized in a foreign country, (ii) established by a foreign country (or one or more political subdivisions thereof) or one or more employers to provide retirement or pension benefits to current or former employees (including self-employed individuals) or their designees as a result of, or in consideration for, services rendered, (iii) which does not have a single participant or beneficiary that has a right to more than 5% of its assets or income, (iv) which is subject to government regulation and with respect to which annual information about its beneficiaries is provided, or is otherwise available, to relevant local tax authorities and (v) with respect to which, under its local laws, (A) contributions that would otherwise be subject to tax are deductible or excluded from its gross income or taxed at a reduced rate, or (B) taxation of its investment income is deferred, or such income is excluded from its gross income or taxed at a reduced rate.

Recent FATCA Proposed Treasury Regulations

On December 18, 2018, the Internal Revenue Service promulgated proposed regulations under Sections 1471-1474 of the Code (commonly referred to as FATCA), which proposed regulations eliminate FATCA withholding on gross proceeds and thus implicate certain tax-related disclosures contained in the prospectus. While these regulations have not yet been finalized, taxpayers are generally entitled to rely on the proposed regulations (subject to certain limited exceptions) As a result, the discussion in under “Withholdable Payments to Foreign Financial Entities and Other Foreign Entities” on pages 56 and 69 of the prospectus replaced with the following paragraph:

Pursuant to Sections 1471 through 1474 of the Code, commonly known as the Foreign Account Tax Compliance Act (“FATCA”), a 30% withholding tax (“FATCA withholding”) may be imposed on certain payments to you or to certain foreign financial institutions, investment funds and other non-U.S. persons receiving payments on your behalf if you or such persons fail to comply with information reporting requirements. Such payments will include U.S.-source dividends and, subject to the proposed Treasury Regulations discussed below, the gross proceeds from the sale or other disposition of stock that can produce U.S.-source dividends. Payments of dividends that you receive in respect of shares could be affected by this withholding if you are subject to the FATCA information reporting requirements and fail to comply with them or if you hold Urban Edge Properties shares through a non-U.S. person (e.g., a foreign bank or broker) that fails to comply with these requirements (even if payments to you would not otherwise have been subject to FATCA withholding). While withholding under FATCA would have applied to payments of gross proceeds from a sale or other disposition of Urban Edge Properties shares on or after January 1, 2019, recently proposed

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Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued. You should consult your own tax advisors regarding the relevant U.S. law and other official guidance on FATCA withholding.

ITEM 1A. RISK FACTORS

Risk factors that may materially and adversely affect our business, results of operations and financial condition are summarized below. These risks have been separated into three groups: (1) Risks Related to Our Business and Operations and to Our Status as a REIT, (2) Risks Related to Our Common Shares and (3) Risks Related to Our Organization and Structure. The risks and uncertainties described herein may not be the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial, may also adversely affect our business. See “Forward-Looking Statements” contained herein.

RISKS RELATED TO OUR BUSINESS AND OPERATIONS AND TO OUR STATUS AS A REIT

There are inherent risks associated with real estate investments and the real estate industry, particularly retail real estate, each of which could have an adverse impact on our financial performance and the value of our properties. Real estate investments are subject to various risks, many of which are beyond our control. Our operating and financial performance and the value of our properties can be affected by many of these risks, including, but not limited to, the following:

- the convenience and quality of competing retail properties and other retailing platforms such as e-commerce;
- local real estate conditions, such as an oversupply of retail space or a reduction in demand for retail space, resulting in vacancies or compromising our ability to rent space on favorable terms;
- adverse changes in the financial condition of tenants at our properties, including financial difficulties, lease defaults or bankruptcies;
- national, regional and local economies, which may be negatively impacted by inflation, deflation, government deficits, high unemployment rates, severe weather or other natural disasters, decreased consumer confidence, industry slowdowns, reduced corporate profits, lack of liquidity and other adverse business conditions;
- civil unrest, acts of war, terrorist attacks and natural or man-made disasters, including seismic activity and floods, which may result in uninsured and underinsured losses;
- changes in the enforcement or creation of laws, regulations and governmental policies, including, without limitation, health, safety, environmental, zoning and tax laws, government fiscal policies and the Americans with Disabilities Act (“ADA”);
- the illiquid nature of real estate investments, which may limit our ability to sell properties at the terms desired or at terms favorable to us;
- competition for investment opportunities from other real estate investors with significant capital, including other REITs, real estate operating companies and institutional investment funds; and
- fluctuations in interest rates and the availability and cost of financing, which could adversely affect our ability and the ability of potential buyers and tenants of our properties, to obtain financing on favorable terms or at all.

During a period of economic slowdown or recession, or the public perception that such a period may occur, declining demand for real estate could result in a general decline in rents or an increased incidence of defaults among our existing tenants, and, consequently, our properties may fail to generate revenues sufficient to meet operating, debt service and other expenses. As a result, we may have to borrow funds to cover fixed costs, and our cash flow, financial condition and results of operations could be adversely affected. As such, the market price of our common shares, and our ability to service debt obligations and pay dividends and other distributions to security holders could be adversely affected.

E-commerce may have an adverse impact on our tenants and our business.

E-commerce continues to gain popularity and growth in Internet sales is likely to continue in the future. E-commerce could result in a downturn in the business of some of our current tenants and could affect the way other current and future tenants lease space. For example, the migration towards e-commerce has led many omnichannel retailers to prune the number and size of their traditional “brick and mortar” locations to increasingly rely on e-commerce and alternative distribution channels. Many tenants also permit merchandise purchased on their websites to be picked up at, or returned to, their physical store locations, which may have the effect of decreasing the reported amount of their

in-store sales and the amount of rent we are able to collect from them (particularly with respect to those tenants who pay rent based on a percentage of their in-store sales). We cannot predict with certainty how growth in e-commerce will impact the demand for space at our properties or how much revenue will be generated at traditional store locations in the future. If the shift towards e-commerce causes declines in the “brick and mortar” sales generated by our tenants and/or causes our tenants to reduce the size or number of their retail locations in the future, our cash flow, financial condition and results of operations could be materially and adversely affected.

Retail real estate is a competitive business.

Competition in the retail real estate industry is intense. We compete with a large number of public and private retail real estate companies, including property owners and developers. We compete with these companies to attract customers to our properties, as well as to attract anchor, non-anchor and other tenants. We also compete with these companies for development, redevelopment and acquisition opportunities. Other owners and developers may attempt to take existing tenants from our shopping centers by offering lower rents or other incentives to compel them to relocate. This competition could have a material adverse effect on our ability to lease space and on the amount of rent and expense reimbursements that we receive.

We depend on leasing space to tenants on economically favorable terms and on collecting rent from tenants who ultimately may not be able to pay.

Our financial results depend significantly on leasing space in our properties to tenants on economically favorable terms. A majority of our income depends on the ability of our tenants to pay the full amount of rent and other charges due under their leases on a timely basis. Some of our leases provide for the payment, in addition to base rent, of additional rent above the base amount according to a specified percentage of the gross sales generated by the tenants and generally provide for reimbursement of real estate taxes and expenses of operating the property. Economic and/or competitive conditions may impact the success of our tenants' retail operations and therefore the amount of rent and expense reimbursements we receive from our tenants. While demand for our retail spaces has been strong, there can be no assurance in our ability to maintain our occupancy levels on favorable terms. Any reduction in our tenants' abilities to pay base rent, percentage rent or other charges on a timely basis will decrease our income, funds available to pay indebtedness and funds available for distribution to shareholders. If a tenant does not pay its rent, we might not be able to enforce our rights as landlord without delays and might incur substantial legal and other costs. During periods of economic adversity, there may be an increase in the number of tenants that cannot pay their rent and an increase in vacancy rates, which could materially and adversely affect our cash flow, financial condition and results of operations.

We may be unable to renew leases or relet space as leases expire.

When our tenants decide not to renew their leases upon their expiration, we may not be able to relet the space. Spaces that accounted for approximately 7.8% of our annualized base rent for the fiscal year ended December 31, 2018 were vacant as of December 31, 2018, excluding leases signed but not commenced. In addition, leases accounting for approximately 24% of our annualized base rent for the fiscal year ended December 31, 2018 are scheduled to expire within the next three years. Even if tenants do renew or we can relet the space, the terms of the renewal or reletting, taking into account among other things, the cost of improvements to the property and leasing commissions, may be less favorable than the terms in the expired leases. In addition, changes in space utilization by our tenants may impact our ability to renew or relet space without the need to incur substantial costs in renovating or redesigning the internal configuration of the relevant property. If we are unable to promptly renew the leases or relet the space at similar rates or if we incur substantial costs in renewing or reletting the space, our cash flow and ability to service debt obligations and pay dividends and other distributions to security holders could be adversely affected.

Bankruptcy or insolvency of tenants may decrease our revenues, net income and available cash.

From time to time, some of our tenants have declared bankruptcy and other tenants may declare bankruptcy or become insolvent in the future. For example, during the year ended December 31, 2018, Toys "R" Us Inc. ("Toys "R" Us"), Sears Holding Corporation ("Sears"), National Stores Inc. ("Fallas") and National Wholesale Liquidators filed for Chapter 11 bankruptcy protection. See Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources included in Part II, Item 7. in this Annual Report on Form 10-K and the Notes to Consolidated Financial Statements included in Part II, Item 8. in this Annual Report on Form 10-K.

Tenants who file for bankruptcy protection have the legal right to reject any or all of their leases and close related stores. In the event that a tenant with a significant number of leases in our properties files for bankruptcy and rejects

its leases, we could experience a significant reduction in our revenues and we may not be able to collect all pre-petition amounts owed by that party, which may adversely affect our cash flow, financial condition and results of operations. The bankruptcy or insolvency of a major tenant at one of our properties could also negatively impact our ability to lease other existing or future vacancies at any such property. In addition, our leases generally do not contain restrictions designed to ensure the ongoing creditworthiness of our tenants. The bankruptcy or insolvency of a major tenant could result in a lower level of net income, which may adversely affect our cash flow, financial condition and results of operations and decrease funds available to pay our indebtedness or make distributions to shareholders. See Part I, Item 2. "Properties" in this Annual Report on Form 10-K.

A significant number of our properties are located in the New York metropolitan area and are affected by the economic cycles there.

Because a significant number of our properties are located in the New York metropolitan area, we are particularly susceptible to adverse economic and other developments in that area. Notably, as of December 31, 2018, two of our New York metropolitan area properties in the aggregate generated in excess of 15% of our annualized base rent (The Outlets at Bergen Town Center and Tonnelle Commons in New Jersey). Collectively, our New York metropolitan area properties in the aggregate generated in excess of 70% of our annualized base rent as of December 31, 2018. Real estate markets are subject to economic downturns and we cannot predict the economic conditions in the New York metropolitan area in either the short-term or long-term. Poor economic or market conditions in the New York metropolitan area, may adversely affect our cash flow, financial condition and results of operations.

Risks related to Puerto Rico.

Our two malls in Puerto Rico make up approximately 9% of our Net Operating Income. Puerto Rico faces significant fiscal and economic challenges, including its government filing for bankruptcy protection in 2017. In addition, Hurricanes Irma and Maria placed significant, lasting stress on the island's already strained economy and infrastructure. These factors have led to an ongoing emigration trend of Puerto Rico residents to the United States and elsewhere. The combination of these circumstances could result in less disposable income for the purchase of goods sold in our malls and the inability of merchants to pay rent and other charges. Any of these events could negatively impact our ability to lease space on terms and conditions we seek and could have a material adverse effect on our business and results of operations. As of December 31, 2018, the Company has individual, non-recourse mortgages on each of its Puerto Rico properties as follows: a \$114.9 million mortgage, comprised of a senior and junior loan, maturing in July 2021 secured by The Outlets at Montehiedra and a \$130 million mortgage maturing in August 2024 secured by the Las Catalinas Mall.

Natural disasters could have a concentrated impact on us.

We own properties near the Atlantic Coast and in Puerto Rico which are subject to natural disasters such as hurricanes, floods and storm surges. We also have four properties in California that could be impacted by earthquakes. As a result, we could become subject to business interruption, significant losses and repair costs, such as those we experienced from Hurricane Maria, which damaged and caused the temporary closure of our two properties in Puerto Rico. The Company maintains comprehensive, all-risk property and rental value insurance coverage on our properties, however losses resulting from a natural disaster may be subject to a deductible or not fully covered and such losses could adversely affect our cash flow, financial condition and results of operations.

Some of our properties depend on anchor or major tenants and decisions made by these tenants, or adverse developments in the businesses of these tenants, could materially and adversely affect our business, results of operations and financial condition.

Some of our properties have anchor or major tenants that generally occupy larger spaces, sometimes pay a significant portion of a property's total rent and often contribute to the success of other tenants by drawing customers to a property. If an anchor or major tenant closes, such closure could adversely affect the property even if the tenant continues to pay rent due to the loss of the anchor or major tenant's drawing power. Additionally, closure of an anchor or major tenant could result in lease terminations by, or reductions in rent from, other tenants if the other tenants' leases have co-tenancy clauses that permit cancellation or rent reduction if an anchor tenant closes. Retailer consolidation, store rationalization, competition from internet sales and general economic conditions may decrease the number of potential tenants available to fill available anchor tenant spaces. As a result, in the event one or more anchor tenants were to leave one or more of our centers, we cannot be sure that we would be able to lease the vacant space on equivalent terms or at all. In addition, we may not be able to recover costs owed to us by the closed tenant. In certain cases, some anchor and non-anchor tenants may be able to terminate their leases if they do not achieve defined sales levels.

Development and redevelopment activities have inherent risks, which could adversely impact our cash flow, financial condition and results of operations.

We may develop or redevelop properties when we believe that doing so is consistent with our business strategy. As of December 31, 2018, we had five properties in our redevelopment project pipeline and 14 active redevelopment projects. We have invested a total of approximately \$146 million in our active projects, which are at various stages of completion, and based on our current plans and estimates, we anticipate it will cost an additional \$50.5 million to complete our active projects. Our five pipeline projects are estimated to cost \$50 - 55 million. We anticipate engaging in additional development and redevelopment activities in the future. In addition to the risks associated with real estate investments in general as described elsewhere, the risks associated with future development and redevelopment activities include:

- expenditure of capital and time on projects that may never be completed;
- failure or inability to obtain financing on favorable terms or at all;
- inability to secure necessary zoning or regulatory approvals;

higher than estimated construction or operating costs, including labor and material costs;
inability to complete construction on schedule due to a number of factors, including inclement weather, labor disruptions, construction delays, delays or failure to receive zoning or other regulatory approvals, acts of terror or other acts of violence, or natural disasters (such as fires, seismic activity or floods);
significant time lag between commencement and stabilization resulting in delayed returns and greater risks due to fluctuations in the general economy, shifts in demographics and competition;
decrease in customer traffic during the redevelopment period causing a decrease in tenant sales;
inability to secure key anchor or other tenants at anticipated pace of lease-up or at all; and
occupancy and rental rates at a newly completed project that may not meet expectations.

If any of the above events were to occur, they may hinder our growth and may have an adverse effect on our cash flow, financial condition and results of operations. In addition, new development and significant redevelopment activities, regardless of whether they are ultimately successful, typically require substantial time and attention from management.

We face significant competition for acquisitions of properties, which may reduce the number of acquisition opportunities available to us and increase the costs of these acquisitions.

The current market for acquisitions of properties in our core markets continues to be competitive. This competition may increase the demand for the types of properties in which we typically invest and, therefore, increase the prices paid for such acquisition properties. We also face significant competition for attractive acquisition opportunities from an indeterminate number of investors, including publicly-traded and privately-held REITs, private equity investors and institutional investment funds, some of which have greater financial resources, greater ability to borrow funds and the willingness to accept more risk than we can prudently manage, including risks with respect to the geographic proximity of investments and the payment of higher acquisition prices. This competition will increase if investments in real estate become more attractive relative to other forms of investment. Competition for investments may reduce the number of suitable investment opportunities available to us and may have the effect of increasing prices paid for such acquisition properties and, as a result, adversely affecting our ability to grow through acquisitions.

Our operating results at acquired properties may not meet our financial expectations.

Our ability to complete acquisitions on favorable terms and successfully operate or develop them is subject to the following risks:

- we may incur significant costs and divert management attention in connection with the evaluation and negotiation of potential acquisitions, including ones that are subsequently not completed;

- we may be unable to finance acquisitions on favorable terms and in the time period we desire, or at all;

- we may be unable to quickly and efficiently integrate new acquisitions, particularly the acquisition of portfolios of properties, into our existing operations;

- we may acquire properties that are not initially accretive to our results upon acquisition, and we may not successfully manage and lease those properties to meet our expectations; and

- we may acquire properties subject to liabilities and without any recourse, or with only limited recourse to former owners, with respect to unknown liabilities for clean-up of undisclosed environmental contamination, claims by tenants or other persons to former owners of the properties and claims for indemnification by general partners, trustees, officers and others indemnified by the former owners of the properties.

If we are unable to complete acquisitions on favorable terms, or efficiently integrate such acquisitions, our cash flow, financial condition and results of operations could be adversely affected.

It may be difficult to dispose of real estate quickly, which may limit our flexibility.

Real estate is relatively difficult to dispose of quickly. Consequently, we may have limited ability to promptly change our portfolio in response to changes in economic or other conditions. Moreover, our ability to dispose of, or finance real estate may be materially and adversely affected during periods of uncertainty or unfavorable conditions in the credit markets as we or potential buyers of our real estate may experience difficulty in obtaining financing. To dispose of low basis deferral or tax-protected properties efficiently we from time to time use like-kind exchanges, which are

intended to qualify for non-recognition of taxable gain, but can be difficult to consummate and result in the property for which the disposed assets are exchanged inheriting their low tax bases and other tax attributes (including tax protection covenants). These challenges related to dispositions may limit our flexibility.

Many real estate costs are fixed, even if income from our properties decreases.

Our financial results depend primarily on leasing space in our properties to tenants on terms favorable to us. Costs associated with operating real estate, such as real estate taxes, insurance and maintenance costs, generally are not reduced even when a property is not fully occupied, rental rates decrease, or other circumstances cause a reduction in income from the property. As a result, cash flow from operations may be reduced if a tenant does not pay its rent or we are unable to rent our properties on favorable terms.

A number of properties in our portfolio are subject to ground or building leases; if we are found to be in breach of a ground or building lease or are unable to renew a ground or building lease, we could be materially and adversely affected.

A number of the properties in our portfolio are either completely or partially on land that is owned by third parties and leased to us pursuant to ground or building leases. Accordingly, we only own a long-term leasehold or similar interest in those properties. If we are found to be in breach of a ground or building lease and that breach cannot be cured, we could lose our interest in the improvements and the right to operate the property. In addition, unless we can purchase a fee interest in the underlying land or building or extend the terms of these leases before or at their expiration, as to which no assurance can be given, we will lose our interest in the improvements and the right to operate these properties. However, in certain cases, our ability to exercise such options is subject to the condition that we are not in default under the terms of the ground or building lease at the time that we exercise such options, and we can provide no assurances that we will be able to exercise our options at such time. If we were to lose the right to operate a property due to a breach or non-renewal of the ground or building lease, we would be unable to derive income from such property, which could materially and adversely affect us.

Loss of our key personnel could adversely affect the value of our business, results of operations and financial condition.

We are dependent on our key executive personnel. Although we believe qualified replacements could be found for these key executives in the event of a departure, the loss of one or more of their services, market knowledge and business relationships, could materially and adversely affect our business, results of operations and financial condition. In September 2018, the Company's former Chief Operating Officer retired concurrently with the hiring of a new one and a new President of Development.

Our business and operations would suffer in the event of system failures.

Despite system redundancy, the implementation of security measures and the existence of a disaster recovery plan for our information technology ("IT") infrastructure, our systems are vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, natural disasters, terrorism, war and telecommunication failures. We have placed reliance on third party managed services to perform a number of IT-related functions. We implemented a new information technology platform in August 2017, including a new enterprise resources planning ("ERP") system. We may experience system difficulties related to our new platform and integrating the services provided by third parties. If we experience a system failure or accident that causes interruptions in our operations, we could experience material and adverse disruptions to our business. We may also incur additional costs to remedy damages caused by such disruptions.

We face risks associated with security and cyber security breaches.

We face risks associated with security breaches, whether through cyber attacks or cyber intrusions over the internet, malware, computer viruses, attachments to emails, persons inside our organization or persons with access to systems, and other significant disruptions of our IT networks and related systems. Similarly, vendors from whom we receive outsourced IT-related services, including third-party platforms, face the same risks, which could in turn affect us. Our internal and outsourced IT networks and related systems are essential to the operation of our business and our ability to perform day to day operations. Although (i) we make efforts to maintain the security and integrity of our IT networks and related systems and ensure that our vendors do and (ii) we have implemented various measures to

manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, we or our vendors may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us to entirely mitigate this risk.

A breach or significant and extended disruption in the functioning of our systems, including our primary website, may damage our reputation and cause us to lose customers, tenants and revenues, generate third-party claims, result in the unintended and/or unauthorized public disclosure or the misappropriation of proprietary, personal identifying and confidential information, and require us to incur significant expenses to address and remediate or otherwise resolve these kinds of issues, and we may not be able to recover these expenses in whole or in any part from our service providers, responsible parties, or insurance carriers which could have a material adverse effect on our business and operations.

We may incur significant costs to comply with environmental laws and environmental contamination may impair our ability to lease and/or sell real estate.

Our operations and properties are subject to various federal, state and local laws and regulations concerning the protection of the environment including air and water quality, hazardous or toxic substances and health and safety. Under some environmental laws, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances released at a property. The owner or operator may also be held liable to a governmental entity or to third parties for property damage or personal injuries and for investigation and clean-up costs incurred by those parties because of the contamination. These laws often impose liability without regard to whether the owner or operator knew of the release of the substances or caused such release. The presence of contamination or the failure to remediate contamination may impair our ability to sell or lease real estate or to borrow using the real estate as collateral. Other laws and regulations govern indoor and outdoor air quality including those that can require the abatement or removal of asbestos-containing materials in the event of damage, demolition, renovation or remodeling and also govern emissions of and exposure to asbestos fibers in the air. The maintenance and removal of lead paint and certain electrical equipment containing polychlorinated biphenyls (PCBs) are also regulated by federal and state laws. We are also subject to risks associated with human exposure to chemical or biological contaminants such as molds, pollens, viruses and bacteria which, above certain levels, can be alleged to be connected to allergic or other health effects and symptoms in susceptible individuals. We could incur fines for environmental compliance and be held liable for the costs of remedial action with respect to the foregoing regulated substances or related claims arising out of environmental contamination or human exposure at or from our properties. Most of our properties have been subjected to varying degrees of environmental assessment at various times. To date, these environmental assessments have not revealed any environmental condition material and adverse to our business. However, identification of new compliance concerns or undiscovered areas of contamination, changes in the extent or known scope of contamination, human exposure to contamination or changes in cleanup or compliance requirements could result in significant costs to us.

Generally, our tenants must comply with environmental laws and meet remediation requirements. Our leases typically impose obligations on our tenants to indemnify us from any compliance costs we may incur as a result of the environmental conditions on the property caused by the tenant. If a lease does not require compliance or if a tenant fails to or cannot comply, we could be forced to pay these costs. If not addressed, environmental conditions could impair our ability to sell or re-lease the affected properties in the future or result in lower sales prices or rent payments, which could adversely impact our cash flow, financial condition and results of operations.

Some of our potential losses may not be covered by insurance.

The Company maintains (i) general liability insurance with limits of \$200 million for properties in the U.S. and Puerto Rico and (ii) all-risk property insurance with limits of \$500 million per occurrence and in the aggregate for properties in the U.S. and \$139 million for properties in Puerto Rico, subject to the terms, conditions, exclusions, deductibles and sub-limits when applicable for certain perils such as floods and earthquakes and (iii) numerous other insurance policies including trustees' and officers' insurance, workers' compensation and automobile-related liabilities insurance. The Company's insurance includes coverage for acts of terrorism but excludes coverage for nuclear, biological, chemical or radiological terrorism events as defined by the Terrorism Risk Insurance Program Reauthorization Act, which expires in December 2020. In addition, the Company maintains coverage for certain cybersecurity losses with limits of \$5 million per occurrence and in the aggregate providing first and third-party coverage including network interruption, event management, cyber extortion and claims for media content, security and privacy liability. Insurance premiums are typically charged directly to each of the retail properties and warehouses but not all of the cost of such premiums are recovered. The Company is responsible for deductibles, losses in excess of insurance coverage, and the portion of premiums not reimbursable by tenants at our properties, which could be material.

We continue to monitor the state of the insurance market and the scope and costs of coverage for acts of terrorism. However, we cannot anticipate what coverage will be available on commercially reasonable terms in the future and expect premiums across most property coverage lines to increase in light of recent events. The incurrence

of uninsured losses, costs or uncovered premiums could materially and adversely affect our business, results of operations and financial condition.

Certain of our loans and other agreements contain customary covenants requiring the maintenance of insurance coverage. Although we believe that we currently have adequate insurance coverage for purposes of these agreements, we may not be able to obtain an equivalent amount of coverage at reasonable costs in the future. If lenders or other counterparties insist on greater coverage than we are able to obtain, such requirement could materially and adversely affect our ability to finance our properties and expand our portfolio.

Future terrorist acts and shooting incidents could harm the demand for, and the value of, our properties. Over the past several years, a number of highly publicized terrorist acts and shootings have occurred at domestic and international retail properties. In the event concerns regarding safety were to alter shopping habits or deter customers from visiting shopping centers, our tenants would be adversely affected as would the general demand for retail space. Additionally, if such incidents were to continue, insurance for such acts may become limited or subject to substantial cost increases. Such an incident at one of our properties, particularly one in which we generate a significant amount of revenue, could materially and adversely affect our business, results of operations and financial condition.

Our assets may be subject to impairment charges.

Our long-lived assets, including real estate held for investment, are carried at net book value unless circumstances indicate that the carrying value of the assets may not be recoverable. Our properties are reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the property may not be recoverable. When assets are identified as held for sale, we estimate the sales prices net of selling costs of such assets. If, in our opinion, the net sales prices of the assets which have been identified for sale are expected to be less than the net book value of the assets, an impairment charge is recorded and we write down the asset to fair value. An impairment charge may also be recorded for any asset if it is probable, in our estimation, that the aggregate future cash flows (undiscounted and without interest charges) to be generated by the property are less than the carrying value of the property. Recording an impairment charge results in an immediate reduction in our income in the period in which the charge is taken, which could materially and adversely affect our results of operations and financial condition.

Compliance or failure to comply with the Americans with Disabilities Act, safety regulations or other requirements could result in substantial costs.

The ADA generally requires that public buildings including our properties meet certain federal requirements related to access and use by disabled persons. Noncompliance could result in the imposition of fines by the federal government or the award of damages to private litigants and/or legal fees to their counsel. We could be required under the ADA to make substantial alterations to, and capital expenditures at, one or more of our properties, including the removal of access barriers, which could materially and adversely affect our business, results of operations and financial condition. Our properties are subject to various federal, state and local regulatory requirements such as state and local fire and life safety regulations. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures. If we incur substantial costs to comply with the ADA and any other legislation, our cash flow, financial condition and results of operations could be adversely affected.

Changes in accounting principles, or interpretations thereof, could have a significant impact on our financial position and results of operations.

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These principles are subject to interpretation by the U.S. Securities and Exchange Commission and various bodies formed to interpret and create appropriate accounting principles. A change in these principles can have a significant effect on our reported results and may even retroactively affect previously reported transactions. Additionally, the adoption of new or revised accounting principles may require that we make significant changes to our systems, processes and controls.

For example, in February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, Leases, which requires lessees to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months, regardless of classification. Implementing ASUs, as well as other new accounting guidance may require us to make significant upgrades to and investments in our ERP systems, and could result in significant adverse changes to our financial statements. For additional information regarding updated standards, see the section titled "Recently Issued Accounting Literature" in Note 3 to the audited consolidated financial statements in Part II, Item 8 of this Annual Report on Form 10-K.

We face possible adverse changes in tax law.

Changes in U.S. federal, state and local tax laws or regulations, with or without retroactive application, could have a negative effect on us. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify to be taxed as a REIT and/or the U.S. federal income tax consequences to our investors and to the Company of such qualification. Any changes to the Code and Treasury Regulations promulgated thereunder that apply to determine the taxability of our separation from Vornado have been the subject of change and may continue to be the subject of change, possibly with retroactive application, which could have a negative effect on our shareholders and could adversely affect our business, results of operations and financial condition, and the amount of cash available for payment of dividends. Even changes that do not impose greater taxes on us could potentially result in adverse consequences to our shareholders.

The Tax Cut and Jobs Act

The TCJA makes major changes to the Code, including a number of provisions of the Code that affect the taxation of REITs and their stockholders. Among the changes made by the TCJA are permanently reducing the generally applicable corporate tax rate, reducing the tax rate applicable to individuals and other non-corporate taxpayers for tax years beginning after December 31, 2017 and before January 1, 2026, eliminating or modifying certain previously allowed deductions (including substantially limiting interest deductibility and, for individuals, the deduction for non-business state and local taxes), and providing for preferential rates of taxation through a deduction of up to 20% (subject to certain limitations) on most ordinary REIT dividends and certain trade or business income of non-corporate taxpayers. The decrease in corporate tax rates could decrease the attractiveness of the REITs, including the Company, relative to companies that are not REITs. The TCJA also imposes new limitations on the deduction of net operating losses, which may result in us having to make additional taxable distributions to our stockholders in order to comply with REIT distribution requirements or avoid taxes on retained income and gains. The effect of the significant changes made by the TCJA is highly uncertain, and administrative and regulatory guidance will be required in order to fully evaluate the effect of many provisions. The effect of any technical corrections with respect to the TCJA could have an adverse effect on us or our stockholders. Investors should consult their tax advisors regarding the implications of the TCJA on their investment in us.

Our existing tax protection agreements, and any tax protection agreements that we enter into in the future, could limit our flexibility with respect to disposing of certain of properties or refinancing our indebtedness.

In connection with certain contributions of properties to UELP, we and UELP have entered into tax protection agreements with the contributors of such properties that generally provide that if we dispose of any interest in the contributed properties in a taxable transaction within a certain time period, subject to certain exceptions, we may be required to indemnify the contributors for their tax liabilities attributable to the built-in gain that existed with respect to such property interests, and certain tax liabilities incurred as a result of such tax protection payments. Therefore, although it may be in our stockholders' best interests that we sell a contributed property, it may be economically prohibitive for us to do so because of these obligations. In the future, we and UELP may enter into additional tax protection agreements which could further limit our flexibility to sell or otherwise dispose of our properties.

In addition, one of our current tax protection agreements requires, and any tax protection agreements we enter into in the future may require, UELP to maintain for specified periods of time secured debt on certain of our assets and/or allocate partnership debt to certain contributors of properties to enable them to continue to defer recognition of their taxable gain with respect to the contributed properties. If the failure of UELP to maintain such levels of debt causes any such contributor to recognize gain, we may be required to deliver to such contributor a cash payment intended to approximate the contributor's tax liability resulting from such failure and certain tax liabilities incurred as a result of such tax protection payment. This tax protection agreement may restrict UELP's ability to repay or refinance debt or require UELP to maintain more or different debt than UELP would otherwise require for our business.

Covenants in our existing financing agreements may restrict our operating, financing, redevelopment, development, acquisition and other activities.

The mortgages on our properties contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to reduce insurance coverage. Our existing revolving credit facility contains, and any debt that we may obtain in the future may contain, customary restrictions, requirements and other limitations on our ability to incur indebtedness, including covenants (i) that limit our ability to incur debt based upon (1) our ratio of total debt to total assets, (2) our ratio of secured debt to total assets, (3) our ratio of earnings before interest, tax, depreciation and amortization (EBITDA) to interest expense and (4) our ratio of EBITDA to fixed charges, and (ii) that require us to maintain a certain level of unencumbered assets to unsecured debt. Our ability to borrow is subject to compliance with these and other covenants. Failure to comply with our covenants could cause a default under the applicable debt instrument and we may then be required to repay such debt with capital from other sources or to give possession of a secured property to the lender. Under those circumstances,

other sources of capital may not be available to us or may be available only on unattractive terms.

Risks related to our outstanding debt.

If we are unable to obtain debt financing or refinance existing indebtedness upon maturity on terms favorable to us, our financial condition and results of operations would likely be adversely affected. In addition, the cost of our existing variable rate debt may increase, especially in a rising interest rate environment, and we may not be able to refinance our existing debt in sufficient amounts or on acceptable terms. As of December 31, 2018, we had \$169.5 million of variable rate debt and our \$600 million revolving credit facility, on which no balance is outstanding at December 31, 2018, bears interest at a floating rate based on the London Interbank Offered Rate (“LIBOR”) plus an applicable margin, and we may continue to borrow additional funds at variable interest rates in the future. Increases in interest rates would increase the interest expense on our variable rate debt and reduce our cash flow, which could (i) adversely affect our ability to service our debt and meet our other obligations and (ii) reduce the amount we are able to distribute to our shareholders. If the cost or amount of our indebtedness increases or we cannot refinance our debt in

sufficient amounts or on acceptable terms, we are at risk of default on our obligations, which could have a material adverse effect on us.

Defaults on secured indebtedness may result in foreclosure.

In the event that we default on mortgages in the future, either as a result of ceasing to make debt service payments or failing to meet applicable covenants, the lenders may accelerate the related debt obligations and foreclose and/or take control of the properties that secure their loans. As of December 31, 2018, we had \$1.6 billion of secured debt outstanding and 31 of our properties were encumbered by secured debt. Further, for tax purposes, the foreclosure of a mortgage may result in the recognition of taxable income related to the extinguished debt without us having received any accompanying cash proceeds. As a result, since we are structured as a REIT, we may be required to identify and utilize sources for distributions to our shareholders related to such taxable income in order to avoid incurring corporate tax or to meet the REIT distribution requirements imposed by the Code.

We may not be able to obtain capital to make investments.

We depend primarily on external financing to fund the growth of our business because one of the requirements of the Code for a REIT is that it distributes at least 90% of its taxable income, excluding net capital gains, to its shareholders. There is a separate requirement to distribute net capital gains or pay a corporate level tax in lieu thereof. Our access to debt or equity financing depends on the willingness of third parties to lend to or to make equity investments and on conditions in the capital markets generally. There can be no assurance that new financing or other capital will be available or available on acceptable terms. The failure to obtain financing or other capital could materially and adversely affect our business, results of operations and financial condition. For information about our available sources of funds, see Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources included in Part II, Item 7. in this Annual Report on Form 10-K and the Notes to Consolidated Financial Statements included in Part II, Item 8. in this Annual Report on Form 10-K.

We may fail to qualify or remain qualified as a REIT and may be required to pay income taxes at corporate rates. Although we believe that we will remain organized and will continue to operate so as to qualify as a REIT for federal income tax purposes, we may fail to remain so qualified. Qualifications are governed by highly technical and complex provisions of the Code for which there are only limited judicial or administrative interpretations and that depend on various facts and circumstances that are not entirely within our control. In addition, legislation, new regulations, administrative interpretations or court decisions may significantly change the relevant tax laws and/or the federal income tax consequences of qualifying as a REIT. If, with respect to any taxable year, we fail to maintain our qualification as a REIT and do not qualify under statutory relief provisions, we could not deduct distributions to shareholders in computing our taxable income and would have to pay federal income tax on our taxable income at regular corporate rates. The federal income tax payable would include any applicable alternative minimum tax (which, for corporations, was repealed for tax years beginning after December 31, 2017 under the TCJA). If we had to pay federal income tax, the amount of money available to distribute to shareholders and pay our indebtedness would be reduced for the year or years involved, and we would no longer be required to make distributions to shareholders. In addition, we would also be disqualified as a REIT for the four taxable years following the year during which qualification was lost unless we were entitled to relief under the relevant statutory provisions.

We are also required to pay certain corporate-level taxes on our assets located in Puerto Rico and such taxes may increase if recently proposed taxes are implemented.

REIT distribution requirements could adversely affect our liquidity and our ability to execute our business plan. To qualify to be taxed as a REIT, and assuming that certain other requirements are also satisfied, we generally must distribute at least 90% of our REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, to our shareholders each year so that U.S. federal corporate income tax does not apply to earnings that we distribute. To the extent that we satisfy this distribution requirement and qualify for taxation as a REIT, but distribute less than 100% of our REIT taxable income, determined without regard to the dividends paid

deduction and including any net capital gains, we will be subject to U.S. federal corporate income tax on our undistributed net taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we distribute to our shareholders in a calendar year is less than a minimum amount specified under U.S. federal income tax laws. We intend to distribute 100% of our REIT taxable income to our shareholders.

From time to time, we may generate taxable income greater than our cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the effect of limitations on interest and net operating loss deductibility under the TCJA, the creation of reserves, or required debt or amortization payments. If we do not have other funds available in these situations, we could be required to borrow funds on unfavorable terms, sell assets at disadvantageous prices, distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt, or make taxable distributions of our shares or debt securities to make distributions sufficient to enable us to pay out enough of our taxable income to satisfy the REIT distribution requirement and avoid corporate income tax and the 4%

excise tax in a particular year. These alternatives could increase our costs or reduce our equity. Further, amounts distributed will not be available to fund investment activities. Thus, compliance with the REIT requirements may hinder our ability to grow, which could adversely affect the value of our shares. Any restrictions on our ability to incur additional indebtedness or make certain distributions could preclude us from meeting the 90% distribution requirement. Decreases in funds from operations due to unfinanced expenditures for acquisitions of properties or increases in the number of shares outstanding without commensurate increases in funds from operations would adversely affect our ability to maintain distributions to our shareholders. Consequently, there can be no assurance that we will be able to make distributions at the anticipated distribution rate or any other rate.

Risks related to Section 1031 Exchanges.

From time to time we may dispose of properties in transactions that are intended to qualify as “like kind exchanges” under Section 1031 of the Code (“Section 1031 Exchanges”). It is possible that the qualification of a transaction as a Section 1031 Exchange could be successfully challenged and determined to be currently taxable. In such case, our taxable income and earnings and profits would increase. In some circumstances, we may be required to pay additional dividends or, in lieu of that, corporate income tax, possibly including interest and penalties. As a result, we may be required to borrow funds in order to pay additional dividends or taxes, and the payment of such taxes could cause us to have less cash available to distribute to our shareholders. In addition, if a Section 1031 Exchange were later to be determined to be taxable, we may be required to amend our tax returns for the applicable year in question, including any information reports we sent our shareholders. Moreover, it is possible that legislation could be enacted that could modify or repeal the laws with respect to Section 1031 Exchanges, which could make it more difficult or not possible for us to dispose of properties on a tax deferred basis.

We are subject to litigation that may negatively impact our cash flow, financial condition and results of operations. We are a defendant from time to time in lawsuits and regulatory proceedings relating to our business. Due to the inherent uncertainties of litigation and regulatory proceedings, we may not be able to accurately predict the ultimate outcome of any such litigation or proceedings. A significant unfavorable outcome could negatively impact our cash flow, financial condition and results of operations.

If the distribution by each of Vornado and VRLP together with certain related transactions does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, Vornado and Vornado shareholders could be subject to significant tax liabilities.

Vornado received a private letter ruling from the IRS to the effect that the distribution of UE common shares by each of Vornado and its operating partnership, Vornado Realty L.P. (“VRLP”), together with certain related transactions, will, with respect to UE, VRLP, Vornado and the shareholders of Vornado, qualify as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 351 and 355 of the Code. Vornado obtained an opinion from of Roberts & Holland LLP, special tax counsel to Vornado, satisfactory to the Vornado Board of Trustees, to the effect that the distribution of UE common shares by each of Vornado and VRLP, together with certain related transactions, with respect to UE, VRLP, Vornado and the shareholders of Vornado, qualifies as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 351, 355, and 731 of the Code, including with respect to certain matters relating to these transactions that are not covered by the private letter ruling from the IRS. The private letter ruling is, and the opinion of Roberts & Holland LLP is based on, among other things, certain facts and assumptions, as well as certain representations, statements and undertakings of Vornado and UE (including those relating to the past and future conduct of Vornado and UE). If any of these representations, statements or undertakings are, or become, inaccurate or incomplete, or if Vornado or UE breach any of their respective covenants in the separation documents, the private letter ruling from the IRS and the opinion of Roberts & Holland LLP may be invalid and the conclusions reached therein could be jeopardized. In such case, the IRS could assert that the distribution of UE common shares by each of Vornado and VRLP, together with certain related transactions, should be treated as a taxable transaction. The opinion of Roberts & Holland LLP is not binding on the IRS or any courts.

If the distribution, together with certain related transactions, fails to qualify for tax-free treatment, in general, Vornado would recognize taxable gain as if it had sold the UE common shares in a taxable sale for its fair market value and Vornado shareholders who received UE common shares in the distribution could be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Risk related to the terms of our agreements related to our separation from Vornado.

In connection with the separation and distribution, we entered into certain agreements with Vornado, including a separation agreement between UE and Vornado (the "Separation Agreement") and a tax matters agreement between UE and Vornado (the "Tax Matters Agreement"). These agreements govern certain aspects of our relationship with Vornado. For example, the Tax Matters Agreement governs Vornado's and UE's respective rights, responsibilities and obligations with respect to taxes and liabilities, including taxes arising in the ordinary course of business, taxes, if any, incurred as a result of any failure of the spin and certain related transactions to qualify as tax-free for U.S. federal income tax purposes, tax attributes, tax returns, tax elections,

tax contests and certain other tax matters. Pursuant to the agreement, UE may be required to indemnify Vornado against additional taxes resulting from any violation of a covenant or any inaccuracy or falsity of a representation made by UE under the agreement. The Separation Agreement also contains indemnification provisions which may make us financially responsible for substantially all liabilities that may exist relating to our business activities, whether incurred prior to or after the separation and distribution, as well as those obligations of Vornado that we assumed pursuant to the Separation Agreement. These indemnity obligations could be substantial.

The terms of our Agreements, including those relating to tax and indemnification, were determined while we were still a wholly-owned subsidiary of Vornado. They were determined by persons who were, at the time, employees, officers or trustees of Vornado or its subsidiaries and, accordingly, had a conflict of interest. For example, during the period in which the terms of those agreements were prepared, we did not have a board of trustees that was independent of Vornado. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Arm's-length negotiations between Vornado and an unaffiliated third party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third party. See "Certain Relationships and Related Person Transactions."

There is no assurance that Vornado can satisfy its indemnification obligations to us or that such indemnification can fully offset the related liabilities.

Pursuant to the Separation Agreement, Vornado has agreed to retain and indemnify us for certain liabilities. However, third parties could seek to hold us responsible for any of such liabilities and there can be no assurance that Vornado will be able to fully satisfy its indemnification obligations. Even if we ultimately succeed in recovering from Vornado any amounts for which we are held liable, such indemnification may be insufficient to fully offset the financial impact of such liabilities and we may be temporarily required to bear these losses while seeking recovery from Vornado.

RISKS RELATED TO OUR COMMON SHARES

The market prices and trading volume of our equity securities may be volatile.

The market prices of our equity securities depend on various factors which may be unrelated to our operating performance or prospects. We cannot assure you that the market prices of our equity securities, including our common shares, will not fluctuate or decline significantly in the future.

A number of factors could negatively affect, or result in fluctuations in, the prices or trading volume of equity securities, including:

- actual or anticipated changes in our operating results and changes in expectations of future financial performance;
- our operating performance and the performance of other similar companies;
- changes in the real estate industry, and in the retail industry, including growth in e-commerce, catalog companies and direct consumer sales;
- our strategic decisions, such as acquisitions, dispositions, spin-offs, joint ventures, strategic investments or changes in business strategy;
- equity issuances or buybacks by us or the perception that such issuances or buybacks may occur or adverse reaction market reaction to any indebtedness we incur;
- increases in market interest rates;
- decreases in our distributions to shareholders;
- changes in real estate valuations or market valuations of similar companies;
- additions or departures of key management personnel;
- publication of research reports about us or our industry by securities analysts, or negative speculation in the press or investment community;
- the passage of legislation or other regulatory developments that adversely affect us, our tax status, or our industry;
- changes in accounting principles;
- our failure to satisfy the listing requirements of the NYSE;
- our failure to comply with the requirements of the Sarbanes Oxley Act;

our failure to qualify as a REIT; and

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general market conditions, including factors unrelated to our performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on our cash flow, financial condition and results of operations.

We cannot guarantee the timing, amount, or payment of dividends on our common shares.

Although we expect to pay regular cash dividends, the timing, declaration, amount and payment of dividends to shareholders falls within the discretion of the Board of Trustees. The Board of Trustees' decisions regarding the payment of dividends depends on factors such as our financial condition, earnings, capital requirements, debt service obligations, limitations under our financing arrangements, industry practice, legal requirements, regulatory constraints, and other considerations that it deems relevant. Our ability to pay dividends depends on our ongoing ability to generate cash from operations and access to the capital markets. We cannot guarantee that we will pay dividends in the future.

Your percentage of ownership in the Company may be diluted in the future.

In the future, your ownership in us may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise. For example, in August 2016, we entered into distribution agreements with various financial institutions as part of our implementation of a continuous equity offering program (the "ATM Program") under which we may sell up to \$250 million in common shares, par value of \$0.01 per share, from time to time in "at-the-market" offerings or certain other transactions, and in 2017 we issued 13.95 million common shares in two separate offerings.

In addition, we have and anticipate that we will continue to grant compensatory equity awards to our trustees, officers, employees, advisers and consultants who will provide services to us. The issuance of additional common shares, including sales under the ATM Program and awards to our executives, would dilute the interests of our current shareholders, and could depress the market price of our common shares, impair our ability to raise capital through the sale of additional equity securities, or impact our ability to pay dividends. We cannot predict the effect that future sales of our common shares or other equity-related securities including the issuance of Operating Partnership units would have on the market price of our common shares.

In addition, the Company's Declaration of Trust authorizes us to issue, without the approval of our shareholders, one or more classes or series of preferred shares having such designation, voting powers, preferences, rights and other terms, including preferences over our common shares respecting dividends and other distributions, as the Board of Trustees generally may determine. The terms of one or more classes or series of preferred shares could dilute the voting power or reduce the value of our common shares. For example, we could grant the holders of preferred shares the right to elect some number of our trustees in all events or on the occurrence of specified events, or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred shares could affect the residual value of the common shares.

Increases in market interest rates may result in a decrease in the value of our publicly-traded equity securities.

One of the factors that may influence the prices of our publicly-traded equity securities is the interest rate on our debt and the dividend yield on our common shares relative to market interest rates. If market interest rates, which are currently at low levels relative to historical rates, rise, our borrowing costs could rise and result in less funds being available for distribution. Therefore, we may not be able to, or we may choose not to, provide a higher distribution rate on our common stock. In addition, fluctuations in interest rates could adversely affect the market value of our properties. These factors could result in a decline in the market prices of our publicly-traded equity securities.

RISKS RELATED TO OUR ORGANIZATION AND STRUCTURE

The Company's Declaration of Trust sets limits on the ownership of our shares.

Generally, for us to maintain a qualification as a REIT under the Code, not more than fifty percent (50%) in value of the outstanding shares of beneficial interest of the Company may be owned, directly or indirectly, by five or fewer individuals at any time during the last half of the Company's taxable year. The Code defines "individuals" for purposes of the requirement described in the preceding sentence to include some types of entities. Under the Company's Declaration of Trust, no person or entity (or group thereof) may own more than 9.8% (in value or number of shares, whichever is more restrictive) of our outstanding shares of any class or series, with some exceptions for persons or entities approved by the Board of Trustees. A transfer of shares of beneficial interest of the Company to a person who, as a result of the transfer, violates the ownership limit will be void under certain circumstances, and, in any event, would deny that person any of the economic benefits of owning shares in excess of the ownership limit. These restrictions on transferability and ownership may delay, deter or prevent a change in control of the Company or other transaction that might involve a premium price or otherwise be in the best interest of the shareholders.

The Company's Declaration of Trust limits the removal of members of the Board of Trustees.

The Company's Declaration of Trust provides that, subject to the rights of holders of one or more classes or series of preferred shares to elect or remove one or more trustees, a trustee may be removed only for cause and only by the affirmative vote of two-thirds of the votes entitled to be cast in the election of trustees. This provision, when coupled with the exclusive power of the Board of Trustees to fill vacancies on the Board of Trustees, precludes shareholders from removing incumbent trustees except for cause and upon a substantial affirmative vote and filling the vacancies created by the removal with their own nominees. These limitations may delay, deter or prevent a change in control of the Company or other transactions that might involve a premium price or otherwise be in the best interest of our shareholders.

Maryland law contains provisions that may reduce the likelihood of certain takeover transactions.

Certain provisions of Maryland law, may have the effect of inhibiting a third-party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide the holders of our shares, including:

“Business combination” provisions that, subject to certain exceptions, prohibit certain business combinations between us and an “interested shareholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our shares or an affiliate thereof or an affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of our then outstanding voting shares at any time within the two-year period immediately prior to the date in question) for five years after the most recent date on which the shareholder becomes an interested shareholder, and thereafter impose fair price or super majority shareholder voting requirements on these combinations; and

“Control share” provisions that provide that holders of “control shares” of the Company (defined as shares that, when aggregated with other shares controlled by the shareholder, entitle the shareholder to exercise voting power in the election of trustees within one of three increasing ranges) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of the voting power of issued and outstanding “control shares,” subject to certain exceptions) have no voting rights with respect to their control shares, except to the extent approved by our shareholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

As permitted by Maryland law, the Company's Bylaws provide that we will not be subject to the control share provisions of Maryland law. However, we cannot assure you that the Board of Trustees will not revise the Company's Bylaws in order to be subject to such control share provisions in the future.

Certain provisions of Maryland law permit the board of trustees of a Maryland real estate investment trust with at least three independent trustees and a class of shares registered under the Exchange Act, without shareholder approval and regardless of what is currently provided in its declaration of trust or bylaws, to implement certain corporate governance provisions, some of which (for example, implementing a classified board) are not currently applicable to us. These provisions may have the effect of limiting or precluding a third party from making an unsolicited acquisition proposal for the Company or of delaying, deferring or preventing a change in control under circumstances that otherwise could provide the holders of shares of our shares with the opportunity to realize a premium over the then current market price.

We may issue additional shares in a manner that could adversely affect the likelihood of certain takeover transactions.

The Company's Declaration of Trust and Bylaws authorize the Board of Trustees in its sole discretion and without shareholder approval, to:

- cause the Company to issue additional authorized, but unissued, common or preferred shares;
- classify or reclassify, in one or more classes or series, any unissued common or preferred shares;
- set the preferences, rights and other terms of any classified or reclassified shares that the Company issues; and
- increase the number of shares of beneficial interest that the Company may issue.

The Board of Trustees can establish a class or series of common or preferred shares whose terms could delay, deter or prevent a change in control of the Company or other transaction that might involve a premium price or otherwise be in

the best interest of the Company's shareholders. The Company's Declaration of Trust and Bylaws contain other provisions that may delay, deter or prevent a change in control of the Company or other transaction that might involve a premium price or otherwise be in the best interest of our shareholders and the Company.

ITEM 1B. UNRESOLVED STAFF COMMENTS

There are no unresolved comments from the staff of the Securities and Exchange Commission as of the date of this Annual Report on Form 10-K.

ITEM 2. PROPERTIES

As of December 31, 2018, our portfolio is comprised of 83 shopping centers, four malls and a warehouse park totaling approximately 16.3 million square feet. We own 64 shopping centers 100% in fee simple and own a 95% interest in Walnut Creek (Mt. Diablo). We lease 18 of our shopping center properties under ground and/or building leases as indicated in the table below. Where a property is subject to a ground and/or building lease to a third party, we have included the year of contractual maturity of the lease next to the name of the property. As of December 31, 2018, we had \$1.6 billion of outstanding mortgage indebtedness which is secured by our properties. The following pages provide details of our properties as of December 31, 2018.

Property	Total Square Feet (1)	Percent Leased ⁽¹⁾	Weighted Average Annual Rent per sq ft ⁽²⁾	Major Tenants
SHOPPING CENTERS AND MALLS:				
California:				
Signal Hill	45,000	100.0%	\$26.49	Best Buy
Vallejo (leased through 2043) ⁽³⁾	45,000	100.0%	12.00	Best Buy
Walnut Creek (Olympic)	31,000	100.0%	70.00	Anthropologie
Walnut Creek (Mt. Diablo) ⁽⁴⁾	7,000	100.0%	122.00	Z Gallerie
Connecticut:				
Newington	189,000	100.0%	9.97	Walmart, Staples
Maryland:				
Baltimore (Towson) ⁽⁶⁾	155,000	100.0%	24.02	Staples, HomeGoods, Golf Galaxy, Tuesday Morning, Five Below, Ulta, Kirkland's, Sprouts
Glen Burnie	129,000	100.0%	10.21	Gavigan's Home Furnishings, Pep Boys
Rockville	94,000	98.0%	27.56	Regal Entertainment Group
Wheaton (leased through 2060) ⁽³⁾	66,000	100.0%	16.70	Best Buy
Massachusetts:				
Cambridge (leased through 2033) ⁽³⁾	48,000	100.0%	24.57	PetSmart, A.C. Moore (lease not commenced)
Chicopee	224,000	100.0%	5.50	Walmart
Milford (leased through July 2019) ⁽³⁾	83,000	100.0%	9.01	Kohl's
Springfield	182,000	100.0%	5.60	Walmart
Missouri:				
Manchester ⁽⁶⁾	131,000	100.0%	11.12	

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Academy Sports, Bob's Discount Furniture,
Pan-Asia Market

New Hampshire: Salem (leased through 2102) ⁽³⁾	37,000	—%	—	
New Jersey: Bergen Town Center - East, Paramus	253,000	97.5%	21.78	Lowe's, REI, Kirkland's, Best Buy
Bergen Town Center - West, Paramus	966,000	97.9%	32.63	Target, Century 21, Whole Foods Market, Burlington (under construction), Marshalls, Nordstrom Rack, Saks Off 5th, HomeGoods, H&M, Bloomingdale's Outlet, Nike Factory Store, Old Navy, Nieman Marcus Last Call Studio
Brick Carlstadt (leased through 2050) ⁽³⁾	278,000 78,000	100.0% 100.0%	19.75 23.67	Kohl's, ShopRite, Marshalls, Kirkland's Stop & Shop
Cherry Hill (Cherry Hill Commons)	264,000	70.2%	10.61	Walmart
Cherry Hill (Plaza at Cherry Hill) ⁽⁶⁾	420,000	73.3%	13.16	LA Fitness, Aldi, Raymour & Flanigan, Restoration Hardware, Total Wine, Guitar Center, Sam Ash Music

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East Brunswick	427,000	100.0%	15.09	Lowe's, Kohl's, Dick's Sporting Goods, P.C. Richard & Son, T.J. Maxx, LA Fitness
East Hanover (200 - 240 Route 10 West)	343,000	98.2%	20.39	The Home Depot, Dick's Sporting Goods, Saks Off Fifth, Marshalls, Forever21 Red, Paper Store
East Hanover (280 Route 10 West)	28,000	100.0%	34.71	REI
East Rutherford	197,000	98.3%	12.75	Lowe's
Garfield	280,000	100.0%	14.78	Walmart, Burlington, Marshalls, PetSmart, Ulta
Hackensack	275,000	100.0%	23.67	The Home Depot, Staples, Petco, 99 Ranch
Hazlet	95,000	100.0%	3.70	Stop & Shop ⁽⁵⁾
Jersey City (Hudson Mall) ⁽⁶⁾	382,000	81.7%	16.85	Marshalls, Big Lots, Retro Fitness, Staples, Old Navy
Jersey City (Hudson Commons)	236,000	100.0%	12.37	Lowe's, P.C. Richard & Son
Kearny	104,000	98.2%	19.53	LA Fitness, Marshalls, Ulta (lease not commenced), Starbucks (lease not commenced)
Lawnside	151,000	100.0%	16.40	The Home Depot, PetSmart
Lodi (Route 17 North)	171,000	—%	—	
Lodi (Washington Street)	85,000	87.6%	21.88	Blink Fitness, Aldi
Manalapan	208,000	100.0%	18.47	Best Buy, Bed Bath & Beyond, Raymour & Flanigan, Modell's Sporting Goods, PetSmart
Marlton	218,000	100.0%	15.33	Kohl's, ShopRite, PetSmart
Middletown	231,000	98.9%	13.60	Kohl's, Stop & Shop
Millburn ⁽⁶⁾	104,000	98.8%	25.25	Trader Joe's, CVS, PetSmart
Montclair	21,000	100.0%	26.20	Whole Foods Market
Morris Plains ⁽⁶⁾	182,000	66.1%	25.70	Kohl's
North Bergen (Kennedy Blvd)	62,000	100.0%	14.83	Food Bazaar
North Bergen (Tonnelles Ave)	410,000	100.0%	20.65	Walmart, BJ's Wholesale Club, PetSmart, Staples
North Plainfield	241,000	100.0%	11.41	Costco, The Tile Shop, La-Z-Boy, Petco, Da Vita Dialysis (lease not commenced)
Paramus (leased through 2033) ⁽³⁾	63,000	100.0%	47.18	24 Hour Fitness
Rockaway	189,000	97.8%	14.97	ShopRite, T.J. Maxx
South Plainfield (leased through 2039) ⁽³⁾	56,000	96.3%	21.65	Staples, Party City
Totowa	271,000	100.0%	17.45	The Home Depot, Bed Bath & Beyond, buybuy Baby, Marshalls, Staples
Turnersville	98,000	100.0%	9.94	Haynes Furniture Outlet (DBA The Dump), Verizon Wireless
Union (2445 Springfield Ave)	232,000	100.0%	17.85	The Home Depot
Union (Route 22 and Morris Ave)	276,000	83.1%	17.06	Lowe's, Office Depot
Watchung	170,000	98.3%	17.31	BJ's Wholesale Club
Westfield (One Lincoln Plaza) ⁽⁶⁾	22,000	89.9%	34.99	Five Guys, PNC Bank
Woodbridge (Woodbridge Commons)	226,000	95.2%	12.70	Walmart, Family Discount Furniture (lease not commenced)
Woodbridge (Plaza at Woodbridge) ⁽⁶⁾	414,000	61.7%	17.92	Best Buy, Raymour & Flanigan, Lincoln Tech, Harbor Freight, Retro Fitness
New York:				
Bronx (1750-1780 Gun Hill Road)	77,000	100.0%	36.23	Planet Fitness, Aldi
Bronx (Bruckner Boulevard) ⁽⁶⁾	371,000	81.3%	25.96	Kmart, Marshalls, ShopRite, Burlington
Bronx (Shops at Bruckner) ⁽⁶⁾	114,000	72.1%	41.04	Marshalls, Old Navy
Buffalo (Amherst)	311,000	85.0%	9.97	

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BJ's Wholesale Club, T.J. Maxx, HomeGoods, LA
Fitness

Commack (leased through 2021) ⁽³⁾	47,000	100.0%	20.69	PetSmart, Ace Hardware
Dewitt (leased through 2041) ⁽³⁾	46,000	100.0%	22.51	Best Buy
Freeport (Meadowbrook Commons) (leased through 2040) ⁽³⁾	44,000	100.0%	22.31	Bob's Discount Furniture
Freeport (Freeport Commons)	173,000	100.0%	21.95	The Home Depot, Staples
Huntington	204,000	96.4%	15.70	Kmart, Marshalls, Old Navy, Petco
Inwood	100,000	100.0%	19.73	Stop & Shop
Mt. Kisco	189,000	96.4%	16.46	Target, Stop & Shop
New Hyde Park (leased through 2029) ⁽³⁾	101,000	100.0%	20.21	Stop & Shop

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Oceanside	16,000	100.0%	28.00	Party City
Queens	46,000	71.2%	39.62	
Rochester	205,000	100.0%	3.08	Walmart
Rochester (Henrietta) (leased through 2056) ⁽³⁾	165,000	100.0%	4.61	Kohl's
Staten Island	165,000	91.7%	24.30	Western Beef, Planet Fitness, Mavis Discount Tire
West Babylon	66,000	97.6%	17.73	Best Market, Rite Aid
Yonkers Gateway Center ⁽⁶⁾	438,000	98.5%	17.27	Burlington, Best Buy, DSW, PetSmart, Alamo Drafthouse Cinema, Marshalls (under construction), Homesense (under construction)
Pennsylvania:				
Bensalem	185,000	100.0%	12.91	Kohl's, Ross Dress for Less, Staples, Petco
Bethlehem	153,000	95.6%	8.18	Giant Food, Petco
Broomall	169,000	100.0%	10.25	Giant Food, Planet Fitness, A.C. Moore, PetSmart
Glenolden	102,000	100.0%	12.77	Walmart
Lancaster	228,000	100.0%	5.07	Lowe's, Community Aid, Mattress Firm
Springfield (leased through 2025) ⁽³⁾	41,000	100.0%	22.99	PetSmart
Wilkes-Barre (461 - 499 Mundy Street)	179,000	79.6%	11.60	Bob's Discount Furniture, Ross Dress for Less, Marshalls, Petco, Tuesday Morning
Wyomissing (leased through 2065) ⁽³⁾	76,000	100.0%	16.69	LA Fitness, PetSmart
York	111,000	100.0%	9.21	Ashley Furniture, Tractor Supply Company, Aldi, Crunch Fitness
South Carolina:				
Charleston (leased through 2063) ⁽³⁾	45,000	100.0%	15.10	Best Buy
Virginia:				
Norfolk (leased through 2069) ⁽³⁾	114,000	100.0%	7.08	BJ's Wholesale Club
Tyson's Corner (leased through 2035) ⁽³⁾	38,000	100.0%	43.04	Best Buy
Puerto Rico:				
Las Catalinas	356,000	87.8%	31.16	Kmart, Forever 21
Montehiedra ⁽⁶⁾	539,000	93.2%	18.10	Kmart, The Home Depot, Marshalls, Caribbean Cinemas, Tiendas Capri
Total Shopping Centers and Malls	15,407,000	92.6%	\$17.90	
WAREHOUSES:				
East Hanover Warehouses ⁽⁶⁾	942,000	100.0%	5.34	J & J Tri-State Delivery, Foremost Groups, PCS Wireless, Fidelity Paper & Supply, Meyer Distributing, Consolidated Simon Distributors, Givaudan Flavors, Reliable Tire
Total Urban Edge Properties	16,349,000	93.1%	\$17.12	

- (1) Percent leased is expressed as the percentage of gross leasable area subject to a lease.
- (2) Weighted average annual base rent per square foot is the current base rent on an annualized basis. It includes executed leases for which rent has not commenced and excludes tenant expense reimbursements, free rent periods, concessions and storage rent. Excluding ground leases where the Company is the lessor, the weighted average annual rent per square foot for our retail portfolio is \$20.39 per square foot.
- (3) The Company is a lessee under a ground or building lease. Ground and building lease terms include exercised options and options that may be exercised in future periods. For building leases, the total square feet disclosed for the building will revert to the lessor upon lease expiration. At Salem, the ground lease is for a portion of the parking area only.
- (4) Our ownership of Walnut Creek (Mt. Diablo) is 95%.
- (5) The tenant never commenced operations at this location but continues to pay rent.
- (6) Not included in the same-property pool for the purposes of calculating same-property cash NOI for the years ended December 31, 2018 and 2017.

As of December 31, 2018, we had approximately 1,200 leases. Tenant leases for under 10,000 square feet generally have lease terms of five years or less. Tenant leases for 10,000 square feet or more generally have lease terms of 10 to 25 years, and are considered anchor leases with one or more renewal options available upon expiration of the initial lease term. The majority of our leases provide for reimbursements of real estate taxes, insurance and common area maintenance charges (including roof and structure in shopping centers, unless it is the tenant's direct responsibility), and percentage rents based on tenant sales volume. Percentage rents accounted for less than 1% of our total revenues for the year ended December 31, 2018.

Occupancy

The following table sets forth the consolidated retail portfolio occupancy rate (excluding warehouses), square footage and weighted average annual base rent per square foot of properties in our retail portfolio as of December 31 for the last five years:

December
31,