Urban Edge Properties
Form 10-Q
October 31, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 10-Q

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

For the quarterly period ended September 30, 2018

OR

o 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

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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 x NO o Urban Edge Properties LP YES x NO o

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 x NO o Urban Edge Properties LP YES x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer a smaller reporting company, or an 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 x	Accelerated Filer o	Non-Accelerated Filer o	Smaller Reporting Company o	Emerging Growth Company o

Urban Edge Properties LP:

Large Accelerated Filer o	Accelerated Filer o	Non-Accelerated Filer x	Smaller Reporting Company o	Emerging Growth Company o

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 o Urban Edge Properties LP o

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 o NO x Urban Edge Properties LP YES o NO x
As of October 26, 2018, Urban Edge Properties had 114,305,607 common shares outstanding.

URBAN EDGE PROPERTIES AND URBAN EDGE PROPERTIES LP
QUARTERLY REPORT ON FORM 10-Q
QUARTER ENDED SEPTEMBER 30, 2018

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EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the period ended September 30, 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 “UELP” and the “Operating Partnership” mean Urban Edge Properties LP, a Delaware limited partnership. References to the “Company,” “we,” “us” and “our” mean collectively UE, UELP and those entities/subsidiaries consolidated by UE. UELP 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 UELP. As the sole general partner of UELP, UE has exclusive control of UELP’s day-to-day management.

As of September 30, 2018, UE owned an approximate 89.8% ownership interest in UELP. The remaining approximate 10.2% interest is owned by limited partners. The other limited partners of UELP are Vornado Realty L.P., members of management, our Board of Trustees, and contributors of property interests acquired. Under the limited partnership agreement of UELP, unitholders may present their common units of UELP 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, UELP 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 UELP, 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 UELP pay cash. With each such exchange or redemption, UE’s percentage ownership in UELP will increase. In addition, whenever UE issues common shares other than to acquire common units of UELP, UE must contribute any net proceeds it receives to UELP and UELP must issue to UE an equivalent number of common units of UELP. This structure is commonly referred to as an umbrella partnership REIT, or UPREIT.

The Company believes that combining the quarterly reports on Form 10-Q of UE and UELP into this single report provides the following benefits:

- enhances investors’ understanding of UE and UELP 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 UELP; 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 UELP in the context of how UE and UELP operate as a consolidated company. The financial results of UELP are consolidated into the financial statements of UE. UE does not have any other significant assets, liabilities or operations, other than its investment in UELP, nor does it have employees of its own. UELP, not UE, generally executes all significant business relationships other than transactions involving the securities of UE. UELP holds substantially all of the assets of UE. UELP 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 UELP in exchange for units of limited partnership in UELP, as applicable, UELP 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 UELP. The limited partners of UELP are accounted for as partners’ capital in UELP’s financial statements and as noncontrolling interests in UE’s financial statements. The noncontrolling interests in UELP’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 UELP’s level and limited partners of UELP. The differences between shareholders’ equity and partners’ capital result from differences in the equity issued at UE and UELP levels.

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: Item 1. Financial Statements (unaudited) which includes specific disclosures for UE and UELP, Note 14, Equity and Noncontrolling Interest and Note 16, Earnings Per Share and Unit. This report also includes separate Part I, Item 4. 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.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
URBAN EDGE PROPERTIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share and per share amounts)

	September 30, 2018	December 31, 2017
ASSETS		
Real estate, at cost:		
Land	$533,859	$521,669
Buildings and improvements	2,132,712	2,010,527
Construction in progress	79,488	133,761
Furniture, fixtures and equipment	6,662	5,897
Total	2,752,721	2,671,854
Accumulated depreciation and amortization	(633,675)	(587,127)
Real estate, net	2,119,046	2,084,727
Cash and cash equivalents	449,307	490,279
Restricted cash	16,269	10,562
Tenant and other receivables, net of allowance for doubtful accounts of $6,485 and $4,937, respectively	28,799	20,078
Receivable arising from the straight-lining of rents, net of allowance for doubtful accounts of $662 and $494, respectively	84,828	85,843
Identified intangible assets, net of accumulated amortization of $38,905 and $33,827, respectively	72,841	87,249
Deferred leasing costs, net of accumulated amortization of $16,043 and $14,796, respectively	21,088	20,268
Deferred financing costs, net of accumulated amortization of $2,508 and $1,740, respectively	2,475	3,243
Prepaid expenses and other assets	16,194	18,559
Total assets	$2,810,847	$2,820,808
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net	$1,550,995	$1,564,542
Accounts payable and accrued expenses	70,227	69,595
Identified intangible liabilities, net of accumulated amortization of $64,252 and $65,832, respectively	148,715	180,959
Other liabilities	17,656	15,171
Total liabilities	1,787,593	1,830,267
Commitments and contingencies		
Shareholders' equity:		
Common shares: $0.01 par value; 500,000,000 shares authorized and 114,175,607 and 113,827,529 shares issued and outstanding, respectively	1,141	1,138
Additional paid-in capital	951,959	946,402
Accumulated deficit	(34,221)	(57,621)
Noncontrolling interests:		

Operating partnership	103,937	100,218
Consolidated subsidiaries	438	404
Total equity	1,023,254	990,541
Total liabilities and equity	$2,810,847	$2,820,808

See notes to consolidated financial statements (unaudited).

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URBAN EDGE PROPERTIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
REVENUE				
Property rentals	$85,949	$69,625	$230,217	$196,831
Tenant expense reimbursements	25,784	23,938	80,678	71,590
Management and development fees	375	369	1,064	1,199
Income from acquired leasehold interest	—	—	—	39,215
Other income	106	169	1,278	831
Total revenue	112,214	94,101	313,237	309,666
EXPENSES				
Depreciation and amortization	21,833	20,976	73,544	60,505
Real estate taxes	16,374	15,872	47,736	43,975
Property operating	22,249	11,402	59,408	35,858
General and administrative	9,702	7,025	25,579	22,998
Casualty and impairment loss (gain), net	58	2,170	(1,248)	5,637
Ground rent	2,722	2,891	8,210	7,997
Provision for doubtful accounts	79	575	2,588	1,674
Total expenses	73,017	60,911	215,817	178,644
Operating income	39,197	33,190	97,420	131,022
Gain on sale of real estate	2,185	202	52,625	202
Interest income	2,388	719	5,943	1,182
Interest and debt expense	(16,756)	(14,637)	(48,059)	(41,379)
Gain (loss) on extinguishment of debt	—	—	2,524	(1,274)
Income before income taxes	27,014	19,474	110,453	89,753
Income tax expense	(115)	(318)	(741)	(942)
Net income	26,899	19,156	109,712	88,811
Less net income attributable to noncontrolling interests in:				
Operating partnership	(2,688)	(1,967)	(11,041)	(7,431)
Consolidated subsidiaries	(11)	(11)	(34)	(33)
Net income attributable to common shareholders	$24,200	$17,178	$98,637	$81,347
Earnings per common share - Basic:	$0.21	$0.15	$0.87	$0.77
Earnings per common share - Diluted:	$0.21	$0.15	$0.86	$0.77
Weighted average shares outstanding - Basic	113,890	110,990	113,769	104,938
Weighted average shares outstanding - Diluted	114,156	111,260	114,236	115,323

See notes to consolidated financial statements (unaudited).

URBAN EDGE PROPERTIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)
(In thousands, except share and per share amounts)

	Common Shares				Noncontrolling Interests ("NCI")		
	Shares	Amount	Additional Paid-In Capital	Accumulated Earnings (Deficit)	Operating Partnership	Consolidated Subsidiaries	Total Equity
Balance, December 31, 2017	113,827,529	$1,138	$946,402	$ (57,621)	$100,218	$ 404	$990,541
Net income attributable to common shareholders	—	—	—	98,637	—	—	98,637
Net income attributable to noncontrolling interests	—	—	—	—	11,041	34	11,075
Limited partnership interests:							
Units redeemed for common shares	249,110	2	2,041	—	—	—	2,043
Reallocation of noncontrolling interests	—	—	(21)	—	(2,022)	—	(2,043)
Common shares issued	116,158	2	452	(139)	—	—	315
Dividends to common shareholders ($0.66 per share)	—	—	—	(75,122)	—	—	(75,122)
Distributions to redeemable NCI ($0.66 per unit)	—	—	—	—	(8,301)	—	(8,301)
Share-based compensation expense	—	—	3,469	24	3,001	—	6,494
Share-based awards retained for taxes	(17,190)	(1)	(384)	—	—	—	(385)
Balance, September 30, 2018	114,175,607	$1,141	$951,959	$ (34,221)	$103,937	$ 438	$1,023,254

See notes to consolidated financial statements (unaudited).

URBAN EDGE PROPERTIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended September 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$109,712	$88,811
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74,025	60,576
Income from acquired leasehold interest	—	(39,215)
Casualty and impairment loss	—	5,637
Gain on sale of real estate	(52,625)	(202)
(Gain) loss on extinguishment of debt	(2,524)	1,274
Amortization of deferred financing costs	2,159	2,175
Amortization of below market leases, net	(29,767)	(6,842)
Straight-lining of rent	(381)	520
Share-based compensation expense	6,494	5,248
Provision for doubtful accounts	2,588	1,674
Change in operating assets and liabilities:		
Tenant and other receivables	(12,812)	(9,605)
Deferred leasing costs	(3,441)	(3,556)
Prepaid and other assets	(1,359)	(6,073)
Accounts payable and accrued expenses	(6,378)	12,372
Other liabilities	2,431	1,704
Net cash provided by operating activities	88,122	114,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Real estate development and capital improvements	(90,703)	(55,941)
Acquisition of real estate	(4,931)	(211,393)
Proceeds from sale of operating properties	57,593	5,005
Insurance proceeds	1,300	—
Net cash used in investing activities	(36,741)	(262,329)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt repayments	(3,153)	(88,559)
Dividends to common shareholders	(75,122)	(70,408)
Distributions to redeemable noncontrolling interests	(8,301)	(6,705)
Debt issuance costs	—	(11,352)
Taxes withheld for vested restricted shares	(385)	(287)
Proceeds related to the issuance of common shares	315	348,214
Proceeds from borrowings	—	225,500
Net cash (used in) provided by financing activities	(86,646)	396,403
Net (decrease) increase in cash and cash equivalents and restricted cash	(35,265)	248,572
Cash and cash equivalents and restricted cash at beginning of period	500,841	140,186
Cash and cash equivalents and restricted cash at end of period	$465,576	$388,758

See notes to consolidated financial statements (unaudited).

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	Nine Months Ended September 30,	
	2018	2017
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payment for interest, includes amounts capitalized of $2,769 and $2,912, respectively	$49,549	$40,567
Cash payments for income taxes	757	1,237
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Accrued capital expenditures included in accounts payable and accrued expenses	24,100	15,226
Mortgage debt forgiven in foreclosure sale	11,537	—
Write-off of fully depreciated assets	10,407	910
Acquisition of real estate through issuance of OP units	—	171,084
Acquisition of real estate through assumption of debt	—	69,659
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents at beginning of period	$490,279	$131,654
Restricted cash at beginning of period	10,562	8,532
Cash and cash equivalents and restricted cash at beginning of period	$500,841	$140,186
Cash and cash equivalents at end of period	$449,307	$380,395
Restricted cash at end of period	16,269	8,363
Cash and cash equivalents and restricted cash at end of period	$465,576	$388,758

See notes to consolidated financial statements (unaudited).

URBAN EDGE PROPERTIES LP
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except unit and per unit amounts)

	September 30, 2018	December 31, 2017
ASSETS		
Real estate, at cost:		
Land	$533,859	$521,669
Buildings and improvements	2,132,712	2,010,527
Construction in progress	79,488	133,761
Furniture, fixtures and equipment	6,662	5,897
Total	2,752,721	2,671,854
Accumulated depreciation and amortization	(633,675)	(587,127)
Real estate, net	2,119,046	2,084,727
Cash and cash equivalents	449,307	490,279
Restricted cash	16,269	10,562
Tenant and other receivables, net of allowance for doubtful accounts of $6,485 and $4,937, respectively	28,799	20,078
Receivable arising from the straight-lining of rents, net of allowance for doubtful accounts of $662 and $494, respectively	84,828	85,843
Identified intangible assets, net of accumulated amortization of $38,905 and $33,827, respectively	72,841	87,249
Deferred leasing costs, net of accumulated amortization of $16,043 and $14,796, respectively	21,088	20,268
Deferred financing costs, net of accumulated amortization of $2,508 and $1,740, respectively	2,475	3,243
Prepaid expenses and other assets	16,194	18,559
Total assets	$2,810,847	$2,820,808
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net	$1,550,995	$1,564,542
Accounts payable and accrued expenses	70,227	69,595
Identified intangible liabilities, net of accumulated amortization of $64,252 and $65,832, respectively	148,715	180,959
Other liabilities	17,656	15,171
Total liabilities	1,787,593	1,830,267
Commitments and contingencies		
Equity:		
Partners' capital:		
General partner: 114,175,607 and 113,827,529 units outstanding, respectively	953,100	947,540
Limited partners: 12,908,526 and 12,812,954 units outstanding, respectively	106,474	105,495
Accumulated deficit	(36,758)	(62,898)
Total partners' capital	1,022,816	990,137
Noncontrolling interest in consolidated subsidiaries	438	404
Total equity	1,023,254	990,541
Total liabilities and equity	$2,810,847	$2,820,808

See notes to consolidated financial statements (unaudited).

URBAN EDGE PROPERTIES LP
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except unit and per unit amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
REVENUE				
Property rentals	$85,949	$69,625	$230,217	$196,831
Tenant expense reimbursements	25,784	23,938	80,678	71,590
Management and development fees	375	369	1,064	1,199
Income from acquired leasehold interest	—	—	—	39,215
Other income	106	169	1,278	831
Total revenue	112,214	94,101	313,237	309,666
EXPENSES				
Depreciation and amortization	21,833	20,976	73,544	60,505
Real estate taxes	16,374	15,872	47,736	43,975
Property operating	22,249	11,402	59,408	35,858
General and administrative	9,702	7,025	25,579	22,998
Casualty and impairment loss (gain), net	58	2,170	(1,248)	5,637
Ground rent	2,722	2,891	8,210	7,997
Provision for doubtful accounts	79	575	2,588	1,674
Total expenses	73,017	60,911	215,817	178,644
Operating income	39,197	33,190	97,420	131,022
Gain on sale of real estate	2,185	202	52,625	202
Interest income	2,388	719	5,943	1,182
Interest and debt expense	(16,756)	(14,637)	(48,059)	(41,379)
Gain (loss) on extinguishment of debt	—	—	2,524	(1,274)
Income before income taxes	27,014	19,474	110,453	89,753
Income tax expense	(115)	(318)	(741)	(942)
Net income	26,899	19,156	109,712	88,811
Less: net income attributable to NCI in consolidated subsidiaries	(11)	(11)	(34)	(33)
Net income attributable to unitholders	$26,888	$19,145	$109,678	$88,778
Earnings per unit - Basic:	$0.21	$0.15	$0.87	$0.77
Earnings per unit - Diluted:	$0.21	$0.15	$0.86	$0.77
Weighted average units outstanding - Basic	126,208	123,433	126,170	114,979
Weighted average units outstanding - Diluted	126,693	123,703	126,636	115,323

See notes to consolidated financial statements (unaudited).

URBAN EDGE PROPERTIES LP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)
(In thousands, except unit and per unit amounts)

	Total Shares	General Partner	Total Units	Limited Partners[1]	Accumulated Earnings (Deficit)	NCI in Consolidated Subsidiaries	Total Equity
Balance, December 31, 2017	113,827,529	$947,540	12,812,954	$105,495	$(62,898)	$ 404	$990,541
Net income attributable to unitholders	—	—	—	—	109,678	—	109,678
Net income attributable to noncontrolling interests	—	—	—	—	—	34	34
Common units issued as a result of common shares issued by Urban Edge	116,158	454	—	—	(139)	—	315
Equity redemption of OP Units	249,110	2,043	(249,110)	—	—	—	2,043
Limited partnership units issued, net	—	—	344,682	—	—	—	—
Reallocation of noncontrolling interests	—	(21)	—	(2,022)	—	—	(2,043)
Distributions to Partners ($0.66 per unit)	—	—	—	—	(83,423)	—	(83,423)
Share-based compensation expense	—	3,469	—	3,001	24	—	6,494
Share-based awards retained for taxes	(17,190)	(385)	—	—	—	—	(385)
Balance, September 30, 2018	114,175,607	$953,100	12,908,526	$106,474	$(36,758)	$ 438	$1,023,254

[1] Limited partners have a 10.2% common limited partnership interest in the Operating Partnership as of September 30, 2018 in the form of units of interest in the Operating Partnership ("OP Units") and Long-Term Incentive Plan ("LTIP") units.

See notes to consolidated financial statements (unaudited).

URBAN EDGE PROPERTIES LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$109,712	$88,811
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74,025	60,576
Income from acquired leasehold interest	—	(39,215)
Casualty and impairment loss	—	5,637
Gain on sale of real estate	(52,625)	(202)
(Gain) loss on extinguishment of debt	(2,524)	1,274
Amortization of deferred financing costs	2,159	2,175
Amortization of below market leases, net	(29,767)	(6,842)
Straight-lining of rent	(381)	520
Share-based compensation expense	6,494	5,248
Provision for doubtful accounts	2,588	1,674
Change in operating assets and liabilities:		
Tenant and other receivables	(12,812)	(9,605)
Deferred leasing costs	(3,441)	(3,556)
Prepaid and other assets	(1,359)	(6,073)
Accounts payable and accrued expenses	(6,378)	12,372
Other liabilities	2,431	1,704
Net cash provided by operating activities	88,122	114,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Real estate development and capital improvements	(90,703)	(55,941)
Acquisition of real estate	(4,931)	(211,393)
Proceeds from sale of operating properties	57,593	5,005
Insurance proceeds	1,300	—
Net cash used in investing activities	(36,741)	(262,329)
CASH FLOWS FROM FINANCING ACTIVITIES		
Debt repayments	(3,153)	(88,559)
Distributions to partners	(83,423)	(77,113)
Debt issuance costs	—	(11,352)
Taxes withheld for vested restricted units	(385)	(287)
Proceeds related to the issuance of common shares	315	348,214
Proceeds from borrowings	—	225,500
Net cash (used in) provided by financing activities	(86,646)	396,403
Net (decrease) increase in cash and cash equivalents and restricted cash	(35,265)	248,572
Cash and cash equivalents and restricted cash at beginning of period	500,841	140,186
Cash and cash equivalents and restricted cash at end of period	$465,576	$388,758

See notes to consolidated financial statements (unaudited).

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	Nine Months Ended September 30,	
	2018	2017
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payment for interest, includes amounts capitalized of $2,769 and $2,912, respectively	$49,549	$40,567
Cash payments for income taxes	757	1,237
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Accrued capital expenditures included in accounts payable and accrued expenses	24,100	15,226
Mortgage debt forgiven in foreclosure sale	11,537	—
Write-off of fully depreciated assets	10,407	910
Acquisition of real estate through issuance of OP units	—	171,084
Acquisition of real estate through assumption of debt	—	69,659
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents at beginning of period	$490,279	$131,654
Restricted cash at beginning of period	10,562	8,532
Cash and cash equivalents and restricted cash at beginning of period	$500,841	$140,186
Cash and cash equivalents at end of period	$449,307	$380,395
Restricted cash at end of period	16,269	8,363
Cash and cash equivalents and restricted cash at end of period	$465,576	$388,758

See notes to consolidated financial statements (unaudited).

URBAN EDGE PROPERTIES AND URBAN EDGE PROPERTIES LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. ORGANIZATION

Urban Edge Properties ("UE", "Urban Edge" or the "Company") (NYSE: UE) is a Maryland real estate investment trust focused on managing, developing, redeveloping, and acquiring retail real estate in urban communities, 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 properties and other assets. Unless the context otherwise requires, references to "we", "us" and "our" refer to Urban Edge Properties and UELP and their consolidated entities/subsidiaries.
The Operating Partnership's capital includes general and common limited partnership interests in the operating partnership ("OP Units"). As of September 30, 2018, Urban Edge owned approximately 89.8% of the outstanding common OP Units with the remaining limited OP Units held by Vornado Realty L.P., members of management, our Board of Trustees and contributors of property interests acquired. Urban Edge serves as the sole general partner of the Operating Partnership. The third-party unitholders have limited rights over the Operating Partnership such that they do not have characteristics of a controlling financial interest. As such, the Operating Partnership is considered a variable interest entity ("VIE"), and the Company is the primary beneficiary which consolidates it. The Company's only investment is the Operating Partnership. The VIE's assets can be used for purposes other than the settlement of the VIE's obligations and the Company's partnership interest is considered a majority voting interest.

As of September 30, 2018, our portfolio consisted of 83 shopping centers, four malls and a warehouse park totaling approximately 16.3 million square feet (sf).

2. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions of Form 10-Q. Certain information and footnote disclosures included in our annual financial statements have been condensed or omitted. In the opinion of management, the consolidated financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position of the Company and the Operating Partnership and the results of operations and cash flows for the interim periods presented. Operating results for the three and nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2018. Accordingly, these consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2017, as filed with the Securities Exchange Commission ("SEC").

The consolidated balance sheets as of September 30, 2018 and December 31, 2017 reflect the consolidation of wholly-owned subsidiaries and those entities in which we have a controlling financial interest. The consolidated statements of income for the three and nine months ended September 30, 2018 and 2017 include the consolidated accounts of the Company and the Operating Partnership. All intercompany transactions have been eliminated in consolidation.

Our primary business is the ownership, management, redevelopment, development and operation of retail shopping centers and malls. We do not distinguish our primary business or group our operations on a geographical basis for purposes of measuring performance. The Company's chief operating decision maker reviews operating and financial information for each property on an individual basis and therefore, each property represents an individual operating segment. None of our tenants accounted for more than 10% of our revenue or property operating income. We aggregate all of our properties into one reportable segment due to their similarities with regard to the nature and economics of the properties, tenants and operations, as well as long-term average financial performance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Literature

Effective January 1, 2018, we adopted (“ASU 2017-09”) Scope of Modification Accounting, which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting will not apply if the fair value, vesting conditions, and classification of the awards are the same immediately before and after the modification. The adoption of this standard resulted in no impact to our consolidated financial statements. If we encounter a change to the terms or conditions of any of our share-based payment awards we will evaluate the need to apply modification accounting based on the new guidance. The general treatment for modifications of share-based payment awards is to record the incremental value arising from the change as additional compensation cost in the period of modification.

Effective January 1, 2018, we adopted (“ASU 2017-05”) Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets, to clarify the scope and accounting for derecognition of nonfinancial assets. ASU 2017-05 eliminated the guidance specific to real estate sales and partial sales of real estate. ASU 2017-05 defines “in-substance nonfinancial assets” and includes guidance on partial sales of nonfinancial assets. The adoption of this standard resulted in no material impact to our consolidated financial statements.

Effective January 1, 2018, we adopted (“ASU 2014-09”) Revenue from Contracts with Customers to ASC Topic 606, which supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition. ASU 2014-09 requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. We adopted the standard using the modified retrospective approach which requires applying the new standard to all existing contracts not yet completed as of the effective date. We have completed our evaluation of the standard’s impact on our revenue sources. The adoption of this standard did not have a material impact on our consolidated financial statements but has resulted in additional qualitative disclosures for the three and nine months ended September 30, 2018 and 2017 (refer to Note 4 Revenues).

In February 2016, the FASB issued an update (“ASU 2016-02”) Leases, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a two-model approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. The new standard requires lessors to account for the leases using an approach that is substantially equivalent to existing guidance for sales-type lease, direct financing leases and operating leases.

ASU 2016-02 originally stated that companies would be required to bifurcate certain lease revenues between lease and non-lease components, however, in July 2018, the FASB issued an update (“ASU 2018-11”) Leases: Targeted Improvements which provides lessors a practical expedient to account for lease and non-lease components as a single lease component if certain criteria are met. ASU 2016-02 originally required a modified retrospective method of adoption, however, ASU 2018-11 provides companies with an additional transition method of recognizing a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

The provisions of ASU 2016-02 are effective January 1, 2019, with early adoption permitted. We plan to adopt this standard January 1, 2019 and elect the practical expedient package, which will be applied consistently to all of our leases. As of September 30, 2018, we are finalizing our evaluation of the standard’s impact on the Company’s consolidated financial statements and accounting policies. For leases where we are the lessor, adoption will not have a material impact and we will continue to record revenues from rental properties for our operating leases on a straight-line basis. For leases where we are a lessee, we will be required to record a right-of-use asset and lease liability on our consolidated balance sheet. We are finalizing the inputs required to calculate the amounts that will be recorded on our consolidated balance sheets for these leases. Further, internal leasing department costs previously capitalized will be expensed within general and administrative expenses. Historical capitalization of internal leasing costs was $0.5 million for each of the nine months ended September 30, 2018 and September 30, 2017, respectively. We will continue to evaluate the impact of this guidance until it becomes effective.

Any other recently issued accounting standards or pronouncements not disclosed above have been excluded as they are not relevant to the Company or the Operating Partnership, or they are not expected to have a material impact on our consolidated financial statements.

4. REVENUES

We have the following revenue sources and revenue recognition policies. The table below presents our revenues disaggregated by revenue source for the three and nine months ended September 30, 2018 and 2017, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2018	2017	2018	2017
Property rentals	$85,949	$69,625	$230,217	$196,831
Tenant expense reimbursements	25,784	23,938	80,678	71,590
Management and development fees	375	369	1,064	1,199
Income from acquired leasehold interest	—	—	—	39,215
Other income	106	169	1,278	831
Total Revenue	$112,214	$94,101	$313,237	$309,666

Property Rentals
We generate revenue from minimum lease payments from tenant operating leases. These rents are recognized over the noncancelable terms of the related leases on a straight-line basis which includes the effects of rent steps and rent abatements under the leases in accordance with ASC 840 Leases. We satisfy our performance obligations over time, under the noncancelable lease term, commencing when the tenant takes possession of the leased space and the leased space is substantially ready for its intended use. In addition, in circumstances where we provide a lease incentive to tenants, we recognize the incentive as a reduction of rental revenue on a straight-line basis over the remaining term of the lease. The underlying leased asset remains on our consolidated balance sheet and continues to depreciate.
Tenant expense reimbursements
In accordance with ASC 840, revenue arises from tenant leases, which provide for the recovery of all or a portion of the operating expenses, real estate taxes and capital improvements of the respective property. This revenue is accrued in the same periods as the expenses are incurred.
Income from acquired leasehold interest
Income from acquired leasehold interest was non-cash revenue generated in connection with the write-off of an unamortized intangible liability balance related to the below-market ground lease as well as the existing straight-line receivable balance, upon acquisition of the leasehold interest of the property. This revenue was recognized in accordance with ASC 840.
Other Income
Other income is generated in connection with certain services provided to tenants for which we earn a fee. This revenue is recognized as the services are transferred in accordance with ASC 606, with the exception of lease termination fee income, which is recognized in accordance with ASC 840.
Management and development fees
We generate management and development fee income from contractual property management agreements with third parties. This revenue is recognized as the services are transferred in accordance with ASC 606.

5. ACQUISITIONS AND DISPOSITIONS

During the nine months ended September 30, 2018, we closed the following acquisitions:

Date Purchased	Property Name	City	State	Square Feet	Purchase Price (in thousands)	
January 26, 2018	938 Spring Valley Road	Maywood	NJ	2,000	$ 719	
February 23, 2018	116 Sunrise Highway	Freeport	NY	4,750	447	
February 28, 2018	197 West Spring Valley Ave	Maywood	NJ	16,300	2,799	
May 24, 2018	7 Francis Place	Montclair	NJ	3,000	966	
				Total	$ 4,931	(1)

(1) The total purchase price for the properties acquired in the nine months ended September 30, 2018 includes $0.1 million of transaction costs incurred in relation to the transactions.

The properties purchased during the nine months ended September 30, 2018 are all adjacent to existing centers owned by the Company. Consideration for these purchases consisted of cash.

The aggregate purchase price of the above property acquisitions has been allocated as follows:

Property Name	Land	Buildings and improvements	Total Purchase Price
(in thousands)			
938 Spring Valley Road	$519	$ 200	$ 719
116 Sunrise Highway	151	296	447
197 West Spring Valley Ave	1,768	1,031	2,799
7 Francis Place	381	585	966
Total	$2,819	$ 2,112	$ 4,931

Dispositions

On April 26, 2018, we completed the sale of our property in Allentown, PA, which was previously classified as held for sale, for $54.3 million, net of selling costs. As a result of this transaction, we recognized a $50.4 million gain on sale of real estate during the nine months ended September 30, 2018.

On July 5, 2018, we completed the sale of land in Cherry Hill, NJ for $3.3 million, net of selling costs, resulting in a gain of $2.2 million.

6. IDENTIFIED INTANGIBLE ASSETS AND LIABILITIES

Our identified intangible assets (acquired in-place and above and below-market leases) and liabilities (acquired below-market leases), net of accumulated amortization were $72.8 million and $148.7 million as of September 30, 2018, respectively, and $87.2 million and $181.0 million as of December 31, 2017, respectively.

Amortization of acquired below-market leases, net of acquired above-market leases resulted in additional rental income of $19.3 million and $29.8 million for the three and nine months ended September 30, 2018, respectively, and $2.7 million and $6.8 million for the same periods in 2017.

Amortization of acquired in-place leases and customer relationships resulted in additional depreciation and amortization expense of $2.7 million and $11.2 million for the three and nine months ended September 30, 2018, respectively, and $2.9 million and $6.0 million for the same periods in 2017.

Certain shopping centers are subject to ground leases or ground and building leases. Amortization of these acquired below-market leases resulted in additional rent expense of $0.2 million and $0.7 million for the three and nine months ended September 30, 2018, respectively, and $0.2 million and $0.7 million for the same periods in 2017.

The following table sets forth the estimated annual amortization expense related to intangible assets and liabilities for the five succeeding years commencing January 1, 2019:

(Amounts in thousands) Year	Below-Market Operating Lease Income	Above-Market Operating Lease Expense	In-Place Leases	Below-Market Ground Leases
2019	$ 10,359	$ 1,293	$ 7,940	$ 972
2020	10,239	1,016	6,684	972
2021	10,042	794	5,384	622
2022	9,736	433	4,090	590
2023	9,675	327	3,717	590

7. MORTGAGES PAYABLE

The following is a summary of mortgages payable as of September 30, 2018 and December 31, 2017.

(Amounts in thousands)	Maturity	Interest Rate at September 30, 2018	September 30, 2018	December 31, 2017
First mortgages secured by:				
Variable rate				
Plaza at Cherry Hill[1]	5/24/2022	3.70%	$28,930	$28,930
Westfield - One Lincoln Plaza[1]	5/24/2022	3.70%	4,730	4,730
Plaza at Woodbridge[1]	5/25/2022	3.70%	55,340	55,340
Hudson Commons[2]	11/15/2024	4.00%	29,000	29,000
Watchung[2]	11/15/2024	4.00%	27,000	27,000
Bronx (1750-1780 Gun Hill Road)[2]	12/1/2024	4.00%	24,500	24,500
Total variable rate debt			169,500	169,500
Fixed rate				
Montehiedra Town Center, Senior Loan	7/6/2021	5.33%	85,250	86,236
Montehiedra Town Center, Junior Loan	7/6/2021	3.00%	30,000	30,000
Bergen Town Center	4/8/2023	3.56%	300,000	300,000
Shops at Bruckner	5/1/2023	3.90%	11,729	12,162
Hudson Mall[5]	12/1/2023	5.07%	24,498	25,004
Yonkers Gateway Center[6]	4/6/2024	4.16%	32,092	33,227
Las Catalinas	8/6/2024	4.43%	130,000	130,000
Brick	12/10/2024	3.87%	50,000	50,000
North Plainfield	12/10/2025	3.99%	25,100	25,100
Middletown	12/1/2026	3.78%	31,400	31,400
Rockaway	12/1/2026	3.78%	27,800	27,800
East Hanover (200 - 240 Route 10 West)	12/10/2026	4.03%	63,000	63,000
North Bergen (Tonnelle Ave)[4]	4/1/2027	4.18%	100,000	100,000
Manchester Plaza	6/1/2027	4.32%	12,500	12,500
Millburn	6/1/2027	3.97%	24,000	24,000
Totowa	12/1/2027	4.33%	50,800	50,800
Woodbridge Commons	12/1/2027	4.36%	22,100	22,100
East Brunswick	12/6/2027	4.38%	63,000	63,000
East Rutherford	1/6/2028	4.49%	23,000	23,000
Hackensack	3/1/2028	4.36%	66,400	66,400
Marlton	12/1/2028	3.86%	37,400	37,400
East Hanover Warehouses	12/1/2028	4.09%	40,700	40,700
Union (2445 Springfield Ave)	12/10/2028	4.01%	45,600	45,600
Freeport Commons	12/10/2029	4.07%	43,100	43,100
Garfield	12/1/2030	4.14%	40,300	40,300
Mt Kisco -Target[3]	11/15/2034	6.40%	14,106	14,451
Englewood[7]	—	—%	—	11,537
Total fixed rate debt			1,393,875	1,408,817
	Total mortgages payable		1,563,375	1,578,317
	Unamortized debt issuance costs		(12,380)	(13,775)
Total mortgages payable, net of unamortized debt issuance costs			$1,550,995	$1,564,542

[1] Bears interest at one month LIBOR plus 160 bps.

(2) Bears interest at one month LIBOR plus 190 bps.

(3) The mortgage payable balance on the loan secured by Mount Kisco (Target) includes $1.0 million of unamortized debt discount as of both September 30, 2018 and December 31, 2017, respectively. The effective interest rate including amortization of the debt discount is 7.29% as of September 30, 2018.

(4) On March 29, 2017, we refinanced the $74 million, 4.59% mortgage loan secured by our Tonnelle Commons property in North Bergen, NJ, increasing the principal balance to $100 million with a 10-year fixed rate mortgage, at 4.18%. As a result, we recognized a loss on extinguishment of debt of $1.3 million during the nine months ended September 30, 2017, comprised of a $1.1 million prepayment penalty and write-off of $0.2 million of unamortized deferred financing fees on the original loan.

(5) The mortgage payable balance on the loan secured by Hudson Mall includes $1.3 million and $1.5 million of unamortized debt premium as of September 30, 2018 and December 31, 2017, respectively. The effective interest rate including amortization of the debt premium is 3.88% as of September 30, 2018.

(6) The mortgage payable balance on the loan secured by Yonkers Gateway Center includes $0.7 million and $0.8 million of unamortized debt premium as of both September 30, 2018 and December 31, 2017, respectively. The effective interest rate including amortization of the debt premium is 3.76% as of September 30, 2018.

(7) On January 31, 2018, our property in Englewood, NJ was sold at a foreclosure sale and on February 23, 2018, the court order was received approving the sale and discharging the receiver of all assets and liabilities related to the property.

The net carrying amount of real estate collateralizing the above indebtedness amounted to approximately $1.3 billion as of September 30, 2018. Our mortgage loans contain covenants that limit our ability to incur additional indebtedness on these properties and in certain circumstances require lender approval of tenant leases and/or yield maintenance upon repayment prior to maturity. As of September 30, 2018, we were in compliance with all debt covenants.

During 2017, our property in Englewood, NJ was transferred to a receiver. On January 31, 2018, our property in Englewood, NJ was sold at a foreclosure sale and on February 23, 2018, the court order was received approving the sale and discharging the receiver of all assets and liabilities related to the property. We recognized a gain on extinguishment of debt of $2.5 million as a result of the forgiveness of outstanding mortgage debt of $11.5 million, which is included in gain (loss) on extinguishment of debt in the consolidated statement of income for the nine months ended September 30, 2018.

As of September 30, 2018, the principal repayments for the next five years and thereafter are as follows:

(Amounts in thousands)	
Year Ending December 31,	
2018[1]	$ 831
2019	4,244
2020	7,571
2021	123,604
2022	100,899
2023	344,426
Thereafter	981,800

[1] Remainder of 2018.

On January 15, 2015, we entered into a $500 million Revolving Credit Agreement (the “Agreement”) with certain financial institutions. On March 7, 2017, we amended and extended the Agreement. The amendment increased the credit facility size by $100 million to $600 million and extended the maturity date to March 7, 2021 with two six-month extension options. Borrowings under the Agreement are subject to interest at LIBOR plus 1.10% to 1.55% and an annual facility fee of 15 to 35 basis points. Both the spread over LIBOR and the facility fee are based on our current leverage ratio and are subject to increase if our leverage ratio increases above predefined thresholds. The Agreement contains customary financial covenants including a maximum leverage ratio of 60% and a minimum fixed charge coverage ratio of 1.5x. No amounts have been drawn to date under the Agreement. Based on our current leverage ratio as of September 30, 2018, our borrowing rate is 1.15% and our facility fee is 0.20%. Financing fees associated with the Agreement of $2.5 million and $3.2 million as of September 30, 2018 and December 31, 2017, respectively, are included in deferred financing fees, net in the consolidated balance sheets.

8. INCOME TAXES

The Company has elected to qualify as a REIT under sections 856-860 of the Internal Revenue Code of 1986, as amended, commencing with the filing of our tax return for the 2015 fiscal year. Under those sections, a REIT that distributes at least 90% of its REIT taxable income as a dividend to its shareholders each year and which meets certain other conditions will not be taxed on that portion of its taxable income which is distributed to its shareholders. As a REIT, we generally will not be subject to federal income taxes, provided that we distribute 100% of taxable income. It is our intention to adhere to the organizational and operational requirements to maintain our REIT status. 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) and may not be able to qualify as a REIT for the four subsequent taxable years.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed into law. The Act amends the Internal Revenue Code to reduce tax rates and modify policies, credits, and deductions for individuals and businesses. Effective January 1, 2018, for businesses, the Act reduces the corporate tax rate from a maximum of 35% to a flat 21% rate. Since UE has elected to qualify as a REIT under sections 856-860 of the Internal Revenue Code with intent to distribute 100% of its taxable income and did not have any activities in a Taxable REIT Subsidiary (“TRS”) prior to January 1, 2018, there was no impact to the Company’s financial statements.

On December 31, 2017, the Company elected, for tax purposes, to treat the wholly-owned limited partnership that held its Allentown property as a taxable REIT subsidiary (“TRS”). A TRS is a corporation, other than a REIT, in which we directly or indirectly hold stock, which has made a joint election with us to be treated as a TRS under Section 856(l) of the Code. A TRS is required to pay regular U.S. federal income tax, and state and local income tax where applicable, as a non-REIT “C” corporation. The Allentown legal entity restructuring resulted in a capital gain recognized for tax purposes in 2017 and a step up in tax basis to the Allentown property resulting in no capital gains recognized for tax purposes in 2018. The Company’s consolidated financial statements for the three and nine months ended September 30, 2018 reflect the TRS’ federal and state corporate income taxes associated with the operating activities at the TRS. The tax expense recorded in association with the operating activities of the TRS was $0.2 million for the nine months ended September 30, 2018.
The REIT and the other minority members are partners in the Operating Partnership. As such, the partners are required to report their share of taxable income on their tax returns. We are also subject to certain other taxes, including state and local taxes and franchise taxes which are included in general and administrative expenses in the consolidated statements of income.

Our two Puerto Rico malls are subject to a 29% non-resident withholding tax which is included in income tax expense in the consolidated statements of income. The Puerto Rico tax expense recorded was $0.1 million and $0.3 million for the quarters ended September 30, 2018 and 2017, respectively, and $0.5 million and $0.9 million for the nine months ended September 30, 2018 and 2017, respectively. Both properties are held in a special partnership for Puerto Rico tax reporting (the general partner being a qualified REIT subsidiary or “QRS”).

9. FAIR VALUE MEASUREMENTS

ASC 820, Fair Value Measurement and Disclosures defines fair value and establishes a framework for measuring fair value. The objective of fair value is to determine the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (the exit price). ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three levels: Level 1 - quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities; Level 2 - observable prices based on inputs not quoted in active markets, but corroborated by market data; and Level 3 - unobservable inputs used when little or no market data is available. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, we utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as consider counterparty credit risk in our assessment of fair value.

Financial Assets and Liabilities Measured at Fair Value on a Recurring or Non-Recurring Basis

There were no financial assets or liabilities measured at fair value on a recurring or non-recurring basis as of September 30, 2018 and December 31, 2017.

Financial Assets and Liabilities not Measured at Fair Value

Financial assets and liabilities that are not measured at fair value on the consolidated balance sheets include cash and cash equivalents and mortgages payable. Cash and cash equivalents are carried at cost, which approximates fair value. The fair value of mortgages payable is calculated by discounting the future contractual cash flows of these instruments using current risk-adjusted rates available to borrowers with similar credit ratings, which are provided by a third-party specialist. The fair value of cash and cash equivalents is classified as Level 1 and the fair value of mortgages payable is classified as Level 2. The table below summarizes the carrying amounts and fair value of these financial instruments as of September 30, 2018 and December 31, 2017.

	As of September 30, 2018		As of December 31, 2017	
(Amounts in thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	$449,307	$449,307	$490,279	$490,279
Liabilities:				
Mortgages payable[1]	$1,563,375	$1,517,836	$1,578,317	$1,579,839

[1] Carrying amounts exclude unamortized debt issuance costs of $12.4 million and $13.8 million as of September 30, 2018 and December 31, 2017, respectively.

The following market spreads were used by the Company to estimate the fair value of mortgages payable:

	September 30, 2018		December 31, 2017	
	Low	High	Low	High
Mortgages payable	1.6%	1.9%	1.7%	2.1%

10. COMMITMENTS AND CONTINGENCIES

There are various legal actions against us in the ordinary course of business. In our opinion, after consultation with legal counsel, the outcome of such matters will not have a material adverse effect on our financial condition, results of operations or cash flows.

Redevelopment

As of September 30, 2018, we had approximately $202.1 million of active development, redevelopment and anchor repositioning projects underway, of which $73.7 million remains to be funded. Based on current plans and estimates, we anticipate the remaining amounts will be expended over the next two years.

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 covered from retail 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.

Hurricane-Related Charges

On September 20, 2017, Hurricane Maria made landfall, damaging our two properties in Puerto Rico. During the third quarter of 2017, the Company recognized a $2.2 million charge reflecting the net book value of assets damaged included in casualty and impairment loss (gain), net on the accompanying consolidated statements of income. During the nine months ended September 30, 2018, the Company received $1.5 million in casualty insurance proceeds, which were partially offset by $0.3 million of hurricane related costs, resulting in net casualty gains of $1.2 million included in casualty and impairment loss (gain), net on the accompanying consolidated statements of income.

During the three and nine months ended September 30, 2018, the Company recognized a $0.1 million net gain and $0.4 million of business interruption losses, respectively. For the three months ended September 30, 2018, the net gain primarily comprised a reversal to provision for doubtful accounts for payments received from tenants on rents previously reserved. For the nine months ended September 30, 2018, the losses were comprised of $0.8 million pertaining to rent abatements due to tenants that had not reopened since the hurricane, recorded as a reduction of property rentals and tenant expense reimbursements, offset by a $0.4 million reversal to provision for doubtful accounts for payments received from tenants on rents previously reserved.

No determination has been made as to the total amount or timing of insurance payments that may be received as a result of the hurricane.

Environmental Matters

Each of our properties has been subjected to varying degrees of environmental assessment at various times. Based on these assessments, we have accrued costs of $1.7 million and $1.2 million on our consolidated balance sheets as of September 30, 2018 and December 31, 2017, respectively, for remediation costs for environmental contamination at certain properties. While this accrual reflects our best estimates of the potential costs of remediation at these properties, there can be no assurance that the actual costs will not exceed these amounts. During the nine months ended September 30, 2018, the Company recognized $0.6 million of environmental remediation costs within property operating expenses on the consolidated statements of income. Although we are not aware of any other material environmental contamination, there can be no assurance that the identification of new areas of contamination, changes in the extent or known scope of contamination, the discovery of additional sites, or changes in cleanup requirements would not result in significant costs to us.

Bankruptcies

Although our base rent is supported by long-term leases, leases may be rejected in a bankruptcy proceeding and the related tenant stores may permanently vacate prior to lease expiration. In the event a tenant with a significant number of leases in our shopping centers files for bankruptcy and rejects its leases with us, we could experience a reduction in our revenues. We monitor the operating performance and rent collections of all tenants in our shopping centers, especially those tenants in arrears or operating retail formats that are experiencing significant changes in competition, business practice, or store closings in other locations

During September 2017, Toys “R” Us Inc. (“Toys “R” Us”) filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code and announced an orderly wind-down of its U.S. business and liquidation of all U.S. stores on March 15, 2018.

Prior to the liquidation, the Company had leases with Toys "R" Us at nine locations with annual gross rents of $7.6 million, including tenant reimbursement income. The status of the Toys "R" Us leases is as follows:

- The Company paid $15.5 million to recapture the leases at Hudson Mall in Jersey City, NJ in July 2018 and Bruckner Commons in the Bronx, NY in September 2018 to accelerate the redevelopment of these properties. The previous rents were well under-market.
- Raymour & Flanigan acquired the lease at Manalapan Commons in Manalapan, NJ in July 2018.
- Toys rejected its leases in Woodbridge, NJ, Union, NJ, Amherst, NY and Wilkes-Barre, PA in July 2018 and Cherry Hill, NJ and Salem, NH in October 2018. Annual gross rent on these leases amounted to approximately $5.7 million. The Company is in active discussions to lease these spaces.

In connection with the Toys "R" Us bankruptcy, the Company recognized a write-off of $21.6 million of below-market intangible liabilities (classified within property rental revenues), $15.5 million of lease termination payments (classified within property operating expense) and a $1.0 million write-off of receivables from straight-line rents and reserves recorded on straight-line rents in the nine months ended September 30, 2018.

11. PREPAID EXPENSES AND OTHER ASSETS

The following is a summary of the composition of the prepaid expenses and other assets in the consolidated balance sheets:

(Amounts in thousands)	Balance at September 30, 2018	December 31, 2017
Other assets	$2,806	$ 3,771
Real estate held for sale	—	3,285
Deposits for acquisitions	—	406
Prepaid expenses:		
Real estate taxes	7,358	7,094
Insurance	4,266	2,793
Rent, licenses/fees	1,764	1,210
Total Prepaid expenses and other assets	$16,194	$ 18,559

12. OTHER LIABILITIES

The following is a summary of the composition of other liabilities in the consolidated balance sheets:

(Amounts in thousands)	Balance at September 30, 2018	December 31, 2017
Deferred ground rent expense	$6,568	$ 6,499
Deferred tax liability, net	3,145	2,828
Deferred tenant revenue	4,235	4,183
Environmental remediation costs	1,721	1,232
Other liabilities	1,987	429
Total Other liabilities	$17,656	$ 15,171

13. INTEREST AND DEBT EXPENSE

The following table sets forth the details of interest and debt expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in thousands)	2018	2017	2018	2017
Interest expense	$16,036	$13,913	$45,900	$39,204
Amortization of deferred financing costs	720	724	2,159	2,175
Total Interest and debt expense	$16,756	$14,637	$48,059	$41,379

14. EQUITY AND NONCONTROLLING INTEREST

At-The-Market Program

In 2016, the Company established an at-the-market ("ATM") equity program, pursuant to which the Company may offer and sell from time to time its common shares, par value $0.01 per share, with an aggregate gross sales price of up to $250.0 million through a consortium of broker dealers acting as sales agents. As of September 30, 2018, $241.3 million of common shares remained available for issuance under this ATM equity program and there were no common shares issued under the ATM equity program during the three and nine months ended September 30, 2018 and 2017, respectively. Actual future sales will depend on a variety of factors including, but not limited to, market conditions, the trading price of our common shares and our capital needs. We have no obligation to sell the remaining shares available under the active ATM equity program.

Dividends and Distributions

During each of the three months ended September 30, 2018 and 2017, the Company declared dividends on our common shares and OP unit distributions of $0.22 per share/unit. During the nine months ended September 30, 2018 and 2017, the Company declared common stock dividends and OP unit distributions of $0.66 per share/unit in the aggregate.

Noncontrolling Interests in Operating Partnership

Redeemable noncontrolling interests reflected on the consolidated balance sheets of the Company are comprised of OP units and limited partnership interests in the Operating Partnership in the form of LTIP unit awards. In connection with the separation from Vornado Realty L.P. ("VRLP"), the Company issued 5.7 million OP units, which represented a 5.4% interest in the Operating Partnership, to VRLP in exchange for interests in VRLP properties contributed by VRLP. As of September 30, 2018, VRLP held an interest of 4.5% in the Operating Partnership. LTIP unit awards were granted to certain executives pursuant to our 2015 Omnibus Share Plan (the "Omnibus Share Plan") and our 2018 Inducement Equity Plan (the "Inducement Plan"). OP units were issued to contributors in exchange for their property interests in connection with the Company's property acquisitions in 2017. The total of the OP units and LTIP units represent a 10.0% and 10.1% weighted-average interest in the Operating Partnership for the three and nine months ended September 30, 2018, respectively. Holders of outstanding vested LTIP units may, from and after two years from the date of issuance, redeem their LTIP units for cash, or for the Company's common shares on a one-for-one basis, solely at our election. Holders of outstanding OP units may, at a determinable date, redeem their units for cash or the Company's common shares on a one-for-one basis, solely at our election.

Noncontrolling Interest in Consolidated Subsidiaries

The noncontrolling interest relates to the 5% interest held by others in our property in Walnut Creek, CA (Mount Diablo). The net income attributable to noncontrolling interest is presented separately in our consolidated statements of income.

15. SHARE-BASED COMPENSATION

2018 Long-Term Incentive Plan

On February 22, 2018, the Compensation Committee of the Board of Trustees of the Company approved the Company's 2018 Long-Term Incentive Plan ("2018 LTI Plan") under the Omnibus Share Plan, a multi-year equity compensation program, comprised of both performance-based and time-based vesting awards. Equity awards granted under the 2018 LTI Plan are weighted, in terms of grant date and fair value, 80% performance-based and 20% time-based.

For the performance-based awards under the 2018 LTI Plan, participants have the opportunity to earn awards in the form of LTIP Units if, and only if, Urban Edge's absolute and relative total shareholder return ("TSR") meets certain criteria over the three-year performance measurement period (the "Performance Period") beginning on February 22, 2018 and ending on February 21, 2021. The Company issued 328,107 LTIP Units under the 2018 LTI Plan.

Under the Absolute TSR component (25% of the performance-based awards), 40% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to 18%, 100% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to 27%, and 165% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to or greater than 36%. The Relative TSR component is based on the Company's performance compared to a peer group comprised of 14 companies. Under the Relative TSR Component (75% of the performance-based awards), 40% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to the 35th percentile of the peer group, 100% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to the 55th percentile of the peer group, and 165% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to or above the 75th percentile of the peer group, with earning determined using linear interpolation if between such relative TSR thresholds.

The fair value of the performance-based award portion of the 2018 LTI Plan on the date of grant was $3.6 million using a Monte Carlo simulation to estimate the fair value through a risk-neutral premise. The time-based awards under the 2018 LTI Plan, also granted in the form of LTIP Units, vest ratably over three years except in the case of our Chairman and Chief Executive Officer, where the vesting is ratably over four years. The Company granted time-based awards under the 2018 LTI Plan that represent 33,172 LTIP units with a grant date fair value of $0.7 million.

Deferred Share Units Granted to Trustees

The Company has authorized Trustee Deferred Share Unit Agreements ("DSU Agreements") under the Omnibus Share Plan, in connection with the services of the trustees to the Company. Each deferred share unit ("DSU") is equivalent to one common share of the Company. All DSUs shall vest in full on the agreed upon vesting date, provided the trustee remains in service as a member of the Board of Trustees of the Company on such date. If the service of the trustee to the Company or its affiliates terminates for any reason prior to the vesting date, any DSUs that have not vested as of such date shall automatically and without notice terminate and be forfeited. Once vested, the common shares underlying the DSUs are granted to the trustees on predetermined dates or upon their departure as trustees.

During the nine months ended September 30, 2018, trustees elected to receive a portion of their compensation in deferred share units and an aggregate of 13,656 shares were credited to those trustees based on the weighted average grant date fair value of $19.33. During the three and nine months ended September 30, 2018, the Company incurred expenses of $0.1 million related to deferred share units granted to trustees.

2018 Inducement Equity Plan

The Inducement Plan was approved by the Compensation Committee of the Board of Trustees of the Company on September 26, 2018. Under the Inducement Plan, the Compensation Committee of the Board of Trustees may grant, subject to any Company performance conditions as specified by the Compensation Committee, awards to individuals who were not previously employees as an inducement material to the individual's entry into employment with the Company. The terms and conditions of the Inducement Plan and any awards thereunder granted are substantially similar to those under the 2015 Omnibus Share Plan. As of September 30, 2018, the Company had granted an aggregate of 352,890 restricted LTIP Units under the Inducement Plan with a grant date fair value of $7.2 million, which were granted in connection with inducing the Company's new Chief Operating Officer and new President of Development to join the Company.

Share-Based Compensation Expense

Share-based compensation expense, which is included in general and administrative expenses in our consolidated statements of income, is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in thousands)	2018	2017	2018	2017
Share-based compensation expense components:				
Restricted share expense	$525	$527	$1,726	$1,435
Stock option expense	546	650	1,650	1,919
LTIP expense	285	147	659	410
Outperformance Plan ("OPP") expense	825	565	2,365	1,484
DSU expense	71	—	94	—
Total Share-based compensation expense	$2,252	$1,889	$6,494	$5,248

16. EARNINGS PER SHARE AND UNIT

Urban Edge Earnings per Share

We have calculated earnings per share ("EPS") under the two-class method. The two-class method is an earnings allocation methodology whereby EPS for each class of Urban Edge common shares and participating securities is calculated according to dividends declared and participating rights in undistributed earnings. Restricted shares issued pursuant to our share-based compensation program are considered participating securities, and as such have non-forfeitable rights to receive dividends.

The following table sets forth the computation of our basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in thousands, except per share amounts)	2018	2017	2018	2017
Numerator:				
Net income attributable to common shareholders	$24,200	$17,178	$98,637	$81,347
Less: Earnings allocated to unvested participating securities	(44)	(39)	(177)	(133)
Net income available for common shareholders - basic	$24,156	$17,139	$98,460	$81,214
Impact of assumed conversions:				
OP and LTIP units	—	—	200	7,175
Net income available for common shareholders - dilutive	$24,156	$17,139	$98,660	$88,389
Denominator:				
Weighted average common shares outstanding - basic	113,890	110,990	113,769	104,938
Effect of dilutive securities[1]:				
Stock options using the treasury stock method	78	94	36	180
Restricted share awards	188	176	194	164
Assumed conversion of OP and LTIP units	—	—	237	10,041
Weighted average common shares outstanding - diluted	114,156	111,260	114,236	115,323
Earnings per share available to common shareholders:				
Earnings per common share - Basic	$0.21	$0.15	$0.87	$0.77
Earnings per common share - Diluted	$0.21	$0.15	$0.86	$0.77

[1] For the three months ended September 30, 2018 and 2017, the effect of the redemption of OP and LTIP units for Urban Edge common shares would have an anti-dilutive effect on the calculation of diluted EPS. Accordingly, the impact of such redemption has not been included in the determination of diluted EPS for these periods.

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Operating Partnership Earnings per Unit

The following table sets forth the computation of basic and diluted earnings per unit:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in thousands, except per unit amounts)	2018	2017	2018	2017
Numerator:				
Net income attributable to unitholders	$26,888	$19,145	$109,678	$88,778
Less: net income attributable to participating securities	(46)	(39)	(190)	(142)
Net income available for unitholders	$26,842	$19,106	$109,488	$88,636
Denominator:				
Weighted average units outstanding - basic	126,208	123,433	126,170	114,979
Effect of dilutive securities issued by Urban Edge	267	270	229	344
Unvested LTIP units	218	—	237	—
Weighted average units outstanding - diluted	126,693	123,703	126,636	115,323
Earnings per unit available to unitholders:				
Earnings per unit - Basic	$0.21	$0.15	$0.87	$0.77
Earnings per unit - Diluted	$0.21	$0.15	$0.86	$0.77

17. SUBSEQUENT EVENTS

Subsequent to September 30, 2018, Mattress Firm Inc. (“Mattress Firm”), Sears Holding Corporation (“Sears”) and National Wholesale Liquidators filed for Chapter 11 bankruptcy protection.

Mattress Firm filed for Chapter 11 bankruptcy protection on October 5, 2018. The Company has 13 leases with Mattress Firm comprising approximately 74,000 sf which generate $2.6 million in annual gross rents, including tenant reimbursement income. None of the Company’s leases are currently on the announced closure list and the Company is monitoring the proceedings and considering its alternatives.

Sears filed for Chapter 11 bankruptcy protection on October 15, 2018. The Company has four Kmart leases with Sears comprising approximately 547,000 sf which generate $8.5 million in annual gross rents, including tenant reimbursement income. None of the Company’s leases are currently on the announced closure list and the Company is monitoring the proceedings and considering its alternatives.

National Wholesale Liquidators filed for Chapter 11 bankruptcy protection on October 24, 2018. The Company has one lease with National Wholesale Liquidators comprising approximately 171,000 sf which generates $3.1 million in annual gross rent, including tenant reimbursement income. It is too early in the bankruptcy proceedings to determine whether this lease will be accepted or rejected and the Company is considering its alternatives.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements contained herein constitute forward-looking statements as such term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of future performance. They represent our intentions, plans, expectations and beliefs and are subject to numerous assumptions, risks and uncertainties. Our future results, financial condition and business may differ materially from those expressed in these forward-looking statements. You can find many of these statements by looking for words such as “approximates,” “believes,” “expects,” “anticipates,” “estimates,” “inte “plans,” “would,” “may” or other similar expressions in this Quarterly Report on Form 10-Q. Many of the factors that will determine the outcome of these and our other forward-looking statements are beyond our ability to control or predict; these factors include, among others, the estimated remediation and repair costs related to natural disasters at the affected properties and the loss of or bankruptcy of a major tenant and the impact of any such event. For further discussion of factors that could materially affect the outcome of our forward-looking statements, see “Risk Factors” in Part I, Item 1A, of the Company's Annual Report on Form 10-K for the year ended December 31, 2017 and the other documents filed by the Company with the SEC, including the information contained in this Quarterly Report on Form 10-Q.

For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to our forward-looking statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in Part I of this Quarterly Report on Form 10-Q.

Overview

Urban Edge Properties (“UE”, “Urban Edge” or the “Company”) (NYSE: UE) is a Maryland real estate investment trust 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 properties and other assets. Unless the context otherwise requires, references to “we”, “us” and “our” refer to Urban Edge Properties and UELP and their consolidated entities/subsidiaries.

The Operating Partnership's capital includes general and common limited partnership interests in the operating partnership (“OP Units”). As of September 30, 2018, Urban Edge owned approximately 89.8% of the outstanding common OP Units with the remaining limited OP Units held by Vornado Realty L.P., members of management, our Board of Trustees and contributors of property interests acquired. Urban Edge serves as the sole general partner of the Operating Partnership.

As of September 30, 2018, our portfolio consisted of 83 shopping centers, four malls and a warehouse park totaling approximately 16.3 million square feet.

Critical Accounting Policies and Estimates

The Company's 2017 Annual Report on Form 10-K contains a description of our critical accounting policies, including accounting for real estate, allowance for doubtful accounts and revenue recognition. For the nine months ended September 30, 2018, there were no material changes to these policies.

Recent Accounting Pronouncements

Refer to Note 3 to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q for information regarding recent accounting pronouncements that may affect us.

Results of Operations

We derive substantially all of our revenue from rents received from tenants under existing leases on each of our properties. This revenue includes fixed base rents, recoveries of expenses that we have incurred and that we pass through to the individual tenants and percentage rents that are based on specified percentages of tenants' revenue, in each case as provided in the respective leases.

Our primary cash expenses consist of our property operating and capital expenses, general and administrative expenses, and interest and debt expense. Property operating expenses include: real estate taxes, repairs and maintenance, management expenses, insurance and utilities; general and administrative expenses include payroll, professional fees, information technology, office expenses and other administrative expenses; and interest and debt expense is primarily interest on our mortgage debt. In addition, we incur substantial non-cash charges for depreciation and amortization on our properties. We also capitalize certain expenses such as taxes, interest and salaries related to properties under development or redevelopment until the property is ready for its intended use.

Our consolidated results of operations often are not comparable from period to period due to the impact of property acquisitions, dispositions, developments and redevelopments. The results of operations of any acquired properties are included in our financial statements as of the date of acquisition.

The following provides an overview of our key financial metrics based on our consolidated results of operations (refer to cash Net Operating Income ("NOI"), same-property cash NOI and Funds From Operations applicable to diluted common shareholders ("FFO") described later in this section):

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in thousands)	2018	2017	2018	2017
Net income	$26,899	$19,156	$109,712	$88,811
FFO applicable to diluted common shareholders[1]	48,527	40,000	132,207	152,131
Cash NOI[2]	50,855	60,400	165,517	174,032
Same-property cash NOI[2]	53,859	53,478	142,906	141,255

[1] Refer to page 34 for a reconciliation to the nearest generally accepted accounting principles ("GAAP") measure.
[2] Refer to page 33 for a reconciliation to the nearest GAAP measure.

Development/Redevelopment Activity

The Company has 18 active development, redevelopment or anchor repositioning projects with total estimated costs of $202.1 million, of which $128.4 million (or 64%) has been incurred as of September 30, 2018. During the quarter, the Company completed two redevelopment projects totaling $20.2 million.

Acquisition/Disposition Activity

During the nine months ended September 30, 2018, we acquired four properties at an aggregate purchase price of $4.9 million and 26,050 sf, all adjacent to existing centers owned by the Company. Consideration for these purchases consisted of cash.

On April 26, 2018, we completed the sale of our property in Allentown, PA, which was previously classified as held for sale, for $54.3 million, net of selling costs. As a result of this transaction, we recognized a $50.4 million gain on sale of real estate during the nine months ended September 30, 2018.

On July 5, 2018, we completed the sale of land in Cherry Hill, NJ for $3.3 million, net of selling costs, resulting in a gain of $2.2 million.

Debt Activity

During 2017, our property in Englewood, NJ was transferred to a receiver. On January 31, 2018, the property was sold at a foreclosure sale and on February 23, 2018, the court order was received approving the sale and discharging the receiver of all assets and liabilities related to the property, including the $11.5 million mortgage secured by the property. We recognized a gain on extinguishment of debt of $2.5 million as a result of this transaction during the nine months ended September 30, 2018.

Equity Activity

On February 22, 2018, the Compensation Committee of the Board of Trustees of the Company approved the Company's 2018 Long-Term Incentive Plan ("2018 LTI Plan") under the Omnibus Share Plan, a multi-year equity compensation program, comprised of both performance-based and time-based vesting awards. Equity awards granted under the 2018 LTI Plan are weighted, in terms of grant date and fair value, 80% performance-based and 20% time-based.

For the performance-based awards under the 2018 LTI Plan, participants have the opportunity to earn awards in the form of LTIP Units if, and only if, Urban Edge's absolute and relative total shareholder return ("TSR") meets certain criteria over the three-year performance measurement period (the "Performance Period") beginning on February 22, 2018 and ending on February 21, 2021. The Company issued 328,107 LTIP Units under the 2018 LTI Plan.

Under the Absolute TSR component (25% of the performance-based awards), 40% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to 18%, 100% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to 27%, and 165% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to or greater than 36%. The Relative TSR component is based on the Company's performance compared to a peer group comprised of 14 companies. Under the Relative TSR Component (75% of the performance-based awards), 40% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to the 35th percentile of the peer group, 100% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to the 55th percentile of the peer group, and 165% of the LTIP Units will be earned if the Company's TSR over the Performance Period is equal to or above the 75th percentile of the peer group, with earning determined using linear interpolation if between such relative TSR thresholds.

The fair value of the performance-based award portion of the 2018 LTI Plan on the date of grant was $3.6 million using a Monte Carlo simulation to estimate the fair value through a risk-neutral premise. The time-based awards under the 2018 LTI Plan, also granted in the form of LTIP Units, vest ratably over three years except in the case of our Chairman and Chief Executive Officer, where the vesting is ratably over four years. The Company granted time-based awards under the 2018 LTI Plan that represent 33,172 LTIP units with a grant date fair value of $0.7 million.

The Company has authorized Trustee Deferred Share Unit Agreements ("DSU Agreements") under the Omnibus Share Plan, in connection with the services of the trustees to the Company. Each deferred share unit ("DSU") is equivalent to one common share of the Company. All DSUs shall vest in full on the agreed upon vesting date, provided the trustee remains in service as a member of the Board of Trustees of the Company on such date. If the service of the trustee to the Company or its affiliates terminates for any reason prior to the vesting date, any DSUs that have not vested as of such date shall automatically and without notice terminate and be forfeited. Once vested, the common shares underlying the DSUs are granted to the trustees on predetermined dates or upon their departure as trustees.

During the nine months ended September 30, 2018, trustees elected to receive a portion of their compensation in deferred share units and an aggregate of 13,656 shares were credited to those trustees based on the weighted average grant date fair value of $19.33. During the three and nine months ended September 30, 2018, the Company incurred expenses of $0.1 million related to deferred share units granted to trustees.

The Inducement Plan was approved by the Compensation Committee of the Board of Trustees of the Company on September 26, 2018. Under the Inducement Plan, the Compensation Committee of the Board of Trustees may grant, subject to any Company performance conditions as specified by the Compensation Committee, awards to individuals who were not previously employees as an inducement material to the individual's entry into employment with the Company. The terms and conditions of the Inducement Plan and any awards thereunder granted are substantially similar to those under the 2015 Omnibus Share Plan. As of September 30, 2018, the Company had granted an aggregate of 352,890 restricted LTIP Units under the Inducement Plan with a grant date fair value of $7.2 million, which were granted in connection with inducing the Company's new Chief Operating Officer and new President of Development to join the Company.

Other equity award activity during the nine months ended September 30, 2018 included: (i) 2,146,885 stock options granted, (ii) 103,814 restricted shares granted, (iii) 430,390 LTIP units granted, (iv) 13,656 deferred share units granted, (v) 664,292 stock options vested, (vi) 84,185 restricted shares vested, and (vii) 24,722 LTIP units vested.

Comparison of the Three Months Ended September 30, 2018 to September 30, 2017

Net income for the three months ended September 30, 2018 was $26.9 million, compared to net income of $19.2 million for the three months ended September 30, 2017. The following table summarizes certain line items from our consolidated statements of income that we believe are important in understanding our operations and/or those items which significantly changed in the three months ended September 30, 2018 as compared to the same period of 2017:

	For the Three Months Ended September 30,		
(Amounts in thousands)	2018	2017	$ Change
Total revenue	$112,214	$94,101	$18,113
Depreciation and amortization	21,833	20,976	857
Real estate taxes	16,374	15,872	502
Property operating expenses	22,249	11,402	10,847
General and administrative	9,702	7,025	2,677
Casualty and impairment loss	58	2,170	(2,112)
Provision for doubtful accounts	79	575	(496)
Gain on sale of real estate	2,185	202	1,983
Interest income	2,388	719	1,669
Interest and debt expense	16,756	14,637	2,119

Total revenue increased by $18.1 million to $112.2 million in the third quarter of 2018 from $94.1 million in the third quarter of 2017. The increase is primarily attributable to:

- $16.5 million increase as a result of the write-off of below-market lease intangible liabilities related to the recaptured Toys “R” Us leases;
- $2.1 million increase in tenant expense reimbursements due to an increase in recoverable expenses and revenue from recoverable capital projects; and
- $1.2 million increase in property rentals due to rent commencements, lease modifications and contractual rent increases, partially offset by
- $1.5 million decrease as a result of dispositions net of acquisitions; and
- $0.2 million of rent abatements at our two malls in Puerto Rico and at our property in Wilkes-Barre, PA as a result of natural disasters, and at our property, Bergen Town Center, in Paramus, NJ, as a result of a construction rental abatement due to a tenant.

Depreciation and amortization increased by $0.9 million to $21.8 million in the third quarter of 2018 from $21.0 million in the third quarter of 2017. The increase is primarily attributable to:

- $1.1 million increase from completed development projects and tenant improvements, partially offset by
- $0.2 million decrease as a result of dispositions net of acquisitions.

Real estate taxes increased by $0.5 million to $16.4 million in the third quarter of 2018 from $15.9 million in the third quarter of 2017. The increase is primarily attributable to:

- $0.7 million increase due to higher assessed values and decrease in capitalized real estate taxes due to development projects placed into service, partially offset by
- $0.2 million decrease as a result of dispositions net of acquisitions.

Property operating expenses increased by $10.8 million to $22.2 million in the third quarter of 2018 from $11.4 million in the third quarter of 2017. The increase is primarily attributable to:

- $9.5 million lease termination payment to acquire the Toys “R” Us lease at Bruckner Commons in the Bronx, NY; and
- $1.5 million increase in common area maintenance projects, partially offset by
- $0.2 million decrease as a result of dispositions net of acquisitions.

General and administrative expenses increased by $2.7 million to $9.7 million in the third quarter of 2018 from $7.0 million in the third quarter of 2017. The increase is primarily attributable to:

- $1.9 million of costs associated with hiring a new Chief Operating Officer and a new President of Development and severance expenses related to the termination of a prior executive;

- $0.4 million increase in stock-compensation expense due to additional equity awards granted; and
- $0.3 million increase in transaction costs and other.

The Company recognized a casualty loss of $2.2 million in the third quarter of 2017 to write-off the estimated net book value of the fixed assets damaged by Hurricane Maria in Puerto Rico.
Provision for doubtful accounts decreased by $0.5 million to $0.1 million in the third quarter of 2018 from $0.6 million in the third quarter of 2017 due to reversals of provisions for payments received from tenants.
A gain on sale of real estate of $2.2 million was recognized in the third quarter of 2018 on the sale of a 5.7 acre land parcel on July 5, 2018 at our property, Cherry Hill Commons, in Cherry Hill, NJ. In the third quarter of 2017 we recognized a $0.2 million gain on sale of real estate as a result of the sale of excess land at our property in Kearny, NJ on September 8, 2017.
Interest income increased by $1.7 million to $2.4 million in the third quarter of 2018 from $0.7 million in the third quarter of 2017. The increase is primarily attributable to an increase in the balance of cash invested and an increase in interest rates.
Interest and debt expense increased by $2.1 million to $16.8 million in the third quarter of 2018 from $14.6 million in the third quarter of 2017. The increase is primarily attributable to:

- $7.3 million increase in interest due to 18 new individual, non-recourse mortgage financings totaling $710 million closed in the fourth quarter of 2017; and
- $0.6 million decrease in interest capitalized related to the completion of development projects, partially offset by
- $5.8 million decrease in interest due to principal paydowns and refinancing of the $544 million cross-collateralized mortgage loan in the fourth quarter of 2017.

Comparison of the Nine Months Ended September 30, 2018 to September 30, 2017
Net income for the nine months ended September 30, 2018 was $109.7 million, compared to net income of $88.8 million for the nine months ended September 30, 2017. The following table summarizes certain line items from our consolidated statements of income that we believe are important in understanding our operations and/or those items which significantly changed in the nine months ended September 30, 2018 as compared to the same period of 2017:

	For the Nine Months Ended September 30,		
(Amounts in thousands)	2018	2017	$ Change
Total revenue	$313,237	$309,666	$3,571
Depreciation and amortization	73,544	60,505	13,039
Real estate taxes	47,736	43,975	3,761
Property operating expenses	59,408	35,858	23,550
General and administrative	25,579	22,998	2,581
Casualty and impairment (gain) loss, net	(1,248)	5,637	(6,885)
Provision for doubtful accounts	2,588	1,674	914
Gain on sale of real estate	52,625	202	52,423
Interest income	5,943	1,182	4,761
Interest and debt expense	48,059	41,379	6,680
Gain (loss) on extinguishment of debt	2,524	(1,274)	3,798

Total revenue increased by $3.6 million to $313.2 million in the nine months ended September 30, 2018 from $309.7 million in the nine months ended September 30, 2017. The increase is primarily attributable to:

- $21.6 million increase as a result of the write-off of below-market lease intangible liabilities related to the recaptured Toys “R” Us leases;
- $14.5 million increase as a result of acquisitions net of dispositions;
- $4.3 million increase in tenant expense reimbursements due to an increase in recoverable expenses and revenue from recoverable capital projects;
- $3.2 million increase in property rentals due to rent commencements, lease modifications and contractual rent increases; and
-

$0.4 million increase in other income due to $0.7 million lease termination fee income received during the second quarter of 2018, offset by a $0.3 million decrease in bankruptcy settlement income, partially offset by

- $39.2 million income from acquired leasehold interest due to the write-off of the unamortized intangible liability related to the below-market ground lease acquired and existing straight-line receivable balance in connection with the acquisition of the ground lease at Shops at Bruckner, in the first quarter of 2017;

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- $1.1 million of rent abatements at our two malls in Puerto Rico and at our property in Wilkes-Barre, PA as a result of natural disasters, and at our property, Bergen Town Center, in Paramus, NJ, as a result of a construction rental abatement due to a tenant; and
- $0.1 million decrease in management and development fee income due to a decrease in development activity at managed properties.

Depreciation and amortization increased by $13.0 million to $73.5 million in the nine months ended September 30, 2018 from $60.5 million in the nine months ended September 30, 2017. The increase is primarily attributable to:

- $8.9 million increase in depreciation and amortization as a result of the write-off of the existing tenant improvements and intangible assets related to the recaptured Toys "R" Us leases;
- $6.4 million increase as a result of acquisitions net of dispositions; and
- $2.1 million increase from completed development projects and tenant improvements, partially offset by
- $4.4 million decrease in amortization of in-place leases as a result of the write-off of the existing intangible assets at Yonkers Gateway Center upon acquisition of the remaining fee and leasehold interests in the second quarter of 2017.

Real estate taxes increased by $3.8 million to $47.7 million in the nine months ended September 30, 2018 from $44.0 million in the nine months ended September 30, 2017. The increase is primarily attributable to:

- $2.1 million increase as a result of acquisitions net of dispositions; and
- $1.7 million increase due to higher assessed values and decrease in capitalized real estate taxes due to development projects placed into service.

Property operating expenses increased by $23.6 million to $59.4 million in the nine months ended September 30, 2018 from $35.9 million in the nine months ended September 30, 2017. The increase is primarily attributable to:

- $15.5 million of lease termination payments to acquire the Toys "R" Us leases at Bruckner Commons in the Bronx, NY and Hudson Mall in Jersey City, NJ;
- $3.8 million in additional common area maintenance projects;
- $3.7 million increase as a result of acquisitions net of dispositions; and
- $0.6 million increase in accrued environmental remediation costs.

General and administrative expenses increased by $2.6 million to $25.6 million in the nine months ended September 30, 2018 from $23.0 million in the nine months ended September 30, 2017. The increase is primarily attributable to:

- $1.9 million of costs associated with hiring a new Chief Operating Officer and a new President of Development and severance expenses related to the termination of a prior executive; and
- $1.2 million higher stock-compensation expense due to additional equity awards granted, partially offset by
- $0.5 million lower employment related expenses.

We recognized a $1.2 million casualty and impairment gain in the nine months ended September 30, 2018 comprised of $1.5 million of insurance proceeds, offset by $0.3 million of expenses incurred as a result of Hurricane Maria in Puerto Rico. Casualty and impairment losses of $5.6 million were recognized in the nine months ended September 30, 2017 as a result of the following events:

- $3.5 million real estate impairment loss on our property previously classified as held for sale in Eatontown, NJ, due to the book value of this property exceeding its fair value less costs to sell. The Company's determination of fair value was based on the executed contract of sale with the third-party buyer less selling costs; and
- $2.2 million casualty loss in the third quarter of 2017 to write-off the estimated net book value of the fixed assets damaged by Hurricane Maria in Puerto Rico.

Provision for doubtful accounts increased by $0.9 million to $2.6 million in the nine months ended September 30, 2018 from $1.7 million in the nine months ended September 30, 2017. The increase is primarily attributable to additional reserves for troubled tenants.

A gain on sale of real estate of $52.6 million was recognized in the nine months ended September 30, 2018 comprised of $50.4 million as a result of the sale of our property in Allentown, PA on April 26, 2018 and $2.2 million as a result of the sale of a 5.7 acre land parcel on July 5, 2018 at our property, Cherry Hill Commons, in Cherry Hill, NJ. In the nine months ended September 30, 2017 we recognized a $0.2 million gain on sale of real estate as a result of the sale

of excess land at our property in Kearny, NJ on September 8, 2017.
Interest income increased by $4.8 million to $5.9 million in the nine months ended September 30, 2018 from $1.2 million in the nine months ended September 30, 2017. The increase is primarily attributable to an increase in the cash balance invested and an increase in interest rates.

Interest and debt expense increased by $6.7 million to $48.1 million in the nine months ended September 30, 2018 from $41.4 million in the nine months ended September 30, 2017. The increase is primarily attributable to:

- $21.7 million increase in interest due to 18 new individual, non-recourse mortgage financings totaling $710 million closed in the fourth quarter of 2017;
- $2.4 million increase in interest from loans issued and assumed on acquisitions; and
- $0.1 million decrease in interest capitalized related to the completion of development projects, partially offset by
- $17.5 million decrease in interest due to principal paydowns and refinancing of the $544 million cross-collateralized mortgage loan in the fourth quarter of 2017.

We recognized a $2.5 million gain on extinguishment of debt in the nine months ended September 30, 2018 as a result of the foreclosure sale and forgiveness of the $11.5 million mortgage debt secured by our property in Englewood, NJ. We recognized a $1.3 million loss on extinguishment of debt in the nine months ended September 30, 2017 from the refinancing of our mortgage loan secured by our Tonnelle Commons property in North Bergen, NJ, consisting of a $1.1 million prepayment penalty and $0.2 million of unamortized deferred financing fees on the original loan.

Non-GAAP Financial Measures

Throughout this section, we have provided certain information on a "same-property" cash basis which includes the results of operations that were owned and operated for the entirety of the reporting periods being compared, totaling 83 properties for the three months ended September 30, 2018 and 2017 and 75 properties for the nine months ended September 30, 2018 and 2017. Information provided on a same-property basis excludes properties that were under development, redevelopment or that involve anchor repositioning where a substantial portion of the gross leasable area is taken out of service and also excludes properties acquired, sold, or under contract to be sold during the periods being compared. While there is judgment surrounding changes in designations, a property is removed from the same-property pool when a property is considered to be a redevelopment property because it is undergoing significant renovation or retenanting pursuant to a formal plan and is expected to have a significant impact on property operating income based on the retenanting that is occurring. A development or redevelopment property is moved back to the same-property pool once a substantial portion of the NOI growth expected from the development or redevelopment is reflected in both the current and comparable prior year period, generally one year after at least 80% of the expected NOI from the project is realized on a cash basis. Acquisitions are moved into the same-property pool once we have owned the property for the entirety of the comparable periods and the property is not under significant development or redevelopment.

We calculate same-property cash NOI using net income as defined by GAAP reflecting only those income and expense items that are incurred at the property level, adjusted for the following items: lease termination fees, bankruptcy settlement income, non-cash rental income and ground rent expense and income or expenses that we do not believe are representative of ongoing operating results, if any.

The most directly comparable GAAP financial measure to cash NOI is net income. Cash NOI excludes certain components from net income in order to provide results that are more closely related to a property's results of operations. We calculate cash NOI by adjusting GAAP operating income to add back depreciation and amortization expense, general and administrative expenses, casualty and real estate impairment losses and non-cash ground rent expense, and deduct non-cash rental income resulting from the straight-lining of rents and amortization of acquired below market leases net of above market leases.

We use cash NOI internally to make investment and capital allocation decisions and to compare the unlevered performance of our properties to our peers. Further, we believe cash NOI is useful to investors as a performance measure because, when compared across periods, cash NOI reflects the impact on operations from trends in occupancy rates, rental rates, operating costs and acquisition and disposition activity on an unleveraged basis, providing perspective not immediately apparent from operating income or net income. As such, cash NOI assists in eliminating disparities in net income due to the development, redevelopment, acquisition or disposition of properties during the periods presented, and thus provides a more consistent performance measure for the comparison of the operating performance of the Company’s properties. Cash NOI and same-property cash NOI should not be considered substitutes for operating income or net income and may not be comparable to similarly titled measures employed by others.

Same-property cash NOI increased by $0.4 million, or 0.7%, for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 and increased by $1.7 million, or 1.2%, for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017.

The following table reconciles net income to cash NOI and same-property cash NOI for the three and nine months ended September 30, 2018 and 2017.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in thousands)	2018	2017	2018	2017
Net income	$26,899	$19,156	$109,712	$88,811
Management and development fee income from non-owned properties	(375)	(369)	(1,064)	(1,199)
Other income	(46)	(38)	(119)	(124)
Depreciation and amortization	21,833	20,976	73,544	60,505
General and administrative expense	9,702	7,025	25,579	22,998
Casualty and impairment loss (gain), net[5]	58	2,170	(1,248)	5,637
Gain on sale of real estate	(2,185)	(202)	(52,625)	(202)
Interest income	(2,388)	(719)	(5,943)	(1,182)
Interest and debt expense	16,756	14,637	48,059	41,379
(Gain) loss on extinguishment of debt	—	—	(2,524)	1,274
Income tax expense	115	318	741	942
Non-cash revenue and expenses	(19,514)	(2,554)	(28,595)	(44,807)
Cash NOI[1]	50,855	60,400	165,517	174,032
Adjustments:				
Non-same property cash NOI[1][2]	(6,627)	(6,807)	(38,027)	(32,149)
Tenant bankruptcy settlement and lease termination income	(27)	(115)	(1,004)	(628)
Natural disaster related operating (gain) loss[3]	(6)	—	172	—
Lease termination payment	9,500	—	15,500	—
Construction rental abatement	164	—	164	—
Environmental remediation costs	—	—	584	—
Same-property cash NOI	$53,859	$53,478	$142,906	$141,255
Cash NOI related to properties being redeveloped[4]	5,441	4,562	15,162	13,871
Same-property cash NOI including properties in redevelopment	$59,300	$58,040	$158,068	$155,126

[1] Cash NOI is calculated as total property revenues less property operating expenses excluding the net effects of non-cash rental income and non-cash ground rent expense but includes bad debt expense.

[2] Non-same property cash NOI includes cash NOI related to properties being redeveloped and properties acquired or disposed.

[3] Amount reflects rental and tenant reimbursement losses, and reversals of provisions for payments received from tenants at Las Catalinas in Puerto Rico and Wilkes-Barre, PA.

[4] The third quarter of 2018 excludes a $0.1 million reversal of provisions for payments received from tenants at Montehiedra. The nine months ended September 30, 2018 excludes $0.6 million of rental and tenant reimbursement losses, partially offset by a $0.2 million reversal of provisions for payments received from tenants at Montehiedra.

[5] The three and nine months ended September 30, 2018 reflect insurance proceeds offset by hurricane-related expenses. The three and nine months ended September 30, 2017 reflect a casualty charge of $2.2 million to write-off the estimated net book value of the fixed assets damaged by Hurricane Maria and the nine months ended September 30, 2017 also include $3.5 million real estate impairment losses recorded as a result of the sale of our property in Eatontown, NJ.

Funds From Operations

FFO for the three months ended September 30, 2018 was $48.5 million compared to $40.0 million for the three months ended September 30, 2017 and $132.2 million for the nine months ended September 30, 2018 compared to $152.1 million for the nine months ended September 30, 2017.

We calculate FFO in accordance with the National Association of Real Estate Investment Trusts' (''NAREIT'') definition. NAREIT defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciated real estate assets, impairments on depreciable real estate, rental property depreciation and amortization expense. We believe FFO is a meaningful non-GAAP financial measure useful in comparing our levered operating performance from period to period both internally and among our peers because this non-GAAP measure excludes net gains on sales of depreciable real estate, real estate impairment losses, rental property depreciation and amortization expense which implicitly assumes that the value of real estate diminishes predictably over time rather than fluctuating based on market conditions. FFO does not represent cash flows from operating activities in accordance with GAAP, should not be considered an alternative to net income as an indication of our performance, and is not indicative of cash flow as a measure of liquidity or our ability to make cash distributions. FFO may not be comparable to similarly titled measures employed by others.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Amounts in thousands)	2018	2017	2018	2017
Net income	$26,899	$19,156	$109,712	$88,811
Less (net income) attributable to noncontrolling interests in:				
Operating partnership	(2,688)	(1,967)	(11,041)	(7,431)
Consolidated subsidiaries	(11)	(11)	(34)	(33)
Net income attributable to common shareholders	24,200	17,178	98,637	81,347
Adjustments:				
Rental property depreciation and amortization	21,639	20,855	72,969	59,886
Gain on sale of real estate	—	—	(50,440)	—
Real estate impairment loss	—	—	—	3,467
Limited partnership interests in operating partnership[1]	2,688	1,967	11,041	7,431
FFO applicable to diluted common shareholders	$48,527	$40,000	$132,207	$152,131

[1] Represents earnings allocated to vested LTIP and OP unit holders for unissued common shares which have been excluded for purposes of calculating earnings per diluted share for the periods presented. FFO calculations include earnings allocated to vested LTIP and OP unit holders and the respective weighted average share totals include the common shares that may be issued upon redemption of units as their inclusion is dilutive.

Liquidity and Capital Resources

Due to the nature of our business, the cash generated from operations is primarily paid to our shareholders and unitholders of the Operating Partnership in the form of distributions. Our status as a REIT requires that we distribute at least 90% of our REIT taxable income each year. Our Board of Trustees declared a quarterly dividend of $0.22 per common share and OP unit for each of the first three quarters of 2018, or an annual rate of $0.88. We expect to pay regular cash dividends, however, the timing, declaration, amount and payment of distributions to shareholders and unitholders of the Operating Partnership falls within the discretion of our Board of Trustees. Our Board of Trustees' decisions regarding the payment of dividends depends on many factors, such as maintaining our REIT tax status, our financial condition, earnings, capital requirements, debt service obligations, limitations under our financing arrangements, industry practice, legal requirements, regulatory constraints, and other factors.

Property rental income is our primary source of cash flow and is dependent on a number of factors including our occupancy level and rental rates, as well as our tenants' ability to pay rent. Our properties provide us with a relatively consistent stream of cash flow that enables us to pay operating expenses, debt service and recurring capital expenditures. Other sources of liquidity to fund cash requirements include proceeds from financings, equity offerings and asset sales.

Our short-term liquidity requirements consist of normal recurring operating expenses, lease obligations, regular debt service requirements, recurring expenditures (general & administrative expenses), expenditures related to leasing activity and distributions to shareholders and unitholders of the Operating Partnership. Our long-term capital requirements consist primarily of maturities under our long-term debt agreements, development and redevelopment costs and potential acquisitions.

At September 30, 2018, we had cash and cash equivalents, including restricted cash, of $465.6 million and no amounts drawn on our line of credit. In addition, the Company has the following sources of capital available:

(Amounts in thousands)	September 30, 2018
ATM equity program[(1)]	
Original offering amount	$ 250,000
Available capacity	$ 241,300
Revolving credit agreement[(2)]	
Total commitment amount	$ 600,000
Available capacity	$ 600,000
Maturity	March 7, 2021

(1) Refer to Note 14 to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q.
(2) Refer to Note 7 to the unaudited consolidated financial statements in Part I, Item I of this Quarterly Report on Form 10-Q.

We have no debt scheduled to mature in 2018. We currently believe that cash flows from operations over the next 12 months, together with cash on hand, our ATM equity program, our revolving credit agreement and our general ability to access the capital markets will be sufficient to finance our operations and fund our debt service requirements and capital expenditures.

Summary of Cash Flows

Cash and cash equivalents including restricted cash was $465.6 million at September 30, 2018, compared to $500.8 million as of December 31, 2017 and $388.8 million as of September 30, 2017, a decrease of $35.3 million and an increase of $76.8 million, respectively. Our cash flow activities are summarized as follows:

	Nine Months Ended September 30,		
(Amounts in thousands)	2018	2017	Increase (Decrease)
Net cash provided by operating activities	$88,122	$114,498	$(26,376)
Net cash used in investing activities	(36,741)	(262,329)	225,588
Net cash (used in) provided by financing activities	(86,646)	396,403	(483,049)

Operating Activities

Net cash provided by operating activities primarily consists of cash inflows from tenant rent and tenant expense reimbursements and cash outflows for property operating expenses, general and administrative expenses and interest and debt expense.

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Net cash provided by operating activities of $88.1 million for the nine months ended September 30, 2018, decreased by $26.4 million from $114.5 million as of September 30, 2017, driven by $15.5 million of lease termination payments to acquire the Toys "R" Us leases at Bruckner Commons in the Bronx, NY and Hudson Mall in Jersey City, NJ. The remaining decrease in cash is due to the timing of cash receipts and payments related to changes in operating assets and liabilities.

Investing Activities

Net cash flow used in investing activities is impacted by the timing and extent of our real estate development, capital improvements, and acquisition and disposition activities during the period.

Net cash used in investing activities of $36.7 million for the nine months ended September 30, 2018, decreased by $225.6 million from $262.3 million as of September 30, 2017 due to a (i) $206.5 million decrease in cash used for acquisitions in 2018, (ii) $52.6 million increase in cash provided by dispositions driven by the sale of our property in Allentown, PA and the sale of land in Cherry Hill, NJ, (iii) $1.3 million of insurance proceeds for physical property damages caused by Hurricane Maria at our two properties in Puerto Rico and by a tornado at our property in Wilkes-Barre, PA, partially offset by (iv) $34.8 million increase in cash used for real estate development and capital improvements at existing properties.

Financing Activities

Net cash flow used in financing activities is impacted by the timing and extent of issuances of debt and equity securities, distributions paid to common shareholders and unitholders of the Operating Partnership as well as principal and other payments associated with our outstanding indebtedness.

Net cash used in financing activities was $86.6 million for the nine months ended September 30, 2018, as compared to net cash provided by financing activities of $396.4 million for the nine months ended September 30, 2017. The difference is attributable to (i) $347.9 million decrease in cash provided by proceeds from the issuance of common shares due to multiple equity offerings in 2017, (ii) $225.5 million of proceeds from borrowings due to mortgage loans assumed and issued in 2017, (iii) $6.3 million increase in distributions to partners and (iv) $0.1 million increase in tax withholdings on vested restricted stocks, partially offset by (v) $85.4 million decrease in cash used in debt repayments and (vi) $11.4 million decrease in cash used in issuing debt.

Financing Activities and Contractual Obligations

Below is a summary of our outstanding debt and weighted average interest rate as of September 30, 2018.

(Amounts in thousands)	Principal balance at September 30, 2018	Weighted Average Interest Rate at September 30, 2018
Mortgages payable:		
Fixed rate debt	$1,393,875	4.12%
Variable rate debt[(1)]	169,500	3.85%
Total mortgages payable	1,563,375	4.09%
Unamortized debt issuance costs	(12,380)	
Total mortgages payable, net of unamortized debt issuance costs	$1,550,995	

(1) As of September 30, 2018, $80.5 million of our variable rate debt bears interest at one month LIBOR plus 190 bps and $89 million of our variable rate debt bears interest at one month LIBOR plus 160 bps.

The net carrying amount of real estate collateralizing the above indebtedness amounted to approximately $1.3 billion as of September 30, 2018. Our mortgage loans contain covenants that limit our ability to incur additional indebtedness on these properties and in certain circumstances, require lender approval of tenant leases and/or yield maintenance upon repayment prior to maturity. As of September 30, 2018, we were in compliance with all debt covenants.

On January 15, 2015, we entered into a $500 million Revolving Credit Agreement (the "Agreement") with certain financial institutions. On March 7, 2017, we amended and extended the Agreement. The amendment increased the credit facility size by $100 million to $600 million and extended the maturity date to March 7, 2021 with two six-month extension options. Borrowings under the Agreement are subject to interest at LIBOR plus an applicable margin of 1.10% to 1.55% and an annual facility fee of 15 to 35 basis points. Both the spread over LIBOR and the facility fee are based on our current leverage ratio and are subject to increase if our leverage ratio increases above predefined thresholds. The Agreement contains customary financial covenants, including a maximum leverage ratio of 60% and a minimum fixed charge coverage ratio of 1.5x. No amounts have been drawn to date under the Agreement. Based on our current leverage ratio as of September 30, 2018, our borrowing rate is 1.15% and our facility fee is 0.20%.

Capital Expenditures

The following summarizes capital expenditures presented on a cash basis for the nine months ended September 30, 2018 and 2017:

	Nine Months Ended September 30,	
(Amounts in thousands)	2018	2017
Capital expenditures:		
Development and redevelopment costs	$84,358	$39,781
Capital improvements	2,176	4,237
Tenant improvements and allowances	2,388	4,877
Total capital expenditures	$88,922	$48,895

As of September 30, 2018, we had approximately $202.1 million of active redevelopment, development and anchor repositioning projects at various stages of completion and $67.3 million of completed projects, an increase of $20.3 million from $249.1 million of projects as of December 31, 2017. We have advanced these projects $57.3 million since December 31, 2017 and anticipate that these projects will require an additional $74.4 million over the next two years to complete. We expect to fund these projects using cash on hand, proceeds from dispositions, or using secured debt, or issuing equity.

Commitments and Contingencies

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 covered from retail 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.

Hurricane-Related Charges

On September 20, 2017, Hurricane Maria made landfall, damaging our two properties in Puerto Rico. During the third quarter of 2017, the Company recognized a $2.2 million charge reflecting the net book value of assets damaged included in casualty and impairment loss (gain), net on the accompanying consolidated statements of income. During the nine months ended September 30, 2018, the Company received $1.5 million in casualty insurance proceeds which were partially offset by $0.3 million of hurricane related costs, resulting in net casualty gains of $1.2 million included in casualty and impairment loss (gain), net on the accompanying consolidated statements of income.

During the three and nine months ended September 30, 2018, the Company recognized a $0.1 million net gain and $0.4 million of business interruption losses, respectively. For the three months ended September 30, 2018, the net gain primarily comprised a reversal to provision for doubtful accounts for payments received from tenants on rents previously reserved. For the nine months ended September 30, 2018, the losses were comprised of $0.8 million pertaining to rent abatements due to tenants that had not reopened since the hurricane, recorded as a reduction of property rentals and tenant expense reimbursements, offset by a $0.4 million reversal to provision for doubtful accounts for payments received from tenants on rents previously reserved.

No determination has been made as to the total amount or timing of insurance payments that may be received as a result of the hurricane.

Environmental Matters

Each of our properties has been subjected to varying degrees of environmental assessment at various times. Based on these assessments, we have accrued costs of $1.7 million and $1.2 million on our consolidated balance sheets as of September 30, 2018 and December 31, 2017, respectively, for remediation costs for environmental contamination at certain properties. While this accrual reflects our best estimates of the potential costs of remediation at these properties, there can be no assurance that the actual costs will not exceed these amounts. During the nine months ended September 30, 2018, the Company recognized $0.6 million of environmental remediation costs within property operating expenses on the consolidated statements of income. Although we are not aware of any other material environmental contamination, there can be no assurance that the identification of new areas of contamination, changes in the extent or known scope of contamination, the discovery of additional sites, or changes in cleanup requirements would not result in significant costs to us.

Bankruptcies

Although our base rent is supported by long-term leases, leases may be rejected in a bankruptcy proceeding and the related tenant stores may permanently vacate prior to lease expiration. In the event a tenant with a significant number of leases in our shopping centers files for bankruptcy and rejects its leases with us, we could experience a reduction in our revenues. We monitor the operating performance and rent collections of all tenants in our shopping centers, especially those tenants in arrears or operating retail formats that are experiencing significant changes in competition, business practice, or store closings in other locations, such as Toys “R” Us, Mattress Firm, Sears and National Wholesale Liquidators.

During September 2017, Toys “R” Us filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code and announced an orderly wind-down of its U.S. business and liquidation of all U.S. stores on March 15, 2018. Prior to the liquidation, the Company had leases with Toys “R” Us at nine locations with annual gross rents of $7.6 million, including tenant reimbursement income. The status of the Toys “R” Us leases is as follows:

- The Company paid $15.5 million to recapture the leases at Hudson Mall in Jersey City, NJ in July 2018 and Bruckner Commons in the Bronx, NY in September 2018 to accelerate the redevelopment of these properties. The previous rents were well under-market.
- Raymour & Flanigan acquired the lease at Manalapan Commons in Manalapan, NJ in July 2018.
- Toys rejected its leases in Woodbridge, NJ, Union, NJ, Amherst, NY and Wilkes-Barre, PA in July 2018 and Cherry Hill, NJ and Salem, NH in October 2018. Annual gross rent on these leases amounted to approximately $5.7 million. The Company is in active discussions to lease these spaces.

In connection with the Toys “R” Us bankruptcy, the Company recognized a write-off of $21.6 million of below-market intangible liabilities (classified within property rental revenues), $15.5 million of lease termination payments (classified within property operating expense) and a $1.0 million write-off of receivables from straight-line rents and reserves recorded on straight-line rents in the nine months ended September 30, 2018.

Mattress Firm filed for Chapter 11 bankruptcy protection on October 5, 2018. The Company has 13 leases with Mattress Firm comprising approximately 74,000 sf which generate $2.6 million in annual gross rents, including tenant reimbursement income. None of the Company’s leases are currently on the announced closure list and the Company is monitoring the proceedings and considering its alternatives.

Sears filed for Chapter 11 bankruptcy protection on October 15, 2018. The Company has four Kmart leases with Sears comprising approximately 547,000 sf which generate $8.5 million in annual gross rents, including tenant reimbursement income. None of the Company’s leases are currently on the announced closure list and the Company is monitoring the proceedings and considering its alternatives.

National Wholesale Liquidators filed for Chapter 11 bankruptcy protection on October 24, 2018. The Company has one lease with National Wholesale Liquidators comprising approximately 171,000 sf which generates $3.1 million in annual gross rent, including tenant reimbursement income. It is too early in the bankruptcy proceedings to determine whether this lease will be accepted or rejected and the Company is considering its alternatives.

We are not aware of any additional bankruptcies or announced store closings by any tenants in our shopping centers that would individually cause a material reduction in our revenues.

Inflation and Economic Condition Considerations

Most of our leases contain provisions designed to partially mitigate the impact of inflation. Although inflation has been low in recent periods and has had a minimal impact on the performance of our shopping centers, there are more recent data suggesting that inflation may be a greater concern in the future given economic conditions and governmental fiscal policy. Most of our leases require tenants to pay their share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation, although some larger tenants have capped the amount of these operating expenses they are responsible for under the lease. A small number of our leases also include percentage rent clauses enabling us to receive additional rent based on tenant sales above a predetermined level, which sales generally increase as prices rise and are typically related to increases in the Consumer Price Index or similar inflation indices.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements as of September 30, 2018 or December 31, 2017.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We have exposure to fluctuations in interest rates, which are sensitive to many factors that are beyond our control. The following table discusses our exposure to hypothetical changes in market rates of interest on interest expense for our variable rate debt and fixed-rate debt. Interest rate risk amounts were determined by considering the impact of hypothetical interest rates on our debt. This analysis does not take into account all of the factors that may affect our debt, such as the effect that a changing interest rate environment could have on the overall level of economic activity or the action that our management might take to reduce our exposure to the change. This analysis assumes no change in our financial structure. Our exposure to a change in interest rates is summarized in the table below.

	2018			2017	
(Amounts in thousands)	September 30, Balance	Weighted Average Interest Rate	Effect of 1% Change in Base Rates	December 31, Balance	Weighted Average Interest Rate
Variable Rate	$169,500	3.85%	$1,695	$169,500	3.10%
Fixed Rate	1,393,875	4.12%	— (2)	1,408,817	4.14%
	$1,563,375 (1)		$1,695	$1,578,317 (1)	

(1) Excludes unamortized debt issuance costs of $12.4 million and $13.8 million as of September 30, 2018 and December 31, 2017, respectively.
(2) If the weighted average interest rate of our fixed rate debt increased by 1% (i.e. due to refinancing at higher rates), annualized interest expense would have increased by approximately $13.9 million based on outstanding balances as of September 30, 2018.

We may utilize various financial instruments to mitigate the impact of interest rate fluctuations on our cash flows and earnings, including hedging strategies, depending on our analysis of the interest rate environment and the costs and risks of such strategies. As of September 30, 2018, we did not have any hedging instruments in place.

Fair Value of Debt

The estimated fair value of our consolidated debt is calculated based on current market prices and discounted cash flows at the current rate at which similar loans would be made to borrowers with similar credit ratings for the remaining term of such debt. As of September 30, 2018, the estimated fair value of our consolidated debt was $1.5 billion.

Other Market Risks

As of September 30, 2018, we had no material exposure to any other market risks (including foreign currency exchange risk or commodity price risk).

In making this determination and for purposes of the SEC’s market risk disclosure requirements, we have estimated the fair value of our financial instruments at September 30, 2018 based on pertinent information available to management as of that date. Although management is not aware of any factors that would significantly affect the estimated amounts as of September 30, 2018, future estimates of fair value and the amounts which may be paid or realized in the future may differ significantly from amounts presented.

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ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures (Urban Edge Properties)

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective.

There have not been any changes in our internal control over financial reporting (as defined in Rule 13a-15(f)) that occurred during the three months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures (Urban Edge Properties LP)

The Operating Partnership’s management maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer of our general partner, as appropriate to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

The Operating Partnership’s management, with the participation of the Chief Executive Officer and Chief Financial Officer of our general partner, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer of our general partner concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective.

There have not been any changes in our internal control over financial reporting (as defined in Rule 13a-15(f)) that occurred during the three months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are party to various legal actions that arise in the ordinary course of business. In our opinion, after consultation with legal counsel, the outcome of such matters is not expected to have a material adverse effect on our financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

Except to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to such risk factors (including, without limitation, the matters discussed in Part I, “Item 2-Management’s Discussion and Analysis of Financial Condition and Results of Operations”), there were no material changes to the risk factors disclosed in Part I, “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the SEC on February 14, 2018.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Urban Edge Properties
(a) Not applicable.
(b) Not applicable.
(c) Not applicable.

Urban Edge Properties LP
(a) Not applicable.
(b) Not applicable.
(c) Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The exhibits listed below are included in, or incorporated by reference into, this Quarterly Report on Form 10-Q.

INDEX TO EXHIBITS

The following exhibits are included as part of this Quarterly Report on Form 10-Q:

Exhibit Number	Exhibit Description
10.1*	Employment Agreement between Urban Edge Properties and Christopher Weilminster
10.2*	Employment Agreement between Urban Edge Properties and Donald Briggs
31.1*	Certification by the Chief Executive Officer for Urban Edge Properties pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification by the Chief Financial Officer for Urban Edge Properties pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.3*	Certification by the Chief Executive Officer for Urban Edge Properties LP pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.4*	Certification by the Chief Financial Officer for Urban Edge Properties LP pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification by the Chief Executive Officer and Chief Financial Officer for Urban Edge Properties pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification by the Chief Executive Officer and Chief Financial Officer for Urban Edge Properties LP pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Extension Calculation Linkbase
101.LAB	XBRL Extension Labels Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

* Filed herewith

** In accordance with Item 601 (b)(32) of Regulation S-K, this Exhibit is not deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

PART IV

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

URBAN EDGE PROPERTIES
(Registrant)

/s/ Mark Langer
Mark Langer, Chief Financial
Officer

Date: October 31, 2018

URBAN EDGE PROPERTIES LP
By: Urban Edge Properties, General
Partner

/s/ Mark Langer
Mark Langer, Chief Financial
Officer

Date: October 31, 2018