Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of earliest event reported):
March 30, 2018

URBAN EDGE PROPERTIES
URBAN EDGE PROPERTIES LP

(Exact name of Registrant as specified in its charter)

Maryland (Urban Edge Properties)	**001-36523 (Urban Edge Properties)**	**47-6311266**
Delaware (Urban Edge Properties LP)	**333-212951-01 (Urban Edge Properties LP)**	**36-4791544**
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

888 Seventh Avenue
New York, NY 10019
(Address of Principal Executive offices) (Zip Code)

Registrant’s telephone number including area code: **(212) 956-2556**

Former name or former address, if changed since last report: **N/A**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2.):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure

On March 30, 2018, Urban Edge Properties (the "Company") made available the Chairman and Chief Executive Officer's annual letter to shareholders for the year ended December 31, 2017. The Chairman and Chief Executive Officer's annual letter contains information that may be of interest to investors. A copy of the Chairman and Chief Executive Officer's annual letter is attached hereto as Exhibit 99.1 and incorporated herein by reference.

FORWARD-LOOKING STATEMENTS

Certain statements contained in the attached presentation and related discussion constitutes 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,” “intends,” “plans,” “would,” “may” or other similar expressions in this Press Release. 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 Company's ability to complete its active development, redevelopment and anchor repositioning projects, the Company's ability to pursue, finance and complete acquisition opportunities, the Company's ability to engage in the projects in its planned expansion and redevelopment pipeline and the Company's ability to achieve the estimated unleveraged returns for such projects and acquisitions. 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 our Annual Report on Form 10-K for the year ended December 31, 2017 and the other documents filed by the Company with the Securities and Exchange Commission.

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 the attached materials. 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 the attached materials.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01 or furnished with this Current Report on Form 8-K shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of Urban Edge Properties, under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits:

99.1 – Chairman and Chief Executive Officer's annual letter for the year ended December 31, 2017

SIGNATURE

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)
Date: March 30, 2018	By:	/s/ Mark Langer
		Mark Langer, Chief Financial Officer
		URBAN EDGE PROPERTIES LP
		By: Urban Edge Properties, General Partner
Date: March 30, 2018	By:	/s/ Mark Langer
		Mark Langer, Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Number	**Document**
99.1	Chairman and Chief Executive Officer's annual letter for the year ended December 31, 2017

(Back To Top)

Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

URBAN EDGE PROPERTIES

To Our Shareholders,

Investors will remember 2017 as the year brick-and-mortar retailers experienced an existential crisis. Amazon and other e-commerce providers are disrupting the industry, creating chaos throughout much of the sector and pressuring retailers and landlords to evolve. The market is separating the winners from the losers. Urban Edge is a winner because our high quality real estate consistently attracts the best tenants, our growth is primarily derived from investing in our existing assets and our strong balance sheet provides ample capital for funding redevelopment and acquisitions.

First, our concentration in metro New York, the nation's most densely-populated market, is a powerful draw for retailers. Our top tenants include many of today's most successful retailers including Home Depot, Walmart, Costco, TJX, ShopRite and Whole Foods (now owned by Amazon). Our shopping centers generate strong sales with grocers producing nearly $800 per square foot -

the highest reported number in the sector. The desirability of our centers is evidenced by our 98% same property occupancy rate.

Second, improving our existing shopping centers is our most significant growth opportunity. We are executing a $300 million program to renovate and remerchandise our properties and adding retailers like ShopRite, Sprouts, Marshalls, Homesense, Burlington, Ulta, Five Below, Starbucks and Chick-fil-A. We expect to earn an attractive 8%+ unlevered return while increasing traffic, sales and rents.

Many of our properties are ripe for redevelopment due to their irreplaceable locations, age, physical condition, anchor lease maturities, below-market rents and retail demand. A prime example is Bruckner Commons where ShopRite is opening its first store in the Bronx and where Burlington is adding a new two-story location. Bruckner is being transformed from an unattractive, dated center into an appealing shopping destination with an exciting mix of food, apparel and services that will cater to the 700,000 people living within three miles.

Lastly, our balance sheet is one of the strongest in the shopping center sector. During 2017, we raised approximately $500 million in equity at $26 per share and closed $1.0 billion of non-recourse mortgages at a blended 4% interest rate with a weighted average term-to-maturity of ten years. As of December 31, 2017, our net debt to total market capitalization ratio was only 22% and our net debt to adjusted EBITDA was 4.6x. We have approximately $500 million of cash, $1.4 billion of unencumbered properties, no corporate debt, no crossed mortgages and no debt maturing until 2021. We are well positioned to fund our redevelopment and acquisition initiatives.

We are pleased with our report card since we spun from Vornado three years ago.

	2015	2016	2017	Return since spin
Stock performance incl. dividends				
Urban Edge	2%	21%	-4%	19%
Bloomberg Shopping Center Index	-3%	-4%	-11%	-12%
Outperformance	500bp	2,500bp	700bp	3,100bp
FFO as Adjusted per share	$1.21	$1.27	$1.34	
FFO as Adjusted growth	n/a	5.0%	5.5%	
Same property cash NOI growth	4.1%	4.1%	4.7%	
Same property occupancy rate	97.2%	98.0%	98.3%	

Two areas of focus in 2018 are retailer bankruptcies and Puerto Rico.

Retailer bankruptcies will continue to impact the sector. Our top tenants, however, are generally winners in the evolving retail environment. We view bankruptcies as an opportunity to upgrade our properties as highlighted by Toys R Us. We have nine spaces leased to Toys representing $6 million in revenue or $.05 per share. We look forward to replacing Toys with more popular and successful tenants, many of which are already pursuing these spaces.

Our two assets in Puerto Rico are performing well since re-opening just eight weeks after Hurricane Maria. Even in a deeply-troubled economy, our properties are 93% leased and generating double-digit sales increases over last year. Maintaining occupancy and improving merchandising are important objectives for 2018. Non-recourse mortgages limit our economic exposure.

Our success is tied to the leaders who execute our strategy. We are fortunate to have an experienced team led by Bob Minutoli, Mark Langer, Michael Zucker, Herb Eilberg, Bernie Schachter, Rob Milton and Jennifer Holmes. I am proud of the culture that we have developed where communication, transparency and integrity are valued throughout our organization.

I wish to extend my thanks to our Trustees who bring broad and deep experience and constantly challenge the status quo.

We appreciate your support and look forward to many successful years ahead.

Sincerely,

Jeffrey S. Olson
Chairman and Chief Executive Officer
March 29, 2018

NON- GAAP FINANCIAL MEASURES

The Company uses certain non-GAAP performance measures, in addition to the primary GAAP presentations, as we believe these measures improve the understanding of the Company's operational results. We continually evaluate the usefulness, relevance, limitations, and calculation of our reported non-GAAP performance measures to determine how best to provide relevant information to the investing public, and thus such reported measures are subject to change. The Company's non-GAAP performance measures have limitations as they do not include all items of income and expense that affect operations, and accordingly, should always be considered as supplemental financial results. FFO, FFO as Adjusted, cash NOI and same-property cash NOI are non-GAAP measures commonly used by the Company and investing public to understand and evaluate our operating results and performance. The Company believes net income is the most directly comparable GAAP financial measure to FFO, FFO as Adjusted, cash NOI and same-property cash NOI. Reconciliations of these measures to net income have been provided in the tables below.

Reconciliation of Net Income to FFO and FFO as Adjusted

The following table reflects the reconciliation of net income to FFO and FFO as Adjusted for the years ended December 31, 2017, 2016 and 2015. Net income is considered the most directly comparable GAAP measure.

	Year Ended December 31, 2017		Year Ended December 31, 2016		Year Ended December 31, 2015	
	(in thousands)	(per share) [2]	(in thousands)	(per share) [2]	(in thousands)	(per share) [2]
Net (loss) income	$ 72,938	$ 0.62	$ 96,630	$ 0.91	$ 41,348	$ 0.39
Less (net income) attributable to noncontrolling interests in:						
Operating partnership	(5,824)	(0.05)	(5,812)	(0.05)	(2,547)	(0.02)
Consolidated subsidiaries	(44)	—	(3)	—	(16)	—
Net (loss) income attributable to common shareholders	67,070	0.57	90,815	0.86	38,785	0.37
Adjustments:						
Rental property depreciation and amortization	81,401	0.68	55,484	0.53	56,619	0.54
Gain on sale of real estate	—	—	(15,618)	(0.15)	—	—
Real estate impairment loss	3,467	0.03	—	—	—	—
Limited partnership interests in operating partnership	5,824	0.05	5,812	0.05	2,547	0.02
FFO applicable to diluted common shareholders[1]	157,762	1.33	136,493	1.29	97,951	0.93
Loss on extinguishment of debt	35,336	0.30	—	—	—	—
Casualty loss	6,092	0.05	—	—	—	—
Construction settlement due to tenant	902	0.01	—	—	—	—
Transaction costs	278	—	1,405	0.01	24,011	0.23
One-time equity awards related to the spin-off	—	—	—	—	7,143	0.07
Environmental remediation costs	—	—	—	—	1,379	0.01
Debt restructuring expenses	—	—	—	—	1,034	0.01
Severance costs	—	—	—	—	693	—
Gain on sale of land	(202)	—	—	—	—	—
Benefit related to income taxes	—	—	(625)	(0.01)	—	—
Tenant bankruptcy settlement income	(655)	(0.01)	(2,378)	(0.02)	(3,738)	(0.04)
Real estate tax settlement income related to prior periods	—	—	—	—	(532)	—
Income tax benefit from hurricane losses	(1,767)	(0.01)	—	—	—	—
Income from acquired leasehold interest	(39,215)	(0.33)	—	—	—	—
FFO as Adjusted applicable to diluted common shareholders[1]	$ 158,531	$ 1.34	$ 134,895	$ 1.27	$ 127,941	$ 1.21
Weighted average diluted common shares - FFO[1]	118,392		106,099		105,375	

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[1] OP and LTIP Units are excluded from the calculation of earnings per diluted share for the quarter because their inclusion is anti-dilutive and are included for the year because their inclusion is dilutive. FFO per share includes units as these units are dilutive.

[2] Individual items may not add up due to total rounding.

Reconciliation of Net Income to Cash NOI and Same-Property Cash NOI

The following table reflects the reconciliation of cash NOI, same-property cash NOI (with and without redevelopment) to net income, the most directly comparable GAAP measure, for the years ended December 31, 2017 and 2016.

	Twelve Months Ended December 31,	
(Amounts in thousands)	**2017**	**2016**
Net (loss) income	$ 72,938	$ 96,630
Add: income tax (benefit) expense	(278)	804
Interest income	(2,248)	(679)
Gain on sale of real estate	(202)	(15,618)
Interest and debt expense	56,218	51,881
Loss on extinguishment of debt	35,336	—
Management and development fee income from non-owned properties	(1,535)	(1,759)
Other income	(235)	(121)
Depreciation and amortization	82,281	56,145
Casualty and impairment loss	7,382	—
General and administrative expense	30,413	27,438
Transaction costs	278	1,405
Less: non-cash revenue and expenses	(47,161)	(6,465)
Cash NOI	233,187	209,661
Adjustments		
Non-same property cash NOI	(46,766)	(28,164)
Hurricane relates operating loss	1,267	—
Construction settlement due to tenant	902	—
Tenant bankruptcy settlement income	(975)	(2,378)
Same-property cash NOI	187,615	179,119
Adjustments:		
Cash NOI related to properties being redeveloped	25,304	22,846
Same-property cash NOI including properties in redevelopment	$ 212,919	$ 201,965

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(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.

(2) Other adjustments include revenue and expense items attributable to non-same properties and corporate activities.

(3) Tenant bankruptcy settlement income includes lease termination income.

Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA

The following table reflects the reconciliation of net income (loss) to EBITDA and Adjusted EBITDA for the years ended December 31, 2017 and 2016. Net income (loss) is considered the most directly comparable GAAP measure.

	Twelve Months Ended December 31,	
(Amounts in thousands)	**2017**	**2016**
Net (loss) income	$ 72,938	$ 96,630
Depreciation and amortization	82,281	46,145
Interest and debt expense	56,218	51,881
Income tax (benefit) expense	(278)	804
EBITDA	211,159	205,460
Adjustments for Adjusted EBITDA:		
Casualty loss	6,092	—
Construction settlement due to tenant	902	—
Real estate impairment loss	3,467	—
Transaction costs	278	1,405
Loss on extinguishment of debt	35,336	—
Tenant bankruptcy settlement income	(655)	(2,378)
Gain on sale of real estate	(202)	(15,618)
Income from acquired leasehold interest	(39,215)	—
Adjusted EBITDA	$ 217,162	$ 188,869

(Back To Top)