URSTADT BIDDLE PROPERTIES INC
Form 10-Q
September 08, 2010

United States
Securities And Exchange Commission
Washington, DC 20549

Form 10-Q

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

For the quarterly period ended July 31, 2010

OR

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

For the transition period from _____to_____

Commission File Number 1-12803

Urstadt Biddle Properties Inc.
(Exact Name of Registrant in its Charter)

	04-2458042
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
321 Railroad Avenue, Greenwich, CT	06830
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (203) 863-8200

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. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes o No o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

As of September 8, 2010 (latest date practicable), the number of shares of the Registrant's classes of Common Stock and Class A Common Stock was: 8,446,900 Common Shares, par value $.01 per share, and 18,317,782 Class A Common Shares, par value $.01 per share.

Index

Urstadt Biddle Properties Inc.

2

URSTADT BIDDLE PROPERTIES INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

ASSETS	July 31, 2010 (Unaudited)	Oct 31, 2009
Real Estate Investments:		
Core properties – at cost	$599,254	$564,289
Non-core properties – at cost	1,383	1,383
	600,637	565,672
Less: Accumulated depreciation	(114,679)	(104,904)
	485,958	460,768
Investments in and advances to unconsolidated joint ventures	24,788	723
Mortgage note receivable	1,111	1,170
	511,857	462,661
Cash and cash equivalents	2,578	10,340
Restricted cash	859	1,035
Marketable securities	981	933
Tenant receivables	20,818	19,500
Prepaid expenses and other assets	7,052	5,643
Deferred charges, net of accumulated amortization	4,781	4,427
Total Assets	$548,926	$504,539
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Revolving credit lines	$43,950	$-
Mortgage notes payable	118,792	116,417
Accounts payable and accrued expenses	2,974	771
Deferred compensation – officers	282	354
Other liabilities	10,930	9,954
Total Liabilities	176,928	127,496
Redeemable Noncontrolling Interests	8,239	7,259
Redeemable Preferred Stock, par value $.01 per share; issued and outstanding 2,800,000 shares	96,203	96,203
Commitments and Contingencies		
Stockholders' Equity:		
7.5% Series D Senior Cumulative Preferred Stock (liquidation preference of $25 per share); 2,450,000 shares issued and outstanding	61,250	61,250
Excess Stock, par value $.01 per share; 10,000,000 shares authorized; none issued and outstanding	-	-
Common Stock, par value $.01 per share; 30,000,000 shares authorized; 8,446,900 and 8,222,514 shares issued and outstanding	84	82

Class A Common Stock, par value $.01 per share; 40,000,000 shares authorized;		
18,317,782 and 18,241,275 shares issued and outstanding	183	182
Additional paid in capital	264,704	261,433
Cumulative distributions in excess of net income	(58,461)	(49,150)
Accumulated other comprehensive income (loss)	(204)	(216)
Total Stockholders' Equity	267,556	273,581
Total Liabilities and Stockholders' Equity	$548,926	$504,539

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

URSTADT BIDDLE PROPERTIES INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In thousands, except per share data)

	Nine Months Ended July 31, 2010	Nine Months Ended July 31, 2009	Three Months Ended July 31, 2010	Three Months Ended July 31, 2009
Revenues				
Base rents	$ 47,327	$ 46,055	$ 16,136	$ 15,081
Recoveries from tenants	14,967	16,339	5,003	5,153
Lease termination income	633	77	586	37
Other income	604	572	88	214
Total Revenues	63,531	63,043	21,813	20,485
Expenses				
Property operating	10,372	10,524	3,054	3,015
Property taxes	10,070	9,899	3,423	3,313
Depreciation and amortization	11,022	11,704	3,845	3,678
General and administrative	5,249	4,915	1,722	1,622
Acquisition costs	249	-	93	-
Directors' fees and expenses	244	229	70	63
Total Operating Expenses	37,206	37,271	12,207	11,691
Operating Income	26,325	25,772	9,606	8,794
Non-Operating Income (Expense):				
Interest expense	(5,607)	(4,754)	(1,985)	(1,651)
Gain on sale of marketable securities	-	381	-	-
Equity in net income from unconsolidated joint venture	75	-	46	-
Other expense	(395)	-	54	-
Interest, dividends and other investment income	197	256	147	23
Net Income	20,595	21,655	7,868	7,166
Noncontrolling interests:				
Net income attributable to noncontrolling interests	(230)	(343)	(76)	(114)
Net income attributable to Urstadt Biddle Properties Inc.	20,365	21,312	7,792	7,052
Preferred stock dividends	(9,820)	(9,820)	(3,273)	(3,273)
Net Income Applicable to Common and Class A Common Stockholders	$ 10,545	$ 11,492	$ 4,519	$ 3,779
Basic Earnings Per Share:				

Common	$ 0.39	$ 0.43	$ 0.17	$ 0.14
Class A Common	$ 0.43	$ 0.47	$ 0.18	$ 0.16
Diluted Earnings Per Share:				
Common	$ 0.38	$ 0.42	$ 0.16	$ 0.14
Class A Common	$ 0.42	$ 0.47	$ 0.18	$ 0.15
Dividends Per Share:				
Common	$ 0.6600	$ 0.6525	$ 0.2200	$ 0.2175
Class A Common	$ 0.7275	$ 0.7200	$ 0.2425	$ 0.2400

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

URSTADT BIDDLE PROPERTIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	Nine Months Ended July 31, 2010	2009
Cash Flows from Operating Activities:		
Net income	$20,595	$21,655
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,022	11,704
Straight-line rent adjustment	(713)	(362)
Provisions for tenant credit losses	318	341
Loss on property held for sale	300	-
Gain on marketable securities	-	(381)
Restricted stock compensation expense and other adjustments	2,457	2,060
Deferred compensation arrangement	(71)	(722)
Equity in net income of unconsolidated joint venture	(75)	-
Changes in operating assets and liabilities:		
Restricted cash	176	151
Tenant receivables	(923)	(2,330)
Accounts payable and accrued expenses	2,066	1,839
Other assets and other liabilities, net	(2,187)	(3,682)
Net Cash Flow Provided by Operating Activities	32,965	30,273
Cash Flows from Investing Activities:		
Acquisitions of real estate investments	(22,261)	-
Investments in and advances to unconsolidated joint venture	(23,990)	-
Net proceeds from sale of property	-	925
Return of deposits on real estate investments	-	1,100
Deposits on acquisition of real estate investments	-	(310)
Improvements to properties and deferred charges	(3,589)	(1,677)
Distributions to noncontrolling interests	(230)	(343)
Payments received on mortgage notes receivable	59	53
Acquisitions of limited partner interests in consolidated joint venture	-	(2,111)
Proceeds on sale of securities available for sale	-	3,620
Purchases of securities available for sale	-	(3,239)
Net Cash Flow (Used in) Investing Activities	(50,011)	(1,982)
Cash Flows from Financing Activities:		
Dividends paid -- Common and Class A Common Stock	(18,876)	(18,470)
Dividends paid -- Preferred Stock	(9,820)	(9,821)
Principal repayments on mortgage notes payable	(6,787)	(13,395)
Proceeds from mortgage financing	-	36,700
Sales of additional shares of Common and Class A Common Stock	817	768
Repurchase of shares of Class A Common Stock	-	(505)
Repayment of revolving credit line borrowings	-	(17,100)
Proceeds from revolving credit line borrowings	43,950	14,100

Net Cash Flow Provided by (Used in) Financing Activities	9,284	(7,723)
Net Increase (Decrease) In Cash and Cash Equivalents	(7,762)	20,568
Cash and Cash Equivalents at Beginning of Period	10,340	1,664
Cash and Cash Equivalents at End of Period	$2,578	$22,232
Supplemental Cash Flow Disclosures:		
Interest Paid	$5,432	$4,596

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

URSTADT BIDDLE PROPERTIES INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
(In thousands, except shares and per share data)

	7.5% Series D Preferred Stock		Common Stock		Class A Common Stock		Additional Paid In	Cumulative Distributions In Excess of Net Income	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Equity
	Issued	Amount	Issued	Amount	Issued	Amount	Capital			
Balances – October 31, 2009	2,450,000	$61,250	8,222,514	$82	18,241,275	$182	$261,433	$(49,150)	$(216)	$273,581
Comprehensive Income:										
Net income applicable to Common and Class A common stockholders	-	-	-	-	-	-	-	10,545	-	10,545
Change in unrealized gains (losses) in marketable securities	-	-	-	-	-	-	-	-	148	148
Change in unrealized (loss) on interest rate swap	-	-	-	-	-	-	-	-	(136)	(136)
Total comprehensive income										10,557
Cash dividends paid :										
Common stock ($.6600 per share)	-	-	-	-	-	-	-	(5,553)	-	(5,553)
Class A common stock ($.7275 per share)	-	-	-	-	-	-	-	(13,323)	-	(13,323)
Issuance of shares under dividend reinvestment plan	-	-	48,436	-	6,957	-	817	-	-	817

Shares issued under restricted stock plan	-	-	175,950	2	69,550	1	(3)	-	-	-
Restricted stock compensation and other adjustments	-	-	-	-	-	-	2,457	-	-	2,457
Adjustments to redeemable noncontrolling interests	-	-	-	-	-	-	-	(980)	-	(980)
Balances – July 31 ,2010	2,450,000	$61,250	8,446,900	$84	18,317,782	$183	$264,704	$(58,461)	$(204)	$267,556

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business
Urstadt Biddle Properties Inc. (“Company”), a real estate investment trust (REIT), is engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers in the northeastern part of the United States. Non-core properties include two distribution service facilities. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At July 31, 2010, the Company owned or had equity interests in 50 properties containing a total of 4.6 million square feet of Gross Leasable Area (“GLA”).

Principles of Consolidation and Use of Estimates
The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and joint ventures in which the Company meets certain criteria of a sole general partner in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, “Consolidation”. The Company has determined that such joint ventures should be consolidated into the consolidated financial statements of the Company. In accordance with ASC Topic 970 “Real Estate”, joint ventures that the Company does not control but otherwise exercises significant influence in, are accounted for under the equity method of accounting. See Note 6 for further discussion of the unconsolidated joint ventures. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results of operations for the nine month period ended July 31, 2010 are not necessarily indicative of the results that may be expected for the year ending October 31, 2010. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company’s annual report on Form 10-K for the fiscal year ended October 31, 2009.

The preparation of financial statements requires management to make estimates and assumptions that affect the disclosure of contingent assets and liabilities, the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the periods covered by the financial statements. The most significant assumptions and estimates relate to the valuation of real estate, depreciable lives, revenue recognition, fair value estimates, and the collectibility of tenant and mortgage notes receivables. Actual results could differ from these estimates. The balance sheet at October 31, 2009 has been derived from audited financial statements at that date.

Federal Income Taxes
The Company has elected to be treated as a real estate investment trust under Sections 856-860 of the Internal Revenue Code (Code). Under those sections, a REIT that, among other things, distributes at least 90% of real estate trust taxable income and meets certain other qualifications prescribed by the Code will not be taxed on that portion of its taxable income that is distributed. The Company believes it qualifies as a REIT and intends to distribute all of its taxable income for fiscal 2010 in accordance with the provisions of the Code. Accordingly, no provision has been made for Federal income taxes in the accompanying consolidated financial statements.

The Company follows the provisions of ASC Topic 740, “Income Taxes” that, among other things, defines a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Based on its evaluation, the Company determined that it has no uncertain tax positions and no unrecognized tax benefits as of July 31, 2010. The Company records interest and penalties relating to unrecognized tax benefits, if any, as interest expense. As of July 31, 2010, the fiscal tax years 2006 through and including 2009 remain open to examination by the Internal Revenue Service. There are currently no federal tax examinations in progress.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, mortgage notes receivable and tenant receivables. The Company places its cash and cash equivalents with high quality financial institutions and the balances at times could exceed federally insured limits. The Company performs ongoing credit evaluations of its tenants and may require certain tenants to provide security deposits or letters of credit. Though these security deposits and letters of credit are insufficient to meet the terminal value of a tenant’s lease obligation, they are a measure of good faith and a source of funds to offset the economic costs associated with lost rent and the costs associated with re-tenanting the space. The Company has no dependency upon any single tenant.

Marketable Securities

Marketable securities consist of short-term investments and marketable equity securities. Short-term investments (consisting of investments with original maturities of greater than three months when purchased) and marketable equity securities are carried at fair value. The Company has classified marketable securities as available for sale. Unrealized gains and losses on available for sale securities are recorded as other comprehensive income (loss) in Stockholders’ Equity. There were no sales of marketable securities during the nine month period ended July 31, 2010.

As of July 31, 2010, all of the Company's marketable securities consisted of REIT Common and Preferred Stocks. At July 31, 2010, the Company has recorded a net unrealized loss on available for sale securities in the amount of $68,000. The Company deems these unrealized losses to be temporary. If and when the Company deems the unrealized losses to be other than temporary, unrealized losses will be realized and reclassified into earnings. The net unrealized loss at July 31, 2010 is detailed below (In thousands):

Description:	Fair Market Value	Cost Basis	Net Unrealized Gain/(Loss)	Gross Unrealized Gains	Gross Unrealized (Loss)
REIT Common and Preferred Stocks	$ 981	$ 1,049	$ (68)	$ 106	$ (174)

Derivative Financial Instruments

The Company occasionally utilizes derivative financial instruments, interest rate swaps, to manage its exposure to fluctuations in interest rates. The Company has established policies and procedures for risk assessment, and the approval, reporting and monitoring of derivative financial instruments. Derivative financial instruments must be effective in reducing the Company's interest rate risk exposure in order to qualify for hedge accounting. When the terms of an underlying transaction are modified, or when the underlying hedged item ceases to exist, all changes in the fair value of the instrument are marked-to-market with changes in value included in net income for each period until the derivative instrument matures or is settled. Any derivative instrument used for risk management that does not meet the hedging criteria is marked-to-market with the changes in value included in net income. The Company has not entered into, and does not plan to enter into, derivative financial instruments for trading or speculative purposes. Additionally, the Company has a policy of entering into derivative contracts only with major financial institutions.

As of July 31, 2010, the Company believes it has no significant risk associated with non-performance of the financial institution which is the counterparty to its derivative contract. At July 31, 2010, the Company had approximately $11.6 million borrowed under its unsecured revolving line of credit subject to an interest rate swap. Such interest rate swap converted the LIBOR-based variable rate on the unsecured line of credit to a fixed annual rate of 1.22% per annum. As of July 31, 2010, the Company had accrued liabilities of $136,000 (included in accounts payable and accrued expenses on the consolidated balance sheet) relating to the fair value of the Company's interest rate swap applicable to the unsecured revolving line of credit. Charges and/or credits relating to the changes in fair values of such interest rate swaps are made to accumulated other comprehensive income as the swap is deemed effective and is classified as a cash flow hedge.

Comprehensive Income

Comprehensive income is comprised of net income applicable to Common and Class A Common stockholders and other comprehensive income (loss). Other comprehensive income (loss) includes items that are otherwise recorded directly in stockholders' equity, such as unrealized gains or losses on marketable securities and unrealized gains and losses on interest rate swaps designated as cash flow hedges. At July 31, 2010, other comprehensive income (loss) consisted of net unrealized gain (losses) on marketable securities of approximately ($68,000) and net unrealized gain (losses) on an interest rate swap agreement of approximately ($136,000). Unrealized gains and losses included in other comprehensive income (loss) will be reclassified into earnings as gains and losses are realized.

Asset Impairment

On a periodic basis, management assesses whether there are any indicators that the value of its real estate investments may be impaired. A property value is considered impaired when management's estimate of current and projected operating cash flows (undiscounted and without interest) of the property over its remaining useful life is less than the net carrying value of the property. Such cash flow projections consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the loss is measured as the excess of the net carrying amount of the property over the fair value of the asset. Changes in estimated future cash flows due to changes in the Company's plans or market and economic conditions could result in recognition of impairment losses which could be substantial. Management does not believe that the value of any of its real estate investments is impaired at July 31, 2010.

Property Held for Sale

The Company follows the provisions of ASC Topic 360, "Property, Plant, and Equipment," and ASC Topic 205, "Presentation of Financial Statements". ASC Topic 360 and ASC Topic 205 require, among other things, that the assets and liabilities and the results of operations of the Company's properties that have been sold or otherwise qualify as held for sale be classified as discontinued operations and presented separately in the Company's consolidated financial statements. If significant to financial statement presentation, the Company classifies properties as held for sale that are under contract for sale and are expected to be sold within the next 12 months.

Earnings Per Share

The Company calculates basic and diluted earnings per share in accordance with the provisions of ASC Topic 260, "Earnings Per Share." Basic earnings per share ("EPS") excludes the impact of dilutive shares and is computed by dividing net income applicable to Common and Class A Common stockholders by the weighted average number of Common shares and Class A Common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue Common shares or Class A Common shares were exercised or converted into Common shares or Class A Common shares and then shared in the earnings of the Company. Since the cash dividends declared on the Company's Class A Common stock are higher than the dividends declared on the Common Stock,

basic and diluted EPS have been calculated using the "two-class" method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to the weighted average of the dividends declared, outstanding shares per class and participation rights in undistributed earnings.

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

	Nine Months Ended July 31,		Three Months Ended July 31,	
	2010	2009	2010	2009
Numerator				
Net income applicable to common stockholders – basic	$2,803	$3,026	$1,203	$997
Effect of dilutive securities:				
Stock awards	118	74	59	30
Net income applicable to common stockholders – diluted	$2,921	$3,100	$1,262	$1,027
Denominator				
Denominator for basic EPS – weighted average common shares	7,167	7,062	7,184	7,078
Effect of dilutive securities:				
Restricted stock and other awards	475	277	562	350
Denominator for diluted EPS – weighted average common equivalent shares	7,642	7,339	7,746	$7,428
Numerator				
Net income applicable to Class A common stockholders-basic	$7,742	$8,466	$3,316	$2,782
Effect of dilutive securities:				
Stock awards	(118)	(74)	(59)	(30)
Net income applicable to Class A common stockholders – diluted	$7,624	$8,392	$3,257	$2,752
Denominator				
Denominator for basic EPS – weighted average Class A common shares	17,963	17,906	17,966	17,902
Effect of dilutive securities:				
Restricted stock and other awards	133	101	174	129
Denominator for diluted EPS – weighted average Class A common equivalent shares	18,096	18,007	18,140	18,031

Segment Reporting

The Company operates in one industry segment, ownership of commercial real estate properties which are located principally in the northeastern United States. The Company does not distinguish its property operations for purposes of measuring performance. Accordingly, the Company believes it has a single reportable segment for disclosure purposes.

Stock-Based Compensation

The Company accounts for its stock-based compensation plans under the provisions of ASC Topic 718, “Stock Compensation”, which requires that compensation expense be recognized based on the fair value of the stock awards less estimated forfeitures. The fair value of stock awards is equal to the fair value of the Company’s stock on the grant date.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation.

Recently Issued Accounting Pronouncements

Adopted in Fiscal 2010

Effective November 1, 2009, the Company adopted ASC Topic 810, “Non-controlling Interests in Consolidated Financial Statements”. ASC Topic 810 states that the accounting and reporting for minority interests will be re-characterized as non-controlling interests and classified as a component of equity subject to the provisions of the former Emerging Issues Task Force (“EITF”) Topic D-98 (Revised March 2008). Under ASC Topic 810, net income will encompass the total income of all consolidated subsidiaries and there will be separate disclosure on the face of the Consolidated Statements of Income of the attribution of that income between controlling and noncontrolling interests. Finally, increases and decreases in noncontrolling interests will be treated as equity transactions. The Company currently is the general partner in two consolidated limited partnerships that have non-controlling interests. In accordance with the terms of the partnership agreements and in connection with the adoption of ASC Topic 810, the Company adjusted the value of non-controlling interests to redemption value beginning on November 1, 2009.

Beginning November 1, 2009, the Company adopted ASC Topic 805, “Business Combinations” (formerly SFAS No. 141R, “Business Combinations”) which, among other things, establishes principles and requirements for how an acquirer entity recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed (including intangibles) and any noncontrolling interests in the acquired entity. In addition, ASC Topic 805 requires any acquirer of a business (investment property) to expense all acquisition costs related to the acquisition, the amount of which will vary significantly for each potential acquisition of property by the Company. Other than expensing acquisition costs, the Company does not believe the adoption of ASC Topic 805 will have a material effect on financial position or results of operation of the Company. During the first nine months of fiscal 2010 the Company incurred $249,000 in property acquisition costs.

(2) CORE PROPERTIES

In April 2010, the Company, through a wholly owned subsidiary, acquired three contiguous buildings containing 28,000 square feet of retail and office space in Katonah, New York ("Katonah Village Commons") for a cash purchase price of $8.5 million. The Company financed its investment in the property with available cash and a $7.5 million borrowing on its unsecured revolving credit facility. In conjunction with the purchase the Company incurred acquisition costs totaling $47,000 which have been expensed on the fiscal 2010 consolidated statement of income.

In May 2010, the Company, through a wholly owned subsidiary, completed the purchase of the New Milford Plaza Shopping Center ("New Milford") for a purchase price of $22.3 million, subject to an existing first mortgage secured by the property at its estimated fair value of approximately $9.2 million. The Company financed its investment in the property with available cash and a $13.2 million borrowing on its unsecured revolving credit facility. The assumption of the first mortgage loan represents a non-cash financing activity and is therefore not included in the accompanying 2010 consolidated statement of cash flows. In conjunction with the purchase the Company incurred acquisition costs totaling $29,000 which have been expensed on the fiscal 2010 consolidated statement of income.

Upon the acquisition of real estate properties, the fair value of the real estate purchased is allocated to the acquired tangible assets (consisting of land, buildings and building improvements), and identified intangible assets and liabilities (consisting of above-market and below-market leases and in-place leases), in accordance with ASC Topic 805, "Business Combinations". The Company utilizes methods similar to those used by independent appraisers in estimating the fair value of acquired assets and liabilities. The fair value of the tangible assets of an acquired property considers the value of the property "as-if-vacant". The fair value reflects the depreciated replacement cost of the asset. In allocating purchase price to identified intangible assets and liabilities of an acquired property, the values of above-market and below-market leases are estimated based on the differences between (i) contractual rentals and the estimated market rents over the applicable lease term discounted back to the date of acquisition utilizing a discount rate adjusted for the credit risk associated with the respective tenants and (ii) the estimated cost of acquiring such leases giving effect to the Company's history of providing tenant improvements and paying leasing commissions, offset by a vacancy period during which such space would be leased. The aggregate value of in-place leases is measured by the excess of (i) the purchase price paid for a property after adjusting existing in-place leases to market rental rates over (ii) the estimated fair value of the property "as-if-vacant," determined as set forth above.

During fiscal 2010, the Company completed its evaluation of the acquired leases at its three bank properties which were acquired in fiscal 2009. As a result of its evaluation, the Company has allocated $1.8 million to a liability associated with the net fair value assigned to the acquired leases at the properties, which amounts represent a non-cash investing activity and are therefore not included in the accompanying consolidated statement of cash flows for the nine months ended July 31, 2010. The Company is currently in the process of evaluating the fair value of the in-place leases for Katonah Village Commons and New Milford. Consequently, no value has yet been assigned to those leases. Accordingly, the purchase price allocation is preliminary and may be subject to change.

For the nine months ended July 31, 2010 and 2009 the net amortization of above-market and below-market leases was approximately $234,000 and $100,000, respectively, which amounts are included in base rents in the accompanying consolidated statements of income.

Discontinued Operations

The Company has adopted the provisions of ASC Topic 205, "Presentation of Financial Statements" and ASC Topic 360, "Property, Plant, and Equipment", which require, among other things that the results of operations of properties sold or that otherwise qualify as held for sale be classified as discontinued operations and presented separately in the Company's consolidated financial statements.

In April 2010, the Company completed the negotiations on a contract to sell two properties for a sales price, including closing costs, of $7.8 million. In accordance with ASC Topic 205 and 360, the Company adjusted the carrying value of the property to $7.8 million and realized a loss on asset held for sale of approximately $300,000. The $300,000 is included in other expense on the accompanying consolidated statement of income for the nine month period ended July 31, 2010. In July 2010 the potential sale was terminated and as a result the two properties are no longer considered as assets held for sale.

(3) MORTGAGE NOTES PAYABLE AND BANK LINES OF CREDIT

The Company has a $50 million Unsecured Revolving Credit Agreement (the "Facility") with The Bank of New York Mellon and Wells Fargo Bank N.A. The Facility gives the Company the option, under certain conditions, to increase the Facility's borrowing capacity up to $100 million. The maturity date of the Facility is February 11, 2011 with two one year extensions at the Company's option. Borrowings under the Facility can be used for, among other things, acquisitions, working capital, capital expenditures, and repayment of other indebtedness and the issuance of letters of credit (up to $10 million). Borrowings will bear interest at the Company's option of the Eurodollar rate plus 0.85% to 1.15% or The Bank of New York Mellon's prime lending rate plus 0.50%. The Company will pay an annual fee on the unused commitment amount of up to 0.175% based on outstanding borrowings during the year. The Facility contains certain representations, financial and other covenants typical for this type of facility. The Company's ability to borrow under the Facility is subject to its compliance with the covenants and other restrictions on an ongoing basis. The principal financial covenants limit the Company's level of secured and unsecured indebtedness and additionally require the Company to maintain certain debt coverage ratios. The Company was in compliance with such covenants at July 31, 2010.

The Company also has a Secured Revolving Credit Facility with the Bank of New York Mellon (the “Secured Credit Facility”). The Secured Credit Facility provides for borrowings of up to $30 million. The maturity date of the Secured Credit Facility is April 15, 2011 and is collateralized by first mortgage liens on two of the Company’s properties. Interest on outstanding borrowings is at prime plus 0.50% or the Eurodollar rate plus 1.75%. The Secured Credit Facility requires the Company to maintain certain debt service coverage ratios relating to the properties securing the Secured Credit Facility during its term. The Company was in compliance with such covenants at July 31, 2010. The Company pays an annual fee of 0.25% on the unused portion of the Secured Credit Facility. The Secured Credit Facility is available to fund acquisitions, capital expenditures, mortgage repayments, working capital and other general corporate purposes.

In December of 2009, the Company used available cash to repay a first mortgage note payable secured by one of its shopping centers in the amount of $5.2 million. The first mortgage payable was due to mature on March 1, 2010; the Company had the option to prepay the balance, without penalty beginning on December 1, 2009.

During April 2010, the Company borrowed $13.3 million on the Facility to finance the acquisition of Katonah Village Commons and to finance its investment in the joint venture that owns the Putnam Plaza shopping center.

During May and June 2010, the Company borrowed $13.2 million on the Facility to finance the acquisition of the New Milford Property and $17.45 million to finance its equity and debt investment in Midway.

(4) REDEEMABLE PREFERRED STOCK

The Company is authorized to issue up to 20,000,000 shares of Preferred Stock. At July 31, 2010, the Company had issued and outstanding 400,000 shares of Series C Senior Cumulative Preferred Stock (Series C Preferred Stock), 2,450,000 shares of Series D Senior Cumulative Preferred Stock (Series D Preferred Stock) (see Note 7) and 2,400,000 shares of Series E Senior Cumulative Preferred Stock (Series E Preferred Stock).

The following table sets forth the details of the Company’s redeemable preferred stock as of July 31, 2010 and October 31, 2009 (amounts in thousands, except share data):

	July 31, 2010	October 31, 2009
8.50% Series C Senior Cumulative Preferred Stock; liquidation preference of $100 per share; issued and outstanding 400,000 shares	$38,406	$38,406
8.50% Series E Senior Cumulative Preferred Stock; liquidation preference of $25 per share; issued and outstanding 2,400,000 shares	57,797	57,797
Total Redeemable Preferred Stock	$96,203	$96,203

The Series E Preferred Stock and Series C Preferred Stock have no stated maturity, are not subject to any sinking fund or mandatory redemption and are not convertible into other securities or property of the Company. Commencing May 2013 (Series C Preferred Stock) and March 2013 (Series E Preferred Stock), the Company, at its option, may redeem the preferred stock issues, in whole or in part, at a redemption price equal to the liquidation preference per share, plus all accrued and unpaid dividends.

Upon a change in control of the Company (as defined), each holder of Series C Preferred Stock and Series E Preferred Stock has the right, at such holder’s option, to require the Company to repurchase all or any part of such holder’s stock for cash at a repurchase price equal to the liquidation preference per share plus all accrued and unpaid dividends.

The Series C Preferred Stock and Series E Preferred Stock contain covenants that require the Company to maintain certain financial coverage’s relating to fixed charge and capitalization ratios. Shares of both Preferred Stock series are non-voting; however, under certain circumstances (relating to non-payment of dividends or failure to comply with the financial covenants) the preferred stockholders will be entitled to elect two directors. The Company was in compliance with such covenants at July 31, 2010.

As the holders of the Series C Preferred Stock and Series E Preferred Stock only have a contingent right to require the Company to repurchase all or part of such holders shares upon a change of control of the Company (as defined), the Series C Preferred Stock and Series E Preferred Stock are classified as redeemable equity instruments as a change in control is not certain to occur.

(5) CONSOLIDATED JOINT VENTURES AND REDEEMABLE NON-CONTROLLING INTERESTS.

The Company is the general partner in two consolidated limited partnerships which own grocery anchored shopping centers. The limited partnerships are listed below with the Company's approximate ownership interest in parenthesis:

- UB Ironbound, LP ("Ironbound") (75%)
- UB Stamford, LP ("Stamford") (90%)

The limited partnerships have defined termination dates of December 31, 2097 and December 31, 2099, respectively. The partners are entitled to receive an annual cash preference payable from available cash of the partnerships. Any unpaid preferences accumulate and are paid from future cash, if any. At July 31, 2010 the limited partners in Stamford have unpaid cash preferences of approximately $2.8 million. The balance of available cash, if any, is distributed in accordance with the respective partner's interests. The limited partners in Ironbound currently have the right to require the Company to repurchase all or a portion of their remaining limited partner interests at prices as defined in the Ironbound partnership agreement. The limited partners in Stamford can require the Company to repurchase all or a portion of their remaining limited partner interests at prices as defined in the Stamford partnership agreement. Upon liquidation of the partnerships, proceeds from the sale of partnership assets are to be distributed in accordance with the respective partnership interests. The limited partners are not obligated to make any additional capital contributions to the partnerships. The Company retains an affiliate of one of the limited partners in one of the partnerships to provide management and leasing services to the property at an annual fee equal to two percent of rental income collected, as defined. The limited partner interests in both partnerships are reflected at redemption value which approximates fair value in the accompanying consolidated financial statements as noncontrolling interests.

Effective November 1, 2009, the Company adopted ASC Topic 810, "Noncontrolling Interests in Consolidated Financial Statements". ASC Topic 810 states that the accounting and reporting for minority interests will be re-characterized as non-controlling interests and classified as a component of equity subject to the provisions of the former Emerging Issues Task Force ("EITF") Topic D-98 (Revised March 2008). Because the limited partners in both of the Company's consolidated limited partnerships currently have the right to require the Company to redeem all or a part of their limited partnership units at prices as defined in the limited partnership agreements, the Company will report the noncontrolling interests in the partnerships in the mezzanine section, outside of permanent equity, of the consolidated balance sheets at redemption value which approximates fair value. For the nine months ended July 31, 2010, the Company increased the carrying value of the non-controlling interests by $980,000 with the corresponding decrease recorded in stockholders' equity.

The following table sets forth the details of the Company's redeemable non-controlling interests at July 31, 2010 and October 31, 2009 (amounts in thousands)

	July 31, 2010	October 31, 2009
Beginning Balance	$7,259	$7,259
Change in Redemption Value	980	-
Ending Balance	$8,239	$7,259

(6) INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED JOINT VENTURES

In April 2010, the Company, through a wholly owned subsidiary, acquired a 66.7% undivided equity interest in the Putnam Plaza Shopping Center ("Putnam Plaza") for a cash purchase price of $6.5 million including closing costs. The investment was funded with available cash and a $5.8 million borrowing on the Company's Facility. The remaining undivided interest in the property is owned by an unaffiliated investor. Simultaneously to the acquisition, a $21 million non-recourse first mortgage payable was placed on the property with the proceeds distributed to the seller. The new mortgage has an initial term of five years with a five year extension right at the then market interest rate as defined. Payments of interest only are due for the first thirty months at 6.2%. Beginning in the thirty-first month, payments of principal and interest, at the rate of 6.2%, are required based on a twenty seven and one half year amortization schedule. In conjunction with the purchase the Company incurred acquisition costs totaling $116,000 which have been expensed on the fiscal 2010 consolidated statement of income.

The minority investor in the venture has provided the first mortgage lender with a $2 million recourse guarantee, which guarantees payment and performance. The Company has entered into an agreement with the minority investor whereby the Company will participate in the guarantee up to 66.7%.

The Company accounts for its investment in the Putnam Plaza joint venture under the equity method of accounting since it exercises significant influence, but does not control the venture.

The other venturer in Putnam Plaza has substantial participation rights in the financial decisions and operation of the property, which preclude the Company from consolidating the investment. The Company has evaluated its investment in Putnam Plaza and has concluded that the venture is not a variable interest entity. Under the equity method of accounting the initial investment is recorded at cost as an investment in unconsolidated joint venture, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions from the venture. Any difference between the carrying amount of the investment on the Company’s balance sheet and the underlying equity in net assets of the venture is evaluated for impairment at each reporting period.

In June 2010 the Company, through a wholly owned subsidiary, purchased a 9.9667% equity interest in Midway Shopping Center L.P., which owns a 247,000 square foot shopping center in Westchester County, New York (“Midway”) for approximately $6.0 million. Also in June 2010, the Company loaned Midway, in the form of an unsecured note, approximately $11.6 million, which Midway used to repay $11.6 million in mortgage and unsecured loans. The loan to Midway by the Company will require monthly payments to the Company of interest only at 5.75% per annum; the loan will mature on January 1, 2013. The investments were funded with available cash and a $17.5 million borrowing on the Company’s Facility. The Company has evaluated its investment in Midway and has concluded that the venture is not a variable interest entity and it should not be consolidated into the financial statements of the Company. Although the Company only has an approximate 10% equity interest in Midway, it controls 25% of the voting power of Midway and as such has determined that it exercises significant influence over the financial and operating decisions of Midway and accounts for its investment in Midway under the equity method of accounting. Under the equity method of accounting the initial investment is recorded at cost as an investment in unconsolidated joint venture, and subsequently adjusted for equity in net income (loss) and cash contributions and distributions from the venture. Any difference between the carrying amount of the investment on the Company’s balance sheet and the underlying equity in net assets of the venture is evaluated for impairment at each reporting period. In conjunction with the purchase the Company incurred acquisition costs totaling $42,000 which have been expensed on the fiscal 2010 consolidated statement of income.

The Company's has allocated the $6.5 million excess of the carrying amount of its investment in and advance to Midway over the Company's share of Midway's net book value to real property and will amortize the difference over the estimated useful life of 39 years.

Midway currently has a non-recourse first mortgage payable in the amount of $14 million. The loan bears interest only at the rate of 6% per annum, which matures in January 2013. Midway's only other debt outstanding is its unsecured loan to the Company in the amount of $11.6 million.

The Company's other investment in unconsolidated joint venture is a 20% economic interest in a partnership which owns a retail and office building in Westchester County, New York.

At July 31, 2010 and October 31, 2009 investments in and advances to unconsolidated joint ventures consisted of the following (with the Company's ownership percentage in parentheses): (amounts in thousands)

	July 31, 2010	October 31, 2009
Midway Shopping Center, L.P. (9.9667%)	$17,571	$-
Putnam Plaza Shopping Center (66.7%)	6,494	-
81 Pondfield Road Company (20%)	723	723
Total	$24,788	$723

(7) STOCKHOLDERS' EQUITY

Restricted Stock Plan

The Company has a restricted stock plan for key employees and directors of the Company. The restricted stock plan ("Plan") provides for the grant of up to 2,650,000 shares of the Company's common equity consisting of 350,000 Common shares, 350,000 Class A Common shares and 1,950,000 shares which, at the discretion of the Company's compensation committee, may be awarded in any combination of Class A Common shares or Common shares.

In accordance with ASC Topic 718, the Company recognized compensation expense for restricted stock awards upon the earlier of the explicit vesting period or the date a participant first becomes eligible for retirement unless a waiver was received by an employee over the retirement age, waving his right to continued vesting after retirement. For non-vested restricted stock awards granted prior to the adoption of ASC Topic 718 in 2005, the Company continues to recognize compensation expense over the explicit vesting periods and accelerates any remaining unrecognized compensation cost when a participant actually retires.

In January 2010, the Company awarded 175,950 shares of Common Stock and 69,550 shares of Class A Common Stock to participants in the Plan. The grant date fair value of restricted stock grants awarded to participants in 2010 was approximately $3.7 million.

A summary of the status of the Company's non-vested Common and Class A Common shares as of July 31, 2010, and changes during the nine months ended July 31, 2010 are presented below:

	Common Shares	Class A Common Shares
Non-vested Shares	Shares	Shares

		Weighted-Average Grant-Date Fair Value		Weighted-Average Grant-Date Fair Value
Non-vested at November 1, 2009	1,095,450	$ 14.72	334,700	$ 15.08
Granted	175,950	$ 14.88	69,550	$ 15.25
Vested	(38,300)	$ 7.25	(54,300)	$ 10.33
Non-vested at July 31, 2010	1,233,100	$ 14.97	349,950	$ 15.85

As of July 31, 2010, there was $13.0 million of unamortized restricted stock compensation related to non-vested restricted stock grants awarded under the Plan. The remaining unamortized expense is expected to be recognized over a weighted average period of 5.18 years. For the nine months ended July 31, 2010 and 2009 amounts charged to compensation expense totaled $2,335,000 and $1,939,000, respectively.

Share Repurchase Program

In a prior year, the Board of Directors of the Company approved a share repurchase program ("Program") for the repurchase of up to 500,000 shares of Common Stock and Class A Common Stock in the aggregate. On March 6, 2008, the Board of Directors amended the Program to allow the Company to repurchase up to 1,000,000 shares of Common and Class A Common stock in the aggregate. In December 2008, the Board of Directors further amended the Program to allow the Company to repurchase up to 1,500,000 shares of Common and Class A Common stock in the aggregate and to allow the Company to repurchase shares of the Company's Series C and Series D Senior Cumulative Preferred Stock in open-market transactions. As of July 31, 2010, the Company had repurchased 3,600 shares of Common Stock and 724,578 shares of Class A Common Stock under the Program.

Preferred Stock

The Series D Preferred Stock has no maturity and is not convertible into any other security of the Company and is redeemable at the Company's option at a price of $25.00 per share plus accrued and unpaid dividends.

(8) FAIR VALUE MEASUREMENTS

ASC Topic 820, "Fair Value Measurements and Disclosures" defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants.

ASC Topic 820's valuation techniques are based on observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1- Quoted prices for identical instruments in active markets
- Level 2- Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant value drivers are observable
- Level 3- Valuations derived from valuation techniques in which significant value drivers are unobservable

Marketable debt and equity securities are valued based on quoted market prices on national exchanges.

The Company calculates the fair value of the redeemable non controlling interests based on unobservable inputs considering the assumptions that market participants would make in pricing the obligations. The inputs used include an estimate of the fair value of the cash flow generated by the limited partnership in which the investor owns the partnership units.

The fair values of interest rate swaps are determined using widely accepted valuation techniques, including discounted cash flow analysis, on the expected cash flows of each derivative. The analysis reflects the contractual terms of the swaps, including the period to maturity, and uses observable market-based inputs, including interest rate curves ("significant other observable inputs"). The fair value calculation also includes an amount for risk of non-performance using "significant unobservable inputs" such as estimates of current credit spreads to evaluate the likelihood of default. The Company has concluded, as of July 31, 2010, that the fair value associated with the "significant unobservable inputs" relating to the Company's risk of non-performance was insignificant to the overall fair value of the interest rate swap agreements and, as a result, the Company has determined that the relevant inputs for purposes of calculating the fair value of the interest rate swap agreements, in their entirety, were based upon "significant other observable inputs".

14

The Company measures its redeemable noncontrolling interests, marketable equity and debt securities classified as available for sale securities and interest rate swap derivative at fair value on a recurring basis. The fair value of these financial assets and liabilities was determined using the following inputs at July 31, 2010 (amount in thousands):

		Fair Value Measurements at Reporting Date Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Available for Sale Securities	$981	$981	$-	$ -
Liabilities:				
Interest Rate Swap Agreement	$136	$-	$136	$ -
Redeemable noncontrolling interests	$8,239	$-	$-	$ 8,239

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, tenant receivables, prepaid expenses, other assets, accounts payable, accrued expenses, revolving lines of credit and other liabilities are reasonable estimates of their fair values because of the short-term nature of these instruments.

The estimated fair value of the mortgage note receivable collateralized by real property is based on discounting the future cash flows at a year-end risk adjusted lending rate that the Company would utilize for loans of similar risk and duration. At July 31, 2010 and October 31, 2009, the estimated aggregate fair value of the mortgage note receivable was approximately $1.2 million and $1.3 million, respectively.

The estimated fair value of mortgage notes payable was approximately $116 million and $115 million at July 31, 2010 and October 31, 2009, respectively. The estimated fair value of mortgage notes payable is based on discounting the future cash flows at a year-end risk adjusted borrowing rate currently available to the Company for issuance of debt with similar terms and remaining maturities.

Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and current estimates of fair value may differ significantly from the amounts presented herein.

(9) COMMITMENTS AND CONTINGENCIES

In the normal course of business, from time to time, the Company is involved in legal actions relating to the ownership and operations of its properties. In management's opinion, the liabilities if any that may ultimately result from such legal actions are not expected to have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company. At July 31, 2010, the Company had commitments of approximately

$5.3 million for tenant related obligations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements of the Company and the notes thereto included elsewhere in this report.

Forward Looking Statements

This Item 2 includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this Item 2 that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), business strategies, expansion and growth of the Company's operations and other such matters, are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. Such statements are subject to a number of assumptions, risks and uncertainties including, among other things, general economic and business conditions, the business opportunities that may be presented to and pursued by the Company, changes in laws or regulations and other factors, many of which are beyond the control of the Company. For a more detailed discussion of some of these factors, see the risk factors set forth in "Item 1A Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2009. Any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those anticipated in the forward-looking statements.

Executive Summary

The Company, a REIT, is a fully integrated, self-administered real estate company, engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers in the northeastern part of the United States. Other real estate assets include office and industrial properties. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At July 31, 2010, the Company owned or had equity interests in 50 properties containing a total of 4.6 million square feet of GLA of which approximately 94% was leased. The Company has equity interests in three unconsolidated joint ventures at July 31, 2010. Those joint ventures were approximately 91% leased.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to long-term leases and focuses its investment activities on community and neighborhood shopping centers, anchored principally by regional supermarket chains. The Company believes, because of the need of consumers to purchase food and other staple goods and services generally available at supermarket-anchored shopping centers, that the nature of its investments provide for relatively stable revenue flows even during difficult economic times. The Company is experiencing and, in the remainder of fiscal 2010 and fiscal 2011, expects that it could continue to experience increased vacancy rates at some of its shopping centers and a lengthening in the time required for releasing of vacant space, as the current economic downturn continues to negatively affect retail companies. However, the Company believes it is well positioned to weather these difficulties. Notwithstanding the increase in vacancy rates at various properties, approximately 94% of the Company's portfolio remains leased. The Company has a strong capital structure with no debt maturing in the next 12 months. The Company recently acquired interests in four shopping centers in its target market and expects to continue to explore acquisition opportunities that might present themselves during this economic downturn consistent with its business strategy.

The Company focuses on increasing cash flow, and consequently the value of its properties, and seeks continued growth through strategic re-leasing, renovations and expansion of its existing properties and selective acquisition of income producing properties, primarily neighborhood and community shopping centers in the northeastern part of the United States.

Key elements of the Company's growth strategies and operating policies are to:

- § Acquire neighborhood and community shopping centers in the northeastern part of the United States with a concentration in Fairfield County, Connecticut; Westchester and Putnam Counties, New York; and Bergen County, New Jersey
- § Hold core properties for long-term investment and enhance their value through regular maintenance, periodic renovation and capital improvement
- § Selectively dispose of non-core and underperforming properties and re-deploy the proceeds into properties located in the northeast region
- § Increase property values by aggressively marketing available GLA and renewing existing leases
- § Renovate, reconfigure or expand existing properties to meet the needs of existing or new tenants
- § Negotiate and sign leases that provide for regular or fixed contractual increases to minimum rents
- § Control property operating and administrative costs

Critical Accounting Policies

Critical accounting policies are those that are both important to the presentation of the Company's financial condition and results of operations and require management's most difficult, complex or subjective judgments. Set forth below is a summary of the accounting policies that management believes are critical to the preparation of the consolidated financial statements. This summary should be read in conjunction with the more complete discussion of the Company's accounting policies included in Note 1 to the consolidated financial statements of the Company for the year ended October 31, 2009 included in the Company's Annual Report on Form 10-K for the year ended October 31, 2009.

Revenue Recognition

Revenues from operating leases include revenues from core properties and non-core properties. Rental income is generally recognized based on the terms of leases entered into with tenants. In those instances in which the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition will commence when the improvements are substantially completed and possession or control of the space is turned over to the tenant. When the Company determines that the tenant allowances are lease incentives, the Company commences revenue recognition when possession or control of the space is turned over to the tenant for tenant work to begin.

The Company records base rents on a straight-line basis over the term of each lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is included in tenant receivables on the accompanying balance sheets. Most leases contain provisions that require tenants to reimburse a pro-rata share of real estate taxes and certain common area expenses. Adjustments are also made throughout the year to tenant receivables and the related cost recovery income based upon the Company's best estimate of the final amounts to be billed and collected.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established based on a quarterly analysis of the risk of loss on specific accounts. The analysis places particular emphasis on past-due accounts and considers information such as the nature and age of the receivables, the payment history of the tenants or other debtors, the financial condition of the tenants and any guarantors and management's assessment of their ability to meet their lease obligations, the basis for any disputes and the status of related negotiations, among other things. Management's estimates of the required allowance is subject to revision as these factors change and is sensitive to the effects of economic and market conditions on tenants, particularly those at retail properties. Estimates are used to establish reimbursements from tenants for common area maintenance, real estate tax and insurance costs. The Company analyzes the balance of its estimated accounts receivable for real estate taxes, common area maintenance and insurance for each of its properties by comparing actual recoveries versus actual expenses and any actual write-offs. Based on its analysis, the Company may record an additional amount in its allowance for doubtful accounts related to these items. For the nine month periods ended July 31, 2010 and 2009 the Company increased its allowance for doubtful accounts by $318,000 and $341,000, respectively. It is also the Company's policy to maintain an allowance of approximately 10% of the deferred straight-line rents receivable balance for future tenant credit losses.

Real Estate

Land, buildings, property improvements, furniture/fixtures and tenant improvements are recorded at cost. Expenditures for maintenance and repairs are charged to operations as incurred. Renovations and/or replacements, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

The amounts to be capitalized as a result of an acquisition and the periods over which the assets are depreciated or amortized are determined based on estimates as to fair value and the allocation of various costs to the individual assets. The Company allocates the cost of an acquisition based upon the estimated fair value of the net assets acquired. The Company also estimates the fair value of intangibles related to its acquisitions. The valuation of the fair value of intangibles involves estimates related to market conditions, probability of lease renewals and the current market value of in-place leases. This market value is determined by considering factors such as the tenant's industry, location within the property and competition in the specific region in which the property operates. Differences in the amount attributed to the intangible assets can be significant based upon the assumptions made in calculating these estimates.

The Company is required to make subjective assessments as to the useful life of its properties for purposes of determining the amount of depreciation. These assessments have a direct impact on the Company's net income.

Properties are depreciated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	30-40 years
Property Improvements	10-20 years
Furniture/Fixtures	3-10 years
Tenant Improvements	Shorter of lease term or their useful life

Asset Impairment

On a periodic basis, management assesses whether there are any indicators that the value of its real estate investments may be impaired. A property value is considered impaired when management's estimate of current and projected operating cash flows (undiscounted and without interest) of the property over its remaining useful life is less than the net carrying value of the property. Such cash flow projections consider factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other factors. To the extent impairment has occurred, the loss is measured as the excess of the net carrying amount of the property over the fair value of the asset. Changes in estimated future cash flows due to changes in the Company's plans or market and economic conditions could result in recognition of impairment losses which could be substantial. Management does not believe that the value of any of its real estate investments is impaired at July 31, 2010.

Liquidity and Capital Resources

At July 31, 2010, the Company had unrestricted cash and cash equivalents of $2.6 million compared to $10.3 million at October 31, 2009. The Company's sources of liquidity and capital resources include its cash and cash equivalents, proceeds from bank borrowings and long-term mortgage debt, capital financings and sales of real estate investments. Payments of expenses related to real estate operations, debt service, management and professional fees, and dividend requirements place demands on the Company's short-term liquidity.

The Company is currently experiencing a reduction of rental revenues as a result of tenant vacancies at some of the Company’s properties and until these vacancies are re-leased and those new tenants begin to pay rent the Company’s cash flow will continue to be negatively affected. Currently the Company is paying approximately 83% of its funds from operations out to shareholders in the form of common stock dividends. Although the Company does not anticipate having to reduce its dividend on common stock, and has no plans to do so, a further significant decline in rental revenue, without a corresponding reduction in expenses, could lead the Company to conclude that it should reduce its common stock dividend until rental revenues return to pre fiscal 2009 levels.

As a result of the Company’s conservative capital structure, the Company has not been significantly affected by the recent turmoil in the credit markets. The Company maintains a ratio of total debt to total assets of under 30% which has allowed the Company to obtain additional secured mortgage borrowings if necessary. The Company’s earliest significant fixed rate debt maturity is not due until 2011. As of July 31, 2010, the Company has loan availability of $36 million on its two revolving lines of credit.

Cash Flows

The Company expects to meet its short-term liquidity requirements primarily by generating net cash from the operations of its properties. The Company believes that its net cash provided by operations will be sufficient to fund its short-term liquidity requirements for the balance of fiscal 2010 and to meet its dividend requirements necessary to maintain its REIT status.

The Company expects to continue paying regular dividends to its stockholders. These dividends will be paid from operating cash flows which are expected to increase over time due to property acquisitions and growth in operating income in the existing portfolio and from other sources. The Company derives substantially all of its revenues from rents under existing leases at its properties. The Company’s operating cash flow therefore depends on the rents that it is able to charge to its tenants, and the ability of its tenants to make rental payments. The Company believes that the nature of the properties in which it typically invests primarily grocery-anchored neighborhood and community shopping centers provides a more stable revenue flow in uncertain economic times, in that consumers still need to purchase basic staples and convenience items. However, even in the geographic areas in which the Company owns properties, general economic downturns may adversely impact the ability of the Company’s tenants to make lease payments and the Company’s ability to re-lease space as leases expire. In either of these cases, the Company’s cash flow could be adversely affected.

Net Cash Flows from:

Operating Activities

Net cash flows provided by operating activities amounted to $33.0 million in the nine months ended July 31, 2010, compared to $30.3 million in the comparable period of fiscal 2009. The net increase in operating cash flows in fiscal 2010 compared with the corresponding prior period was due primarily to the following: a) the receipt of a $2.0 million receivable, which was included in other assets at October 31, 2009, relating to a condemnation award the Company received in fiscal 2009; and b) the collection of $1.4 million more of tenant receivables in the first nine months of fiscal 2010 when compared to the same period of fiscal 2009.

Investing Activities

Net cash flows used by investing activities amounted to $50.0 million in the first nine months of fiscal 2010 compared to $2.0 million in the comparable period of fiscal 2009. The increase in cash flows used by investing activities was primarily the result of the Company purchasing two real estate properties in the amount of $22.3 million, and two joint venture interests in the amount of $24.0 million in fiscal 2010.

The Company invests in its properties and regularly pays for capital expenditures for property improvements, tenant costs and leasing commissions.

Financing Activities

Net cash flows provided by financing activities amounted to $9.3 million in the first nine months of fiscal 2010 compared to net cash used of $7.7 million in the comparable period of fiscal 2009. The increase in net cash provided by financing activities in fiscal 2010 compared to net cash used in fiscal 2009 was attributable to borrowings on the Company’s Facility in the amount of $44 million to fund property acquisitions offset by an increase in the annualized dividend rate on the Company’s outstanding Common and Class A Common stock of $0.01 per share.

Capital Resources

The Company expects to fund its long-term liquidity requirements such as property acquisitions, repayment of indebtedness and capital expenditures through other long-term indebtedness (including indebtedness assumed in acquisitions), borrowings on its unsecured and secured credit facilities, proceeds from sales of properties and/or the issuance of equity securities. The Company believes that these sources of capital will continue to be available to it in the future to fund its long-term capital needs; however, there are certain factors that may have a material adverse effect on its access to capital sources. The Company's ability to incur additional debt is dependent upon its existing leverage, the value of its unencumbered assets and borrowing limitations imposed by existing lenders. The Company's ability to raise funds through sales of equity securities is dependent on, among other things, general market conditions for REITs, market perceptions about the Company and its stock price in the market. The Company's ability to sell properties in the future to raise cash will be dependent upon market conditions at the time of sale.

Financings and Debt

The Company is exposed to interest rate risk primarily through its borrowing activities. There is inherent rollover risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and the Company's future financing requirements. Mortgage notes payable of $118.8 million consist entirely of fixed rate mortgage loan indebtedness with a weighted average interest rate of 5.9% at July 31, 2010. The mortgage loans with fixed interest rates are secured by 10 properties with a net book value of $178 million and have fixed rates of interest ranging from 5.5% to 7.3%. The Company made principal payments of $6.8 million (including the repayment of a mortgage note payable in the amount of $5.2 million) in the nine months ended July 31, 2010 compared to $13.4 million (including the repayment of a mortgage note payable in the amount of $12.1) million in the comparable period of fiscal 2009. The Company may refinance its mortgage loans, at or prior to scheduled maturity, through replacement mortgage loans. The ability to do so, however, is dependent upon various factors, including the income level of the properties, interest rates and credit conditions within the commercial real estate market. Accordingly, there can be no assurance that such refinancings can be achieved.

The Company has a $50 Million Unsecured Revolving Credit Agreement (the "Unsecured Facility") with The Bank of New York Mellon and Wells Fargo Bank N.A. The agreement gives the Company the option, under certain conditions, to increase the Facility's borrowing capacity up to $100 million. The maturity date of the Unsecured Facility is February 11, 2011 with two one year extensions at the Company's option. Borrowings under the Unsecured Facility can be used for, among other things, acquisitions, working capital, capital expenditures, repayment of other indebtedness and the issuance of letters of credit (up to $10 million). Borrowings will bear interest at the Company's option of the Eurodollar rate plus 0.85% to 1.15% or The Bank of New York Mellon's prime lending rate plus 0.50%. The Company pays an annual fee on the unused commitment amount of up to 0.175% based on outstanding borrowings during the year. The Unsecured Facility contains certain representations, financial and other covenants typical for this type of facility. The Company's ability to borrow under the Unsecured Facility is subject to its compliance with the covenants and other restrictions on an ongoing basis. The principal financial covenants limit the Company's level of secured and unsecured indebtedness and additionally require the Company to maintain certain debt coverage ratios. As of July 31, 2010, the Company was in compliance with such covenants on the Unsecured Facility and the secured facility discussed below.

The Company also has a secured revolving credit facility with a commercial bank (the "Secured Facility") which provides for borrowings of up to $30 million. The maturity date of the Secured Facility is April 15, 2011. The Secured Facility is collateralized by first mortgage liens on two of the Company's properties. Interest on outstanding borrowings is at prime plus 0.50% or Eurodollar plus 1.75%. The Secured Facility requires the Company to maintain certain debt service coverage ratios during its term. The Company pays an annual fee of 0.25% on the unused portion of the Secured Facility. The Secured Facility is available to fund acquisitions, capital expenditures, mortgage repayments, working capital and other general corporate purposes.

In December of 2009, the Company used available cash to repay a first mortgage note payable secured by one of its shopping centers in the amount of $5.2 million. The first mortgage payable was due to mature on March 1, 2010; the Company had the option to prepay the balance, without penalty beginning on December 1, 2009.

During fiscal 2010 the Company borrowed approximately $44 million to finance a portion of its four acquisitions in fiscal 2010.

As of September 8, 2010 the Company has approximately $36 million available to be drawn down under its two revolving credit facilities.

Off-Balance Sheet Arrangements

The Company has three off-balance sheet investments in real estate property including its recent acquisition of a 66.7% equity interest in the Putnam Plaza shopping center its 9.9667% equity investment in the Midway Shopping Center L.P. and a 20% economic interest in a partnership that owns a retail real estate investment. These unconsolidated joint ventures are accounted for under the equity method of accounting as we have the ability to exercise significant influence, but not control the operating and financial decisions of these investments. Our off-balance sheet arrangements are more fully discussed in Note 6, “Investment in and Advances to Unconsolidated Joint Ventures” in the accompanying financial statements.

Capital Expenditures

The Company invests in its existing properties and regularly incurs capital expenditures in the ordinary course of business to maintain its properties. The Company believes that such expenditures enhance the competitiveness of its properties. In the nine months ended July 31, 2010, the Company paid approximately $3.6 million for property improvements, tenant improvement and leasing commission costs (approximately $2.25 million representing recurring property improvements and approximately $1.35 million related to new tenant space improvements and leasing costs). The amounts of these expenditures can vary significantly depending on tenant negotiations, market conditions and rental rates. The Company expects to incur approximately $5.3 million predominantly for anticipated capital improvements and leasing costs related to new tenant leases during the balance of fiscal 2010 and fiscal 2011. These expenditures are expected to be funded from operating cash flows or bank borrowings.

Acquisitions and Significant Property Transactions

The Company seeks to acquire properties which are primarily shopping centers located in the northeastern part of the United States with a concentration in Fairfield County, Connecticut, Westchester and Putnam Counties, New York and Bergen County, New Jersey.

In April 2010, the Company, through a wholly owned subsidiary, acquired three contiguous buildings containing 28,000 square feet of retail and office space in Katonah, New for a cash purchase price of $8.5 million. In conjunction with the purchase the Company incurred acquisition costs totaling $47,000 which have been expensed on the fiscal 2010 consolidated statement of income.

In May 2010, the Company, through a wholly owned subsidiary, completed the purchase of the New Milford Plaza Shopping Center for a purchase price of $22.3 million, subject to an existing first mortgage secured by the property at its estimated fair value of approximately $9.2 million. The Company financed its investment in the property with available cash and a $13.2 million borrowing on its Facility. In conjunction with the purchase the Company incurred acquisition costs totaling $29,000 which have been expensed on the fiscal 2010 consolidated statement of income.

In April 2010, the Company, through a wholly owned subsidiary, acquired a 66.7% undivided equity interest in the Putnam Plaza Shopping Center for a cash purchase price of $6.5 million including closing costs. The remaining undivided interest in the property is owned by an unaffiliated investor. Simultaneously to the acquisition, a $21 million non-recourse first mortgage payable was placed on the property with the proceeds distributed to the seller. The new mortgage has an initial term of five years with a five year extension right at the then market interest rate as defined. Payments of interest only are due for the first thirty months at 6.2%. Beginning in the thirty-first month, payments of principal and interest, at the rate of 6.2%, are required based on a twenty seven and one half year amortization schedule.

The minority investor in the venture has provided the first mortgage lender with a $2 million recourse guarantee, which guarantees payment and performance. The Company has entered into an agreement with the minority investor whereby the Company will participate in the guarantee up to 66.7%.

The Company accounts for its investment in the Putnam Plaza joint venture under the equity method of accounting since it exercises significant influence, but does not control the venture.

In June 2010 the Company, through a wholly owned subsidiary, purchased a 9.9667% equity interest in Midway Shopping Center L.P., which owns a 247,000 square foot shopping center in Westchester County, New York for approximately $6.0 million. Also in June 2010, the Company loaned Midway, in the form of an unsecured note, approximately $11.6 million, which Midway used to repay $11.6 million in mortgage and unsecured loans. The loan to Midway by the Company will require monthly payments to the Company of interest only at 5.75% and will mature on January 1, 2013. The investments were funded with available cash and a $17.5 million borrowing on the Company’s Facility. The Company has evaluated its investment in Midway and has concluded that the venture is not a variable interest entity and it should not be consolidated into the financial statements of the Company. Although the Company only has an approximate 10% equity interest in Midway, it controls 25% of the voting power of Midway and as such has determined that it exercises significant influence over the financial and operating decisions of Midway and accounts for its investment in Midway under the equity method of accounting.

The Company’s has allocated the $6.5 million excess of the carrying amount of its investment in and advance to Midway over the Company’s share of Midway’s net book value to real property and will amortize the difference over the estimated useful life of 39 years.

Midway currently has a non-recourse first mortgage payable in the amount of $14 million. The loan bears interest only at the rate of 6% per annum, which matures in January 2013. Midway's only other debt outstanding is its unsecured loan to the Company in the amount of $11.6 million.

Non-Core Properties

In a prior year, the Company's Board of Directors expanded and refined the strategic objectives of the Company to refocus its real estate portfolio into one of self-managed retail properties located in the northeast and authorized the sale of the Company's non-core properties in the normal course of business over a period of several years. The Company's current non-core properties consist of two distribution service facilities (both of which are located outside of the northeast region of the United States).

In December 2009, the Company extended the leases of both non-core properties seven years through December 2016. Net rents on the St. Louis property (192,000 sf) were decreased to $3.40 per square foot in years 1-5 and $3.90 per square foot in years 6-7 versus $3.98 per square foot previously. Net rents on the Dallas property (255,000 sf) were decreased to $3.71 per square foot in years 1-5 and $4.25 per square foot in years 6-7 versus $4.21 per square foot previously. Neither lease contains an option for a term extension beyond 2016. The effective date of both extensions was January 1, 2010. Currently the properties are used as parts distribution facilities for the parts and service division of Chrysler Group LLC.

The Company will consider selling these two remaining non-core properties as opportunities become available. The Company's ability to generate cash from asset sales is dependent upon market conditions and will be limited if market conditions make such sales unattractive. At July 31, 2010, the two remaining non-core properties have a net book value of approximately $470,000.

Funds from Operations

The Company considers Funds from Operations ("FFO") to be an additional measure of an equity REIT's operating performance. The Company reports FFO in addition to its net income applicable to common stockholders and net cash provided by operating activities. Management has adopted the definition suggested by The National Association of Real Estate Investment Trusts ("NAREIT") and defines FFO to mean net income (computed in accordance with generally accepted accounting principles ("GAAP")) excluding gains or losses from sales of property, plus real estate related depreciation and amortization and after adjustments for unconsolidated joint ventures.

Beginning November 1, 2009, the Company adopted ASC Topic 805, "Business Combinations" which, among other things, requires any acquirer of a business (investment property) to expense all acquisition costs related to the acquisition, the amount of which will vary significantly for each potential acquisition of property by the Company. Accordingly, in fiscal 2010 the costs of completed acquisitions will reduce the Company's FFO, whereas these acquisition costs did not reduce FFO in prior periods. For the nine months ended July 31, 2010 the Company expensed $249,000 in acquisition costs related to completed acquisitions.

Management considers FFO a meaningful, additional measure of operating performance because it primarily excludes the assumption that the value of its real estate assets diminishes predictably over time and industry analysts have accepted it as a performance measure. FFO is presented to assist investors in analyzing the performance of the Company. It is helpful as it excludes various items included in net income that are not indicative of the Company's operating performance, such as gains (or losses) from sales of property and deprecation and amortization.

However, FFO:

§ does not represent cash flows from operating activities in accordance with GAAP (which, unlike FFO, generally reflects all cash effects of transactions and other events in the determination of net income); and

§ should not be considered an alternative to net income as an indication of the Company's performance.

FFO as defined by us may not be comparable to similarly titled items reported by other real estate investment trusts due to possible differences in the application of the NAREIT definition used by such REITs. The table below provides a reconciliation of net income applicable to Common and Class A Common Stockholders in accordance with GAAP to FFO for each of the nine months and three months ended July 31, 2010 and 2009 (amounts in thousands).

	Nine Months Ended July 31,		Three Months Ended July 31,	
	2010	2009	2010	2009
Net Income Applicable to Common and Class A Common Stockholders	$10,545	$11,492	$4,519	$3,779
Real property depreciation	8,667	8,608	2,990	2,871
Amortization of tenant improvements and allowances	1,939	2,504	695	648
Amortization of deferred leasing costs	381	546	150	144
Depreciation and amortization on unconsolidated joint ventures	142	-	142	-
Loss on assets held for sale	300	-	-	-
Funds from Operations Applicable to Common and Class A Common Stockholders	$21,974	$23,150	$8,496	$7,442

Net Cash Provided by (Used in):

Operating Activities	$32,965	$30,273	$11,323	$10,483
Investing Activities	$(50,011)	$(1,982)	$(31,036)	$(3,306)
Financing Activities	$9,284	$(7,723)	$(20,786)	$12,069

FFO amounted to $22.0 million in the first nine months of fiscal 2010 compared to $23.2 million in comparable period of fiscal 2009. The net decrease in FFO is attributable, among other things, to: a) a decrease from the beginning of fiscal 2009 in the leased and occupancy percentage at some of the Company's core properties which resulted in a reduction in base rent billed, and common area maintenance and real estate tax reimbursement revenue billed and accrued at some of our properties owned in both periods; b) a reduction in investment income and gain on sale of securities in the combined amount of $600,000 relating to the purchase and sale of marketable securities in the second quarter of fiscal 2009; c) an increase in interest expense from two mortgages the Company entered into in fiscal 2009; d) an increase in general and administrative expenses predominantly related to an increase in restricted stock amortization expense; and e) $249,000 in acquisition costs related to the recently completed acquisitions, that prior to the beginning of fiscal 2010, were capitalized under generally accepted accounting principles, offset by lease termination income in the amount of $586,000 received in the third quarter of fiscal 2010 and the FFO related to $46.3 million in property investments in the second and third quarters of fiscal 2010 (See more detailed explanations which follow).

Results of Operations

The following information summarizes the Company's results of operations for the nine month and three month periods ended July 31, 2010 and 2009 (amounts in thousands):

	Nine Months Ended July 31,				Change Attributable to:	
Revenues	2010	2009	Increase (Decrease)	% Change	Property Acquisitions	Properties Held In Both Periods
Base rents	$47,327	$46,055	$1,272	2.8 %	$766	$506
Recoveries from tenants	14,967	16,339	(1,372)	(8.4)%	99	(1,471)
Mortgage interest and other	604	572	32	5.6 %	-	32
Operating Expenses						
Property operating expenses	10,372	10,524	(152)	(1.4)%	219	(371)
Property taxes	10,070	9,899	171	1.7 %	138	33
Depreciation and amortization	11,022	11,704	(682)	(5.8)%	208	(890)
General and administrative expenses	5,249	4,915	334	6.8 %	N/A	N/A
Other Income/Expenses						
Interest expense	5,607	4,754	853	17.9 %	79	774
Interest, dividends and other investment income	197	256	(59)	(23.0)%	N/A	N/A

	Three Months Ended July 31,				Change Attributable to:	
Revenues	2010	2009	Increase (Decrease)	% Change	Property Acquisitions	Properties Held In Both Periods
Base rents	$ 16,136	$ 15,081	$ 1,055	7.0 %	$ 581	$ 474
Recoveries from tenants	5,003	5,153	(150)	(2.9)%	99	(249)
Mortgage interest and other	88	214	(126)	(58.9)%	149	(275)
Operating Expenses						
Property operating	3,054	3,015	39	1.3 %	162	(123)
Property taxes	3,423	3,313	110	3.3 %	138	(28)
Depreciation and amortization	3,845	3,678	167	4.5 %	168	(1)
General and administrative	1,722	1,622	100	6.2 %	N/A	N/A
Non-Operating Income/Expense						

Interest expense	1,985	1,651	334	20.2	%	79	255
Interest, dividends, and other investment income	147	23	124	539.1	%	N/A	N/A

Revenues
Base rents increased by 2.8% to $47.3 million for the nine month period ended July 31, 2010 as compared with $46.1 million in the comparable period of 2009. Base rents increased 7.0% to $16.1 million for the three months ended July 31, 2010 as compared with $15.1 million in the comparable period of 2009. The change in base rentals and the changes in other income statement line items were attributable to:

Property Acquisitions:

In fiscal 2010, the Company purchased two properties totaling approximately 258,000 square feet of GLA. These properties accounted for all of the revenue and expense changes attributable to property acquisitions during the nine month and three month periods ended July 31, 2010. The remaining two property acquisitions made by the Company in fiscal 2010 are accounted for under the equity method of accounting and are not included in any of the variance analysis in the preceding charts on the consolidated financial statements.

Properties Held in Both Periods:

The net increase in base rents for properties held during the nine month and three month periods ended July 31, 2010 compared to the same periods in fiscal 2009, was a result of an increase in rental rates for in place leases for existing tenants over the periods, additional base rent revenue for newly leased spaces in fiscal 2010 that were vacant in parts of the first three quarters of fiscal 2009; offset by an increase in vacancies occurring in fiscal 2009 at several of the Company's core properties which resulted in a loss in base rental revenue for the first nine months of fiscal 2010 when compared with the corresponding period of fiscal 2009. For the first nine months of fiscal 2010, the Company leased or renewed approximately 741,000 square feet (or approximately 16.0% of total consolidated property leasable area). At July 31, 2010 the Company's core properties were approximately 93% leased. Overall core property occupancy increased to 91% at July 31, 2010 from 90% at July 31, 2009.

In the nine month and three month periods ended July 31, 2010, recoveries from tenants for properties owned in both periods (which represents reimbursements from tenants for operating expenses and property taxes) decreased by $1,471,000 and $249,000, respectively compared to the corresponding periods in fiscal 2009. This decrease was a result of a decrease in the leased percentage at some of the Company's properties that reduced the rate at which the Company could bill and accrue common area maintenance and real estate tax revenue to its tenants under its leases.

Expenses

Operating expenses decreased by $371,000 and $123,000 in the nine and three month period ended July 31, 2010, respectively as a result of a reduction in snow removal costs and property maintenance costs when compared with the corresponding periods of fiscal 2009. Real estate taxes for properties held in both periods were relatively unchanged in the nine month and three month periods ended July 31, 2010 when compared with the same periods of fiscal 2009.

Interest expense increased by a net $774,000 and $255,000, in the nine month and three month periods ended July 31, 2010, respectively when compared to corresponding periods in fiscal 2009 as a result of the Company mortgaging a previously free and clear property in September 2009 in the amount of $17.8 million and increasing the size of another one of its mortgages from approximately $12 million to $18.9 million in May 2009. This increase was offset by scheduled principal payments on mortgage notes payable in the amount of $1.6 million for the nine months ended July 31, 2010 and the repayment of a mortgage note payable in the amount of $5.2 million in December 2009 (fiscal 2010).

Depreciation and amortization expense from properties held in both periods decreased by $890,000 during the nine month period ended July 31, 2010 compared to the corresponding period of fiscal 2009 as a result of the acceleration of depreciation and amortization on tenant improvements and deferred leasing charges related to two lease terminations in the first quarter of fiscal 2009. Depreciation and amortization for the three month period ended July 31, 2010 was relatively unchanged when compared with the corresponding period of fiscal 2009.

General and administrative expenses increased by $334,000 and $100,000 in the nine month and three month periods ended July 31, 2010, respectively compared to the corresponding periods in fiscal 2009, primarily due to an increase in restricted stock compensation amortization expense.

Inflation

The Company's long-term leases contain provisions to mitigate the adverse impact of inflation on its operating results. Such provisions include clauses entitling the Company to receive (a) scheduled base rent increases and (b) percentage rents based upon tenants' gross sales, which generally increase as prices rise. In addition, many of the Company's non-anchor leases are for terms of less than ten years, which permits the Company to seek increases in rents upon renewal at then current market rates if rents provided in the expiring leases are below then existing market rates. Most of the Company's leases require tenants to pay a share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing the Company's exposure to increases in costs and operating expenses resulting from inflation.

Environmental Matters

Based upon management's ongoing review of its properties, management is not aware of any environmental condition with respect to any of the Company's properties that would be reasonably likely to have a material adverse effect on the Company. There can be no assurance, however, that (a) the discovery of environmental conditions that were previously unknown, (b) changes in law, (c) the conduct of tenants or (d) activities relating to properties in the vicinity of the Company's properties, will not expose the Company to material liability in the future. Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures or may otherwise adversely affect the operations of the Company's tenants, which could adversely affect the Company's financial condition and results of operations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices and equity prices. The primary market risk to which we are exposed is interest rate risk, which is sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond the Company's control.

Interest Rate Risk

The Company is exposed to interest rate risk primarily through its borrowing activities. There is inherent rollover risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and the Company's future financing requirements.

As of July 31, 2010, the Company had $44.0 million in outstanding variable rate (based on LIBOR) debt. In July of 2010 the Company entered into an interest rate swap derivative financial instrument with BNY Mellon to fix the interest rate on $11.6 million of variable rate debt at 1.22% until January 2, 2013. The remaining balance of approximately $32 million on the Facility bears interest at LIBOR plus 0.85% to 1.15% based on the Company's leverage levels. If LIBOR were to increase by 100 basis points it would increase the Company's consolidated interest expense by approximately $320,000.

We may seek additional variable-rate financing if and when pricing and other commercial and financial terms warrant. As such, we would consider hedging against the interest rate risk related to such additional variable-rate debt through interest rate swaps and protection agreements, or other means.

The Company does not enter into any derivative financial instrument transactions for speculative or trading purposes. The Company believes that its weighted average interest rate of 5.9% on its fixed rate debt is not materially different from current fair market interest rates for debt instruments with similar risks and maturities.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

Changes in Internal Controls

During the quarter ended July 31, 2010, there were no significant changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The Company is not involved in any litigation that in management's opinion would result in a material adverse effect on the Company's ownership, management or operation of its properties.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In a prior year, the Board of Directors of the Company approved a share repurchase program ("Program") for the repurchase of up to 500,000 shares of Common Stock and Class A Common Stock in the aggregate. On March 6, 2008, the Board of Directors amended the Program to allow the Company to repurchase up to 1,000,000 shares of Common and Class A Common Stock in the aggregate. In December 2008, the Board of Directors further amended the Program to allow the Company to repurchase up to 1,500,000 shares of Common and Class A Common Stock in the aggregate. In addition, the Board of Directors amended the Program to allow the Company to repurchase shares of the Company's Series C and Series D Senior Cumulative Preferred Stock (Preferred Stock) in open market transactions. There were no purchases of either Common, Class A Common Stock or Preferred Stock under the Program during any month in the quarter ended July 31, 2010 and there is no assurance that the Company will repurchase the full amount of shares authorized. Any combination of either Common Stock, Class A Common Stock or Preferred Stock not exceeding 771,822 shares, in the aggregate, may yet be purchased under the Program.

Item 6. Exhibits

31.1 Certification of the Chief Executive Officer of Urstadt Biddle Properties Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.

31.2 Certification of the Chief Financial Officer of Urstadt Biddle Properties Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.

32 Certification of the Chief Executive Officer and Chief Financial Officer of Urstadt Biddle Properties Inc. pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

S I G N A T U R E S

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

URSTADT BIDDLE PROPERTIES INC.
(Registrant)

By: /s/ Charles J. Urstadt
Charles J. Urstadt
Chairman and
Chief Executive Officer

By : /s/ John T. Hayes
John T. Hayes
Senior Vice President &
Chief Financial Officer
(Principal Financial Officer
and Principal Accounting Officer)

Dated: September 8, 2010

EXHIBIT INDEX

Exhibit No.

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32 Certification of the Chief Executive Officer and Chief Financial Officer of Urstadt Biddle Properties Inc. pursuant to Section 906 of Sarbanes-Oxley Act of 2002