URSTADT BIDDLE PROPERTIES INC
Form 10-Q
September 08, 2016
United States
Securities And Exchange Commission
Washington, DC 20549

Form 10-Q

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

For the quarterly period ended July 31, 2016

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)

Maryland	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 No

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 No

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	Accelerated filer
Non-accelerated filer	Smaller reporting company

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

As of September 2, 2016 (latest date practicable), the number of shares of the Registrant's classes of Common Stock and Class A Common Stock outstanding was: 9,506,731 Common Shares, par value $.01 per share, and 29,632,277 Class A Common Shares, par value $.01 per share.

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Urstadt Biddle Properties Inc.

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

ASSETS	July 31, 2016 (Unaudited)	October 31, 2015
Real Estate Investments:		
Real Estate– at cost	$ 999,978	$ 941,690
Less: Accumulated depreciation	(180,140)	(165,660)
	819,838	776,030
Investments in and advances to unconsolidated joint ventures	38,590	39,305
	858,428	815,335
Cash and cash equivalents	6,121	6,623
Restricted cash	1,890	2,191
Tenant receivables	20,079	22,353
Prepaid expenses and other assets	13,559	9,334
Deferred charges, net of accumulated amortization	6,568	5,239
Total Assets	$ 906,645	$ 861,075
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Revolving credit line	$ 3,000	$ 22,750
Mortgage notes payable and other loans	270,946	260,457
Accounts payable and accrued expenses	8,515	3,438
Deferred compensation – officers	156	155
Other liabilities	16,078	17,542
Total Liabilities	298,695	304,342
Redeemable Noncontrolling Interests	19,837	15,955
Commitments and Contingencies		
Stockholders' Equity:		
7.125% Series F Cumulative Preferred Stock (liquidation preference of $25 per share); 5,175,000 shares issued and outstanding	129,375	129,375
6.75% Series G Cumulative Preferred Stock (liquidation preference of $25 per share); 3,000,000 shares issued and outstanding	75,000	75,000
Excess Stock, par value $0.01 per share; 20,000,000 shares authorized; none issued and outstanding	-	-
Common Stock, par value $0.01 per share; 30,000,000 shares authorized; 9,506,731 and 9,350,885 shares issued and outstanding	96	94
Class A Common Stock, par value $0.01 per share; 100,000,000 shares authorized; 29,219,777 and 26,370,216 shares issued and outstanding	292	264
Additional paid in capital	499,041	431,411
Cumulative distributions in excess of net income	(112,533)	(94,136)
Accumulated other comprehensive (loss)	(3,158)	(1,230)
Total Stockholders' Equity	588,113	540,778

Total Liabilities and Stockholders' Equity	$ 906,645	$ 861,075

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

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

	Nine Months Ended July 31,		Three Months Ended July 31,	
	2016	2015	2016	2015
Revenues				
Base rents	$63,175	$63,228	$21,605	$21,042
Recoveries from tenants	18,743	22,676	5,878	7,028
Lease termination income	380	147	48	103
Other income	2,595	1,324	745	646
Total Revenues	84,893	87,375	28,276	28,819
Expenses				
Property operating	13,770	16,423	4,030	4,384
Property taxes	13,740	13,667	4,592	4,631
Depreciation and amortization	16,802	16,834	5,455	5,541
General and administrative	7,140	6,493	2,387	2,214
Provision for tenant credit losses	835	738	227	212
Acquisition costs	205	2,020	76	74
Directors' fees and expenses	235	261	70	70
Total Operating Expenses	52,727	56,436	16,837	17,126
Operating Income	32,166	30,939	11,439	11,693
Non-Operating Income (Expense):				
Interest expense	(9,751)	(10,111)	(3,231)	(3,417)
Equity in net income from unconsolidated joint ventures	1,484	1,414	564	467
Interest, dividends and other investment income	156	185	55	42
Net Income	24,055	22,427	8,827	8,785
Noncontrolling interests:				
Net income attributable to noncontrolling interests	(659)	(728)	(217)	(344)
Net income attributable to Urstadt Biddle Properties Inc.	23,396	21,699	8,610	8,441
Preferred stock dividends	(10,710)	(11,035)	(3,570)	(3,571)
Net Income Applicable to Common and Class A Common Stockholders	$12,686	$10,664	$5,040	$4,870
Basic Earnings Per Share:				
Per Common Share:	$0.34	$0.28	$0.13	$0.13
Per Class A Common Share:	$0.38	$0.32	$0.15	$0.15
Diluted Earnings Per Share:				
Per Common Share:	$0.33	$0.28	$0.13	$0.13
Per Class A Common Share:	$0.37	$0.31	$0.15	$0.14
Dividends Per Share:				

Common	$0.69	$0.675	$0.23	$0.225
Class A Common	$0.78	$0.765	$0.26	$0.255

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URSTADT BIDDLE PROPERTIES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(In thousands)

	Nine Months Ended July 31,		Three Months Ended July 31,	
	2016	2015	2016	2015
Net Income	$24,055	$22,427	$8,827	$8,785
Other comprehensive income (loss):				
Change in unrealized income (losses) on interest rate swaps	(1,928)	(907)	(1,365)	264
Total comprehensive income	22,127	21,520	7,462	9,049
Comprehensive income attributable to noncontrolling interests	(659)	(728)	(217)	(344)
Total Comprehensive income attributable to Urstadt Biddle Properties Inc.	21,468	20,792	7,245	8,705
Preferred stock dividends	(10,710)	(11,035)	(3,570)	(3,571)
Total comprehensive income applicable to Common and Class A Common Stockholders	$10,758	$9,757	$3,675	$5,134

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

	Nine Months Ended July 31, 2016	2015
Cash Flows from Operating Activities:		
Net income	$24,055	$22,427
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,802	16,834
Straight-line rent adjustment	(1,779)	(999)
Provision for tenant credit losses	835	738
Restricted stock compensation expense and other adjustments	3,471	3,100
Deferred compensation arrangement	1	(36)
Equity in net (income) of unconsolidated joint ventures	(1,484)	(1,414)
Changes in operating assets and liabilities:		
Tenant receivables	3,217	(3,475)
Accounts payable and accrued expenses	3,150	3,077
Other assets and other liabilities, net	(5,093)	(4,069)
Restricted Cash	301	(113)
Net Cash Flow Provided by Operating Activities	43,476	36,070
Cash Flows from Investing Activities:		
Acquisitions of real estate investments	(45,443)	(136,304)
Investments in and advances to unconsolidated joint ventures	(450)	(147)
Deposits on acquisition of real estate investment	(953)	-
Return of deposits on acquisition of real estate investments	640	627
Improvements to properties and deferred charges	(16,690)	(10,622)
Distributions to noncontrolling interests	(659)	(1,770)
Distributions from unconsolidated joint ventures	2,561	1,454
Net Cash Flow (Used in) Investing Activities	(60,994)	(146,762)
Cash Flows from Financing Activities:		
Dividends paid -- Common and Class A Common Stock	(27,201)	(26,560)
Dividends paid -- Preferred Stock	(10,710)	(11,035)
Principal repayments on mortgage notes payable	(12,142)	(10,841)
Proceeds from mortgage financings	22,631	67,680
Redemption of preferred stock	-	(61,250)
Repayment of revolving credit line borrowings	(63,750)	(80,050)
Proceeds from revolving credit line borrowings	44,000	101,750
Net proceeds from the issuance of preferred stock	-	4,640
Net proceeds from the issuance of Common and Class A Common Stock	64,188	59,905
Net Cash Flow Provided by (Used In) Financing Activities	17,016	44,239
Net (Decrease) In Cash and Cash Equivalents	(502)	(66,453)
Cash and Cash Equivalents at Beginning of Period	6,623	73,029
Cash and Cash Equivalents at End of Period	$6,121	$6,576

Supplemental Cash Flow Disclosures:		
Interest Paid	$9,831	$10,077

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

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

	7.125% Series F Preferred Stock Issued	7.125% Series F Preferred Stock A mount	6.75% Series G Preferred Stock Issued	6.75% Series G Preferred Stock Amount	Common Stock Issued	Common Stock Amount	Class A Common Stock Issued	Class A Common Stock Amount	Additional Paid In Capital	Cumulative Distributions In Excess of Net Income
Balances - October 31, 2015	5,175,000	$129,375	3,000,000	$75,000	9,350,885	$94	26,370,216	$264	$431,411	$(94,136)
Net income applicable to Common and Class A common stockholders	-	-	-	-	-	-	-	-	-	12,686
Change in unrealized losses on interest rate swap	-	-	-	-	-	-	-	-	-	-
Cash dividends paid :										
Common stock ($0.690 per share)	-	-	-	-	-	-	-	-	-	(6,558)
Class A common stock ($.780 per share)	-	-	-	-	-	-	-	-	-	(20,643)
Issuance of shares under dividend reinvestment plan	-	-	-	-	3,746	-	4,511	-	167	-
Shares issued under restricted stock plan	-	-	-	-	152,100	2	95,600	1	(3)	-
Issuance of Class A common stock	-	-	-	-	-	-	2,750,000	27	64,018	-
Forfeiture of restricted stock	-	-	-	-	-	-	(550)	-	-	-
Restricted stock	-	-	-	-	-	-	-	-	3,448	-

compensation and other adjustments										
Adjustments to redeemable noncontrolling interests	-	-	-	-	-	-	-	-	-	(3,882)
Balances - July 31, 2016	5,175,000	$129,375	3,000,000	$75,000	9,506,731	$96	29,219,777	$292	$499,041	$(112,533)

The accompanying notes to consolidated financial statements are an integral part of these statements
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Business

Urstadt Biddle Properties Inc. ("Company"), a Maryland Corporation, is a real estate investment trust (REIT), 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 with a concentration in the metropolitan New York tri-state area outside of the City of New York. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At July 31, 2016, the Company owned or had equity interests in 74 properties containing a total of 5.0 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" and ASC Topic 970-810 "Real Estate-General-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 970-323 "Real Estate-General-Equity Method and Joint Ventures," joint ventures that the Company does not control but otherwise exercises significant influence over, are accounted for under the equity method of accounting. See Note 5 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 of America ("U.S. GAAP") 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 U.S. GAAP 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 three and nine months ended July 31, 2016 are not necessarily indicative of the results that may be expected for the year ending October 31, 2016. These financial statements should 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, 2015.

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 collectability of tenant receivables and other assets and liabilities. Actual results could differ from these estimates. The balance sheet at October 31, 2015 has been derived from audited financial statements at that date.

Federal Income Taxes

The Company has elected to be treated as a REIT 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 2016 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, 2016. As of July 31, 2016, the fiscal tax years 2013 through and including 2015 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 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.

Derivative Financial Instruments

The Company occasionally utilizes derivative financial instruments, such as 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, 2016, the Company believes it has no significant risk associated with non-performance of the financial institutions that are the counterparties to its derivative contracts. At July 31, 2016, the Company had approximately $24.0 million in secured mortgage financings subject to interest rate swaps. Such interest rate swaps converted the LIBOR-based variable rates on the mortgage financings to an average fixed annual rate of 3.93% per annum. As of July 31, 2016, the Company had a deferred liability of $2.3 million (included in accounts payable and accrued expenses on the consolidated balance sheets) relating to the fair value of the Company's interest rate swaps applicable to secured mortgages. Charges and/or credits relating to the changes in fair values of such interest rate swaps are made to other comprehensive (loss) as the swap is deemed effective and is classified as a cash flow hedge.

In addition, in June 2016, the Company entered into a $50 million mortgage loan commitment (see note 3) with a lender to refinance the Company's secured mortgage on its Ridgeway property located in Stamford, CT in July 2017. In conjunction with entering into the mortgage commitment, the Company simultaneously executed with the same lender an interest rate swap contract with a $50 million notional amount that will take effect on July 17, 2017 and will be co-terminus with the new Ridgeway mortgage loan. Such interest rate swap will convert the LIBOR-based variable rate on the new Ridgeway mortgage loan to a fixed annual rate of 3.398%. As of July 31, 2016, the Company had a deferred liability of $878,000 (included in accounts payable and accrued expenses on the consolidated balance sheets) relating to the fair value of the Company's interest rate swap applicable to the Ridgeway mortgage loan. Charges and/or credits relating to the changes in fair values of such interest rate swap is made to other comprehensive (loss) 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 includes items that are otherwise recorded directly in stockholders' equity, such as unrealized gains and losses on interest rate swaps designated as cash flow hedges. At July 31, 2016, accumulated other comprehensive loss consisted of net unrealized losses on interest rate swap agreements of $3.2 million. At October 31, 2015, accumulated other comprehensive loss consisted of net unrealized losses on interest rate swap agreements of approximately $1.2 million. 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, 2016.

Property Held for Sale

The Company reports properties that are either disposed of or are classified as held for sale in continuing operations in the consolidated statement of income if the removal, or anticipated removal, of the asset(s) from the reporting entity does not represent a strategic shift that has or will have a major effect on an entity's operations and financial results when disposed of.

In August 2015, the Company sold its property located in Meriden, CT for $44.5 million, as that property no longer met the Company's investment objectives. In addition, the Company had previously entered into a contract to sell its White Plains property and in April 2016, the Company satisfied the remaining contingency under the sale contract and expects to close on the sale of the property later in fiscal 2016. In accordance with ASC 360-10-45, the asset met all of the criteria to be classified as held for sale beginning in April 2016, but because the net book value of the White Plains asset is insignificant to financial statement presentation the Company will not include the asset as held for sale on the consolidated balance sheet for all periods presented.

The combined operating results of the Meriden property and the White Plains property which are included in continuing operations were as follows (amounts in thousands):

	Nine Months Ended July 31,		Three Months Ended July 31,	
	2016	2015	2016	2015
Revenues	$3,090	$5,448	$1,188	$1,565
Property operating expense	(1,066)	(2,900)	(275)	(812)
Depreciation and amortization	(476)	(1,498)	-	(291)
Net Income	$1,548	$1,050	$$913	$462

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Revenue Recognition

Revenues from operating leases include revenues from 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. Minimum rental income from leases with scheduled rent increases is recognized on a straight-line basis over the lease term. At July 31, 2016 and October 31, 2015, $16,673,000 and $15,570,000, respectively, has been recognized as straight-line rents receivable (representing the current cumulative rents recognized prior to when billed and collectible as provided by the terms of the leases), all of which is included in tenant receivables in the accompanying consolidated financial statements. Percentage rent is recognized when a specific tenant's sales breakpoint is achieved. Property operating expense recoveries from tenants of common area maintenance, real estate taxes and other recoverable costs are recognized in the period the related expenses are incurred. Lease incentives are amortized as a reduction of rental revenue over the respective tenant lease terms. Lease termination amounts are recognized in operating revenues when there is a signed termination agreement, all of the conditions of the agreement have been met, the tenant is no longer occupying the property and the termination consideration is probable of collection. Lease termination amounts are paid by tenants who want to terminate their lease obligations before the end of the contractual term of the lease by agreement with the Company. There is no way of predicting or forecasting the timing or amounts of future lease termination fees. Interest income is recognized as it is earned. Gains or losses on disposition of properties are recorded when the criteria for recognizing such gains or losses under U.S. GAAP have been met.

The Company provides an allowance for doubtful accounts against the portion of tenant receivables (including an allowance for future tenant credit losses of approximately 10% of the deferred straight-line rents receivable) which is estimated to be uncollectible. Such allowances are reviewed periodically. At July 31, 2016 and October 31, 2015, tenant receivables in the accompanying consolidated balance sheets are shown net of allowances for doubtful accounts of $4,387,000 and $3,668,000, respectively.

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

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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,	
	2016	2015	2016	2015
Numerator				
Net income applicable to common stockholders – basic	$2,766	$2,279	$1,095	$1,040
Effect of dilutive securities:				
Restricted stock awards	151	128	70	62
Net income applicable to common stockholders – diluted	$2,917	$2,407	$1,165	$1,102
Denominator				
Denominator for basic EPS – weighted average common shares	8,241	8,059	8,242	8,060
Effect of dilutive securities:				
Restricted stock awards	640	643	759	692
Denominator for diluted EPS – weighted average common equivalent shares	8,881	8,702	9,001	8,752
Numerator				
Net income applicable to Class A common stockholders-basic	$9,920	$8,385	$3,945	$3,830
Effect of dilutive securities:				
Restricted stock awards	(151)	(128)	(70)	(62)
Net income applicable to Class A common stockholders – diluted	$9,769	$8,257	$3,875	$3,768
Denominator				
Denominator for basic EPS – weighted average Class A common shares	26,142	26,160	26,262	26,176
Effect of dilutive securities:				
Restricted stock awards	173	183	233	204
Denominator for diluted EPS – weighted average Class A common equivalent shares	26,315	26,343	26,495	26,380

Segment Reporting

The Company's primary business is the ownership, management, and redevelopment of retail properties. The Company reviews operating and financial information for each property on an individual basis and therefore, each property represents an individual operating segment. The Company evaluates financial performance using property operating income, which consists of base rental income and tenant reimbursement income, less rental expenses and real estate taxes. Only one of the Company's properties, located in Stamford, CT ("Ridgeway"), is considered significant as its revenue is in excess of 10% of the Company's consolidated total revenues and accordingly is a reportable segment. The Company has aggregated the remainder of its properties as they share similar long-term economic characteristics and have other similarities including the fact that they are operated using consistent business strategies, are typically located in the same major metropolitan area, and have similar tenant mixes.

Ridgeway is located in Stamford, Connecticut and was developed in the 1950's and redeveloped in the mid 1990's. The property contains approximately 374,000 square feet of GLA. It is the dominant grocery-anchored center and the largest non-mall shopping center located in the City of Stamford, Fairfield County, Connecticut.

Segment information about Ridgeway as required by ASC Topic 280 is included below:

	For the nine month period ended July 31,		For the three month period ended July 31,	
	2016	2015	2016	2015
Ridgeway Revenues	11.7%	11.6%	11.4%	11.4%
All Other Property Revenues	88.3%	88.4%	88.6%	88.6%
Consolidated Revenue	100.0%	100.0%	100.0%	100.0%

	July 31, 2016	October 31, 2015
Ridgeway Assets	7.9%	8.4%
All Other Property Assets	92.1%	91.6%
Consolidated Assets (Note 1)	100.0%	100.0%

Note 1 - Ridgeway did not have any significant expenditures for additions to long lived assets in the three and nine months ended July 31, 2016 or the year ended October 31, 2015.

	July 31, 2016	October 31, 2015
Ridgeway Percent Leased	98%	97%

<u>Ridgeway Significant Tenants (Percentage of Base Rent Billed):</u>

	For the nine month period ended July 31,		For the three month period ended July 31,	
	2016	2015	2016	2015
The Stop & Shop Supermarket Company	20%	19%	19%	20%
Bed, Bath & Beyond	14%	14%	14%	14%
Marshall's Inc.	11%	11%	11%	11%
All Other Tenants at Ridgeway (Note 2)	55%	56%	56%	55%
Total	100%	100%	100%	100%

Note 2 - No other tenant accounts for more than 10% of Ridgeway's annual base rents in any of the periods presented. Percentages are calculated as a ratio of the tenants' base rent divided by total base rent of Ridgeway.

	For the nine month period ended	For the three month period ended
Income Statements (In Thousands):	July 31, 2016	July 31, 2016
	Ridgeway	Ridgeway

		All Other Operating Segments	Total Consolidated		All Other Operating Segments	Total Consolidated
Revenues	$9,828	$ 75,065	$ 84,893	$3,277	$ 24,999	$ 28,276
Operating Expenses	$2,745	$ 24,765	$ 27,510	$829	$ 7,793	$ 8,622
Interest Expense	$1,871	$ 7,880	$ 9,751	$620	$ 2,611	$ 3,231
Depreciation and Amortization	$1,822	$ 14,980	$ 16,802	$646	$ 4,809	$ 5,455
Income from Continuing Operations	$3,390	$ 20,006	$ 23,396	$1,182	$ 7,428	$ 8,610

Income Statements (In Thousands):	For the nine month period ended July 31, 2015			For the three month period ended July 31, 2015		
	Ridgeway	All Other Operating Segments	Total Consolidated	Ridgeway	All Other Operating Segments	Total Consolidated
Revenues	$10,121	$ 77,254	$ 87,375	$3,286	$ 25,533	$ 28,819
Operating Expenses	$2,730	$ 27,360	$ 30,090	$870	$ 8,145	$ 9,015
Interest Expense	$1,914	$ 8,197	$ 10,111	$634	$ 2,783	$ 3,417
Depreciation and Amortization	$1,768	$ 15,066	$ 16,834	$591	$ 4,950	$ 5,541
Income from Continuing Operations	$3,709	$ 17,990	$ 21,699	$1,191	$ 7,250	$ 8,441

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 period's presentation.

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New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"). The objective of ASU 2014-09 is to establish a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In applying ASU 2014-09, companies will perform a five-step analysis of transactions to determine when and how revenue is recognized. ASU 2014-09 applies to all contracts with customers except those that are within the scope of other topics in the FASB's ASC. ASU 2014-09 is effective for annual reporting periods (including interim periods within that reporting period) beginning after December 15, 2016 and shall be applied using either a full retrospective or modified retrospective approach. Early application is not permitted. In August 2015, FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 for all public companies for all annual periods beginning after December 15, 2017 with early adoption permitted only as of annual reporting periods beginning after December 31, 2016, including interim periods within the reporting period. In March 2016, the FASB issued ASU 2016-08 as an amendment to ASU 2014-09, the amendment clarifies how to identify the unit of accounting for the principal versus agent evaluation, how to apply the control principle to certain types of arrangements, such as service transaction, and reframed the indicators in the guidance to focus on evidence that an entity is acting as a principal rather than as an agent. The Company is currently assessing the potential impact that the adoption of ASU 2014-09 and ASU 2016-08 will have on its consolidated financial statements.

During April 2015, the FASB issued ASU No. 2015-03, "Interest - Imputation of Interest - Simplifying the Presentation of Debt Issuance Costs." ASU 2015-03 modifies the treatment of debt issuance costs from a deferred charge to a deduction of the carrying value of the financial liability. ASU 2015-03 is effective for annual periods beginning after December 15, 2015, with early adoption permitted and retrospective application. ASU 2015-03 is not expected to have a material impact on the Company's consolidated financial statements when adopted.

In February 2016, the FASB issued ASU 2016-02, "Leases." ASU 2016-02 significantly changes the accounting for leases by requiring lessees to recognize assets and liabilities for leases greater than 12 months on their balance sheet. The lessor model stays substantially the same; however, there were modifications to conform lessor accounting with the lessee model, eliminate real estate specific guidance, further define certain lease and non-lease components, and change the definition of initial direct costs of leases requiring significantly more leasing related costs to be expensed upfront. ASU 2016-02 is effective for the Company in the first quarter of fiscal 2020, and we are currently assessing the impact this standard will have on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation - Stock Compensation." ASU 2016-09 simplifies the accounting for share-based payment transactions, including a policy election option with respect to accounting for forfeitures either as they occur or estimating forfeitures (as is currently required), as well as increasing the amount an employer can withhold to cover income taxes on equity awards. ASU 2016-09 is effective for us in the first quarter of fiscal 2018, and we are currently assessing the impact this standard will have on the Company's consolidated financial statements.

The Company has evaluated all other new ASU's issued by FASB, and has concluded that these updates do not have a material effect on the Company's consolidated financial statements as of July 31, 2016.

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(2) REAL ESTATE INVESTMENTS

In July 2016, the Company purchased for $45.3 million, a 72,000 square foot grocery anchored shopping center located in Stamford, CT ("Newfield Green"). The Company funded the purchase with a combination of available cash, borrowings on its Unsecured Revolving Credit Facility (the "Facility") (see note 3) and with proceeds generated by placing a non-recourse first mortgage on the property (see note 3).

Upon the acquisition of real property, 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.

The Company is currently in the process of analyzing the fair value of in-place leases for the Newfield Green property acquired in July 2016 and consequently, no value has yet been assigned to the leases. Accordingly, the purchase price allocation is preliminary and may be subject to change.

For the nine month periods ended July 31, 2016 and 2015, the net amortization of above-market and below-market leases were approximately $142,000 and $577,000, respectively. All amounts are included in base rents in the accompanying consolidated statements of income.

(3) MORTGAGE NOTES PAYABLE, BANK LINES OF CREDIT AND OTHER LOANS

The Company has an $80 million unsecured revolving credit facility with a syndicate of four banks led by The Bank of New York Mellon, as administrative agent. The syndicate includes Wells Fargo Bank N.A. (syndication agent), Bank of Montreal and Regions Bank (co-documentation agents). The Facility gives the Company the option, under certain conditions, to increase the Facility's borrowing capacity up to $125 million (subject to lender approval). The maturity date of the Facility is September 21, 2016 with a one-year extension 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 Eurodollar rate plus 1.5% to 2.0% or The Bank of New York Mellon's prime lending rate plus 0.50% based on consolidated indebtedness, as defined. The Company pays an annual fee on the unused commitment amount of 0.25% to 0.35% 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, 2016.

During the nine months ended July 31, 2016, the Company borrowed $44.0 million on the Facility to fund capital improvements and property acquisitions. During the nine months ended July 31, 2016, the Company repaid $63.8

million on the Facility predominantly with proceeds from its recently completed Class A Common stock offering (see note 6).

In May 2016, the Company repaid a $7.5 million mortgage at maturity that was secured by the Company's Bloomfield, NJ property. The Company funded the repayment with a draw on its Facility.

In June 2016, the Company entered into a $50 million mortgage loan commitment the obligates the lender to refinance the Company's secured mortgage on its Ridgeway property located in Stamford, CT in July 2017, which is the earliest the current Ridgeway mortgage loan may be repaid without penalty. The new mortgage loan will have a term of ten years and will require payments of principal and interest at a rate of LIBOR plus 1.90% based on a thirty-year amortization schedule. In conjunction with entering into the mortgage commitment, the Company simultaneously executed with the same lender an interest rate swap contract that will take effect on July 17, 2017 and will be co-terminus with the new Ridgeway mortgage loan. Such interest rate swap will convert the LIBOR-based variable rate on the new Ridgeway mortgage loan to a fixed annual rate of 3.398%. In order to provide the counterparty with collateral for the interest rate swap contract until the new mortgage loan is closed on Ridgeway in July 2017, the Company granted the lender a $10 million second mortgage lien on its Darien, CT property. The mortgage lien on the Darien property will be released on July 17, 2017 when the new Ridgeway mortgage loan is closed.

In July 2016, the Company entered into a $22.7 million non-recourse first mortgage loan that is secured by newly acquired Newfield Green shopping center (see note 2). The mortgage loan requires monthly payments of principal and interest at a fixed interest rate of 3.89% per annum. The mortgage matures in August 2031. Proceeds from the mortgage were used to fund a portion of the acquisition.

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(4) CONSOLIDATED JOINT VENTURES AND REDEEMABLE NONCONTROLLING INTERESTS.

The Company has an investment in three joint ventures, UB Ironbound, LP ("Ironbound"), UB Orangeburg, LLC ("Orangeburg") and McLean Plaza Associates, LLC ("McLean"), each of which owns a commercial retail property. The Company has evaluated its investment in these three joint ventures and has concluded that the ventures are not Variable Interest Entities ("VIEs"); however, these joint venture investments meet certain criteria of a sole general partner (or limited liability member) in accordance with ASC Topic 970-810 "Real Estate-Consolidation". The Company has determined that such joint ventures are fully controlled by the Company and that the presumption of control is not offset by any rights of any of the limited partners or non-controlling members in these ventures and that the joint ventures should be consolidated into the consolidated financial statements of the Company. The Company's investment in these consolidated joint ventures is more fully described below:

Ironbound (Ferry Plaza)

The Company, through a wholly-owned subsidiary, is the general partner and owns 84% of one consolidated limited partnership, Ironbound, which owns a grocery anchored shopping center.

The Ironbound limited partnership has a defined termination date of December 31, 2097. The partners in Ironbound are entitled to receive an annual cash preference payable from available cash of the partnership. Any unpaid preferences accumulate and are paid from future cash, if any. The balance of available cash, if any, is distributed in accordance with the respective partner's interests. Upon liquidation of Ironbound, 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 partnership. The Company retains an affiliate of one of the limited partners in Ironbound to provide management and leasing services to the property at an annual fee equal to 2% of rental income collected, as defined.

Orangeburg

The Company, through a wholly-owned subsidiary, is the managing member and owns a 33.8% interest in Orangeburg, which owns a drug store anchored shopping center. The other member (non-managing) of Orangeburg is the prior owner of the contributed property who, in exchange for contributing the net assets of the property, received units of Orangeburg equal to the value of the contributed property less the value of the assigned first mortgage payable. The Orangeburg operating agreement provides for the non-managing member to receive an annual cash distribution equal to the regular quarterly cash distribution declared by the Company for one share of the Company's Class A Common stock, which amount is attributable to each unit of Orangeburg ownership. The annual cash distribution is paid from available cash, as defined, of Orangeburg. The balance of available cash, if any, is fully distributable to the Company. Upon liquidation, proceeds from the sale of Orangeburg assets are to be distributed in accordance with the operating agreement. The non-managing member is not obligated to make any additional capital contributions to the partnership. Orangeburg has a defined termination date of December 31, 2097.

McLean Plaza

The Company, through a wholly-owned subsidiary, is the managing member and owns a 53% interest in McLean, which owns a grocery anchored shopping center. The McLean operating agreement provides for the non-managing members to receive a fixed annual cash distribution equal to 5.05% of their invested capital. The annual cash distribution is paid from available cash, as defined, of McLean. The balance of available cash, if any, is fully distributable to the Company. Upon liquidation, proceeds from the sale of McLean assets are to be distributed in accordance with the operating agreement. The non-managing members are not obligated to make any additional capital contributions to the entity.

Noncontrolling Interests

The Company accounts for noncontrolling interests in accordance with ASC Topic 810, "Consolidation." Because the limited partners or noncontrolling members in Ironbound, Orangeburg and McLean have the right to require the Company to redeem all or a part of their limited partnership or limited liability company units for cash, or at the option of the Company shares of its Class A Common stock, at prices as defined in the governing agreements, the Company reports the noncontrolling interests in the consolidated joint ventures in the mezzanine section, outside of permanent equity, of the consolidated balance sheets at redemption value which approximates fair value. The value of the Orangeburg and McLean redemptions are based solely on the price of the Company's Class A Common stock on the date of redemption. For the nine months ended July 31, 2016 and 2015, the Company increased/(decreased) the carrying value of the noncontrolling interests by $3.9 million and $(2.6) million, respectively, with the corresponding adjustment recorded in stockholders' equity.

The following table sets forth the details of the Company's redeemable non-controlling interests at July 31, 2016 and October 31, 2015 (amounts in thousands):

	July 31, 2016	October 31, 2015
Beginning Balance	$15,955	$18,864
McLean Plaza Noncontrolling Interest-Net	-	(615)
Change in Redemption Value	3,882	(2,294)
Ending Balance	$19,837	$15,955

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(5) INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED JOINT VENTURES

At July 31, 2016 and October 31, 2015 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, 2016	October 31, 2015
Chestnut Ridge and Plaza 59 Shopping Centers (50%)	$18,205	$18,248
Gateway Plaza (50%)	6,882	7,186
Putnam Plaza Shopping Center (66.67%)	6,125	6,686
Midway Shopping Center, L.P. (11.642%)	4,896	5,144
Applebee's at Riverhead (50%)	1,759	1,318
81 Pondfield Road Company (20%)	723	723
Total	$38,590	$39,305

Gateway Plaza and Applebee's at Riverhead

The Company, through two wholly owned subsidiaries, owns a 50% undivided tenancy-in-common interest in the Gateway Plaza Shopping Center ("Gateway") and Applebee's at Riverhead ("Applebee's"). Both properties are located in Riverhead, New York. Gateway, a 194,000 square foot shopping center, is anchored by a 168,000 square foot Walmart. The property also has 27,000 square feet of in-line space, of which 24,000 is leased and a 3,500 square foot pad building currently under construction and leased. The remaining vacancies are in the process of being leased. Applebee's has a 5,400 square foot free standing Applebee's restaurant and a 7,200 square foot pad building currently under construction.

Gateway is subject to a $13.2 million non-recourse first mortgage payable. The mortgage matures on March 31, 2024 and requires payments of principal and interest at a fixed rate of interest of 4.2% per annum.

Midway Shopping Center, L.P.

The Company, through a wholly owned subsidiary, owns an 11.64% equity interest in Midway Shopping Center L.P. ("Midway"), which owns a 247,000 square foot shopping center in Westchester County, New York. Although the Company only has an approximate 12% 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 has allocated the $7.4 million excess of the carrying amount of its investment in and advances to Midway over the Company's share of Midway's net book value to real property and is amortizing the difference over the property's estimated useful life of 39 years. The remaining unamortized excess of the Company's investment in and advances to Midway over the Company's share of Midway's net book value is $6.2 million at July 31, 2016.

Midway is subject to a non-recourse first mortgage payable in the amount of $29.4 million. The loan requires payments of principal and interest at the rate of 4.80% per annum and will mature in 2027.

Chestnut Ridge and Plaza 59 Shopping Centers

The Company, through two wholly owned subsidiaries, owns a 50% undivided tenancy-in-common interest in the 76,000 square foot Chestnut Ridge Shopping Center located in Montvale, New Jersey ("Chestnut") and the 24,000 square foot Plaza 59 Shopping Center located in Spring Valley, New York ("Plaza 59") for a combined investment of approximately $18.0 million.

Putnam Plaza Shopping Center

The Company, through a wholly owned subsidiary, owns a 66.67% (noncontrolling) undivided tenancy-in-common interest in the 189,000 square foot Putnam Plaza Shopping Center ("Putnam Plaza") located in Carmel, New York.

Putnam Plaza is subject to a first mortgage payable in the amount of $19.6 million. The mortgage requires monthly payments of principal and interest at a fixed rate of 4.17% and will mature in 2019.

81 Pondfield Road Company

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

The Company accounts for the above investments under the equity method of accounting since it exercises significant influence, but does not control the joint ventures. The other venturers in the joint ventures have substantial participation rights in the financial decisions and operation of the ventures or properties, which preclude the Company from consolidating the investments. The Company has evaluated its investment in the joint ventures and has concluded that the joint ventures are not VIE's. 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.

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(6) STOCKHOLDERS' EQUITY

Authorized Stock

The Company's Charter authorizes 200,000,000 shares of stock. The total number of shares of authorized stock consists of 100,000,000 shares of Class A Common Stock, 30,000,000 shares of Common Stock, 50,000,000 shares of Preferred Stock, and 20,000,000 shares of Excess Stock.

Restricted Stock Plan

The Company has a Restricted Stock Plan that provides a form of equity compensation for employees of the Company. In March 2016, the Stockholders of the Company approved an increase in the number of shares available for grant under the plan, as amended by 750,000 shares. The Plan, which is administered by the Company's compensation committee, authorizes grants of up to an aggregate of 4,500,000 shares of the Company's common equity consisting of 350,000 Common shares, 350,000 Class A Common shares and 3,800,000 shares, which at the discretion of the compensation committee, may be awarded in any combination of Class A Common shares or Common shares.

In accordance with ASC Topic 718, the Company recognizes 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 is received by an employee over the retirement age, waving his right to continued vesting after retirement.

During the nine months ended July 31, 2016, the Company awarded 152,100 shares of Common Stock and 95,600 shares of Class A Common Stock to participants in the Plan. The grant date fair value of restricted stock grants awarded to participants in 2016 was approximately $4.5 million.

A summary of the status of the Company's non-vested Common and Class A Common shares as of July 31, 2016, and changes during the nine months ended July 31, 2016 is presented below:

	Common Shares		Class A Common Shares	
Non-vested Shares	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Non-vested at October 31, 2015	1,281,850	$ 16.58	373,850	$ 19.37
Granted	152,100	$ 17.95	95,600	$ 18.84
Vested	(175,950)	$ 16.35	(84,200)	$ 18.64
Forfeited	-	$ -	(550)	$ 19.40
Non-vested at July 31, 2016	1,258,000	$ 16.77	384,700	$ 19.40

As of July 31, 2016, there was $13.7 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 4.9 years. For the nine month periods ended July 31, 2016 and 2015 amounts charged to compensation expense totaled $3,442,000 and $2,995,000, respectively. For the three months ended July 31, 2016 and 2015 amounts charged to compensation expense totaled $1,145,000 and $1,089,000, respectively.

Share Repurchase Program

The Board of Directors of the Company has approved a share repurchase program ("Program") for the repurchase of up to 2,000,000 shares, in the aggregate, of Common stock, Class A Common stock and Series F Cumulative Preferred stock in open market transactions.

The Company has repurchased 4,600 shares of Common Stock and 913,331 shares of Class A Common Stock under the Program. For the three and nine months ended July 31, 2016 and 2015, the Company did not repurchase any shares of stock under the Program.

Preferred Stock

The 7.125% Series F Senior Cumulative Preferred Stock ("Series F Preferred Stock") is non-voting, has no stated maturity and is redeemable for cash at $25.00 per share at the Company's option on or after October 24, 2017. The holders of our Series F Preferred Stock have general preference rights with respect to liquidation and quarterly distributions. Except under certain conditions, holders of the Series F Preferred Stock will not be entitled to vote on most matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of Series F Preferred Stock, together with all of the Company's other series of preferred stock (voting as a single class without regard to series) will have the right to elect two additional members to serve on the Company's Board of Directors until the arrearage has been cured. Upon the occurrence of a Change of Control, as defined in the Company's Articles of Incorporation, the holders of the Series F Preferred Stock will have the right to convert all or part of the shares of Series F Preferred Stock held by such holders on the applicable conversion date into a number of the Company's shares of Class A Common Stock. Underwriting commissions and costs incurred in connection with the sale of the Series F Preferred Stock are reflected as a reduction of additional paid in capital.

The 6.75% Series G Senior Cumulative Preferred Stock ("Series G Preferred Stock") is nonvoting, has no stated maturity and is redeemable for cash at $25.00 per share at the Company's option on or after October 28, 2019. The holders of our Series G Preferred Stock have general preference rights with respect to liquidation and quarterly distributions. Except under certain conditions, holders of the Series G Preferred Stock will not be entitled to vote on most matters. In the event of a cumulative arrearage equal to six quarterly dividends, holders of Series G Preferred Stock, together with all of the Company's other Series of preferred stock (voting as a single class without regard to series) will have the right to elect two additional members to serve on the Company's Board of Directors until the arrearage has been cured. Upon the occurrence of a Change of Control, as defined in the Company's Articles of Incorporation, the holders of the Series G Preferred Stock will have the right to convert all or part of the shares of Series G Preferred Stock held by such holders on the applicable conversion date into a number of the Company's shares of Class A common stock. Underwriting commissions and costs incurred in connection with the sale of the Series G Preferred Stock are reflected as a reduction of additional paid in capital.

Common Stock

In July 2016, the Company sold 2,750,000 shares of Class A Common Stock in an underwritten follow-on common stock offering for $23.29 per share and raised net proceeds of $64.0 million. In August 2016, subsequent to the end of the Company's third quarter, the underwriters exercised their over-allotment option and purchased an additional 412,500 shares of Class A Common Stock that raised additional net proceeds of $9.6 million.

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(7) 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

The Company calculates the fair value of the redeemable noncontrolling interests based on either quoted market prices on national exchanges for those interests based on the Company's Class A Common stock or 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 or limited liability company in which the investor owns the joint venture units capitalized at prevailing market rates for properties with similar characteristics or located in similar areas.

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 October 31, 2015 and July 31, 2016, 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".

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The Company measures its redeemable noncontrolling interests and interest rate swap derivatives at fair value on a recurring basis. The fair value of these financial assets and liabilities was determined using the following inputs (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)
July 31, 2016				
Liabilities:				
Interest Rate Swap Agreement	$3,158	$ -	$ 3,158	$ -
Redeemable noncontrolling interests	$19,837	$ 16,224	$ -	$ 3,613
October 31, 2015				
Liabilities:				
Interest Rate Swap Agreement	$1,230	$ -	$ 1,230	$ -
Redeemable noncontrolling interests	$15,955	$ 13,104	$ -	$ 2,851

Fair market value measurements based upon Level 3 inputs changed (in thousands) from $9,062 at October 31, 2014 to $2,851 at October 31, 2015 as a result of a $77 decrease in the redemption value of the Company's noncontrolling interest in Ironbound in accordance with the application of ASC Topic 810 and the transfer in the amount of $6,134 of the noncontrolling interest in McLean to Level 1. During the quarter ended January 31, 2015, Mclean was converted to a limited liability company from a general partnership. One of the results of this conversion is that the noncontrolling equity interests in McLean can only be redeemed for shares of the Company's Class A Common stock or for cash based on the value of the Company's Class A Common stock. In accordance with ASC 810, the noncontrolling interest will now be valued as a Level 1 measurement. Fair market value measurements based upon Level 3 inputs changed from $2,851 at October 31, 2015 to $3,613 at July 31, 2016 as a result of a $762 increase in the redemption value of the Company's noncontrolling interest in Ironbound in accordance with the application of ASC Topic 810.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, tenant receivables, prepaid expenses, other assets, accounts payable and accrued expenses are reasonable estimates of their fair values because of the short-term nature of these instruments. The carrying value of the Facility is deemed to be at fair value since the outstanding debt is directly tied to monthly LIBOR contracts. Mortgage notes payable that were assumed in property acquisitions were recorded at their fair value at the time they were assumed.

The estimated fair value of mortgage notes payable and other loans was approximately $283 million at July 31, 2016 and $266 million at October 31, 2015, 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. These fair value measurements fall within Level 2 of the fair value hierarchy. When the Company acquires a property, it is required to fair value all of the assets and liabilities, including intangible assets and liabilities, relating to the property's in-place leases (See Note 2). Those fair value measurements fall within Level 3 of the fair value hierarchy.

Although management is not aware of any factors that would significantly affect the estimated fair value amounts from October 31, 2015, 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.

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(8) 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, 2016, the Company had commitments of approximately $5.4 million for capital improvements to its properties and tenant-related obligations.

(9) SUBSEQUENT EVENTS

On September 7, 2016, the Board of Directors of the Company declared cash dividends of $0.23 for each share of Common Stock and $0.26 for each share of Class A Common Stock. The dividends are payable on October 21, 2016 to stockholders of record on October 7, 2016.

In August 2016, the Company refinanced its existing Facility with a syndicate of three banks, the capacity increased to $100 million from $80 million with the ability under certain conditions to increase the capacity to $150 million. The maturity date of the new Facility is August 31, 2020 with a one-year extension at the Company's option. Borrowings under the Facility can be used for general corporate purposes and the issuance of letters of credit (up to $10 million). Borrowings will bear interest at the Company's option of Eurodollar rate plus 1.35% to 1.95% or The Bank of New York Mellon's prime lending rate plus 0.35% to 0.95% based on consolidated indebtedness, as defined. The Company pays an annual fee on the unused commitment amount of up to 0.15% to 0.25% based on outstanding borrowings during the year.

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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, 2015. 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 and Overview

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 located in the northeastern part of the United States with a concentration in the metropolitan New York tri-state area outside of the City of New York. Other real estate assets include office properties. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At July 31, 2016, the Company owned or had equity interests in 74 (inclusive of unconsolidated joint ventures) properties containing a total of 5.0 million square feet of GLA of which approximately 94.7% was leased (96.2% at October 31, 2015). The drop in the Company's leased rate in the first nine months of fiscal 2016 when compared with the leased rate at October 31, 2015 is predominantly related to the Great Atlantic and Pacific Tea Company, Inc. ("A&P") bankruptcy. During the first quarter of fiscal 2016, three of the nine spaces that A&P occupied became vacant. Those spaces totaled 130,000 square feet or about 3.3% of the Company's consolidated property square footage. Two of the aforementioned three spaces were re-leased in the second quarter of fiscal 2016, but one former A&P space, totaling approximately 63,000 square feet remains vacant at July 31, 2016. For more information about the impact of the A&P bankruptcy on the Company, see "Liquidity and Capital Resources" below in this Item 2.

The above percentages exclude the Company's White Plains property. In November 2014, a zoning change was obtained from the City of White Plains that will allow this property to be converted to a higher and better use. On this basis, the Company has completely vacated the property to make potential redevelopment possible. This included the expiration of two leases at the property totaling 90,000 square feet in February 2015, for which the average base rent per square foot was approximately $24.69 per annum. In April 2015, the Company entered into a contract to sell this property to a third party with the closing date scheduled fifteen days after the property was completely vacated of all tenants, which was accomplished in April 2016. In February 2016, the sale contract was amended to allow the purchaser to extend the closing. The amendment provided the purchaser 6 one-month options to extend the closing date by one month for each extension exercised for a payment of $461,000 per extension. In addition, the amendment provided that the purchaser deposit an additional $3 million of the purchase price with the escrow agent. The purchaser has exercised four of the six options and as of July 31, 2016 the Company has received $1.8 million from the purchaser for the extension rights. Subsequent to quarter end in August the purchaser exercised its fifth extension right and accordingly has paid the Company an additional $461,000.

Included in the Company's 74 properties were equity interests in seven unconsolidated joint ventures at July 31, 2016. These joint ventures were approximately 97.6% leased (98.1% at October 31, 2015).

The Company has paid quarterly dividends to its shareholders continuously since its founding in 1969 and has increased the level of dividend payments to its shareholders for 22 consecutive years.

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 had one mortgage in the amount of $7.2 million mature in August 2016, which we are in the process of refinancing with the existing lender. The Company does not have any other secured debt coming due until fiscal 2017 and we have entered into a commitment with a lender to refinance that mortgage secured by our Ridgeway property in the amount of $50 million and have entered into an interest rate swap contract that fixes the rate on that mortgage to 3.398% with a term of ten years. Consistent with its business strategy, the Company expects to continue exploring acquisition opportunities that may arise.

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 located in the northeastern part of the United States with a concentration in the metropolitan New York tri-state area outside of the City of New York.

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 the metropolitan New York tri-state area outside of the City of New York.
Hold properties for long-term investment and enhance their value through regular maintenance, periodic renovation and capital improvement
Selectively dispose of underperforming properties or properties not located in the Company's desired primary geographic location and re-deploy the proceeds into properties located in the metropolitan New York tri-state area outside of the City of New York
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 which provide for regular or fixed contractual increases to minimum rents
Control property operating and administrative costs

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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. Please see Note 1 to the consolidated financial statements located in Item 1 in this report for a further discussion about the Company's critical accounting policies. In addition, 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, 2015 included in the Company's Annual Report on Form 10-K for that year.

Liquidity and Capital Resources

At July 31, 2016, the Company had unrestricted cash and cash equivalents of $6.1 million compared to $6.6 million at October 31, 2015. 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.

In July 2016, the Company completed a follow-on Class A Common stock offering, raising proceeds of $64 million, of which, the Company used $60.1 million to repay borrowings on its Unsecured Revolving Credit Facility (the "Facility"). In addition, after quarter end the underwriters exercised their over-allotment option which raised an additional $9.6 million of offering proceeds which the Company intends to use to purchase grocery anchored shopping centers consistent with its business strategy.

The Company's strategy is to maintain a conservative capital structure with low leverage levels by commercial real estate standards. The Company currently maintains a ratio of total debt to total assets below 30.2% and a fixed charge coverage ratio of over 2.7 to 1, which we believe will allow the Company to obtain additional secured mortgage loans or other types of borrowings, if necessary. The Company owns 45 properties in its consolidated portfolio that are not encumbered by secured mortgage debt. At July 31, 2016, the Company had borrowing capacity of $76 million on its Facility.

In July 2015, one of the Company's largest tenants, A&P, filed a voluntary petition under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). Subsequently, A&P determined that it would be liquidating the company. As of October 31, 2015, A&P leased and occupied nine spaces totaling 365,000 square feet in the Company's portfolio. The total base rent per annum for these nine spaces totaled $5,540,000 at October 31, 2015. The bankruptcy process relating to our nine spaces is complete. As of July 31, 2016, eight of the nine A&P leases have been assumed by new operators in the bankruptcy process or re-leased by the Company to new operators (see notes 1, 2 and 3 below). The remaining lease was rejected by A&P in bankruptcy (see note 4 below), and the Company is in the process of re-leasing that space. The table below details information about the nine former A&P leases in our portfolio prior to the transactions described above:

Property	Location	Square Feet	Base Rent Per Annum	Base Rent Per Square Foot	Lease Expiration	Note
Pompton Lakes Town Square	Pompton Lakes, NJ	63,000	$1,244,000	$19.80	Rejected by A&P	4
Ferry Plaza Shopping Center	Newark, NJ	63,000	1,215,000	$19.15	Nov 2020*	1
Village Shopping Center	New Providence, NJ	46,000	990,000	$21.75	Feb 2029*	1
Boonton Shopping Center	Boonton, NJ	49,000	950,000	$19.21	Oct 2024*	1
Valley Ridge Shopping Center	Wayne, NJ	36,000	540,000	$15.00	Terminated	3
Harrison Shopping Center	Harrison, NY	12,000	264,000	$22.00	Sept 2024*	2

Bloomfield Shopping Center	Bloomfield, NJ	31,000	154,000	$ 5.00	Terminated	3
Shoppes at Eastchester	Eastchester, NY	30,000	110,000	$ 3.71	Oct 2019	1 and 5
McLean Plaza Shopping Center	Yonkers, NY	35,000	73,000	$ 2.09	Oct 2034*	1
		365,000	$ 5,540,000			

* Subject to further tenant renewal options

Note 1 – Lease purchased by Acme, a division of Albertson's.
Note 2 – Lease purchased by Key Food.
Note 3 – Lease purchased by Urstadt Biddle Properties Inc. Lease subsequently terminated and re-leased to new supermarket operator at increased base rent per square foot.
Note 4 – Rejected by A&P in the bankruptcy process; in process of re-leasing.
Note 5 – Company has amended the lease to increase the base rent per square foot from $3.71 to $10.00 per square foot through 10/31/19 and to provide tenant with an option to extend the lease term through 10/31/24 at a base rent of $25.00 per square foot.

In the second quarter of fiscal 2016, the Company completed the re-leasing of both the Bloomfield and Wayne A&P spaces to new regional supermarket operators (see note 3 above). The new leases will generate annual base rent of $1.07 million as compared with $694,000 that A&P was paying on those two spaces previously, which is an aggregate increase of $372,000 per annum. The Bloomfield A&P lease had twenty years of remaining term (including tenant options) with no base rental rate increases.   Both new leases provide for the tenant to pay its proportionate share of common area maintenance and real estate taxes as additional rent. The Bloomfield space was delivered to the tenant in early February 2016 and the Wayne space was delivered to the tenant at the beginning of March 2016. The Company is still marketing the Pompton Lakes location for lease.

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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 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. 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 charged 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 $43.5 million for the nine months ended July 31, 2016 compared to $36.1 million in the comparable period of fiscal 2015. The increase in operating cash flows when compared with the corresponding prior period was due primarily to the Company collecting a higher amount of tenant's accounts receivable in the nine months ended July 31, 2016 when compared with collections in the corresponding prior period. In addition, this increase was accentuated by the Company incurring $2 million more in property acquisition costs in the first nine months of fiscal 2015 when compared with the same nine month period of fiscal 2016. This increase was offset by an overall reduction in rental income in the first nine months of fiscal 2016 when compared to the first nine months of fiscal 2015, predominantly caused by the loss of base rent and tenant reimbursement rents related to vacancies at three of our shopping centers in spaces previously occupied by A&P (see the Liquidity and Capital Resource Section in this Item 2). The increase was further offset by the Company selling its Meriden property in August of fiscal 2015 and reinvesting the proceeds in lower yielding properties in fiscal 2015.

Investing Activities

Net cash flows used in investing activities amounted to $61.0 million for the nine months ended July 31, 2016 compared to $146.8 million in the comparable period of fiscal 2015. The reduction in net cash flows used in investing activities in fiscal 2016 when compared to the corresponding prior period was predominantly the result of the Company purchasing six properties totaling $136.3 million in the first nine months of fiscal 2015 versus purchasing one property for $45.3 million thus far in fiscal 2016. This increase was offset by the Company incurring $6.1 million more in property improvements and deferred charges in the first nine months of fiscal 2016 when compared to the corresponding period of fiscal 2015.

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 $17.0 million in the first nine months of fiscal 2016 compared to $44.2 million in the comparable period of fiscal 2015. The net decrease was attributable to the Company receiving mortgage proceeds in the first nine months of fiscal 2015 of $67.7 million when it financed a four property acquisition versus only receiving $22.6 million in mortgage proceeds in the first nine months of fiscal 2016 when it financed a portion of the Newfield Green shopping center acquisition (see Acquisitions/Sales and Significant Property Transactions section below in this Item 2). In addition, the decrease was caused by the Company having net borrowings of $21.7 million on its Facility in the first nine months of fiscal 2015 versus having a net repayment of $19.6 million on the Facility in the first nine months of fiscal 2016. This decrease was offset by the Company repaying a series of preferred stock in the amount of $61.3 million in the first nine months of fiscal 2015.

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 Facility, proceeds from sales of properties and/or the sale of 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, among other things, on 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 securities is dependent on, among other things, general market conditions for REITs, market perceptions about the Company and its stock price. The Company's ability to sell properties to raise cash will be dependent upon market conditions at the time of sale.

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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 and other loans of $270.9 million consist entirely of fixed rate mortgage loan indebtedness with a weighted average interest rate of 4.54% at July 31, 2016. The mortgage loans with fixed interest rates are secured by 22 properties with a net book value of $488 million and have fixed rates of interest ranging from 2.78% to 6.6%. The Company made principal payments of $12.1 million in the nine months ended July 31, 2016 which included the repayment of a $7.5 million secured mortgage when it matured compared to $10.8 million in the comparable period in fiscal 2015, which included the $7.3 million repayment of secured mortgages when they matured. 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 re-financings can be achieved.

Until it was terminated on August 23, 2016, the Company had an $80 million unsecured revolving credit facility with a syndicate of four banks led by The Bank of New York Mellon, as administrative agent. The syndicate also included Wells Fargo Bank N.A. (syndication agent), Bank of Montreal and Regions Bank (co-documentation agents). The Facility gave the Company the option, under certain conditions, to increase the Facility's borrowing capacity up $125 million (subject to lender approval). The maturity date of the Facility was September 21, 2016 with a one-year extension at the Company's option. Borrowings under the 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 bear interest at the Company's option of Eurodollar rate plus 1.5% to 2.0% or The Bank of New York Mellon's prime lending rate plus 0.50% based on consolidated indebtedness, as defined. The Company paid an annual fee on the unused commitment amount of up to 0.25% to 0.35% 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 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, 2016. As of July 31, 2016, $76.0 million was available to be drawn on the Facility.

In August 2016, the Company refinanced its existing Facility with a syndicate of three banks, increasing the capacity to $100 million from $80 million, with the ability under certain conditions to additionally increase the capacity to $150 million (subject to lender approval). The maturity date of the new Facility is August 23, 2020 with a one-year extension at the Company's option. Borrowings under the Facility can be used for general corporate purposes and the issuance of letters of credit (up to $10 million). Borrowings will bear interest at the Company's option of Eurodollar rate plus 1.35% to 1.95% or The Bank of New York Mellon's prime lending rate plus 0.35% to 0.95% based on consolidated indebtedness, as defined. The Company pays quarterly commitment fee on the unused commitment amount of 0.15% to 0.25% based on outstanding borrowings during the year.

In July 2016, the Company repaid a $7.5 million mortgage that was secured by its Bloomfield, NJ property. In addition, the Company is in the process of refinancing its $7.2 million mortgage secured by two properties with the existing lender. The new mortgage principal balance will be $11 million and have a term of ten years.

In July 2016, the Company entered into a commitment to refinance its $45 million mortgage secured by its Ridgeway shopping center in Stamford, CT on July 17, 2017, the first day the current Ridgeway mortgage can be repaid without penalty. The new mortgage will be in the amount of $50 million and will have a term of ten years and will require payment of principal and interest at the rate of LIBOR plus 1.9%. Concurrent with entering into the commitment, the Company also entered into an interest rate swap contract which will convert the variable interest rate (based on

LIBOR) to a fixed rate of 3.398%.

In July 2016, the Company placed a $22.7 million mortgage secured by its newly acquired Newfield Green shopping center located in Stamford, CT (see acquisitions/sales and significant property transactions below in this Item 2). The new mortgage has a term of fifteen years and requires payments of principal and interest at the fixed rate of 3.89%.

Capital Expenditures

The Company invests in its existing properties and regularly makes 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, 2016, the Company paid approximately $16.7 million for property improvements, tenant improvements and leasing commission costs (approximately $6.1 million representing property improvements and approximately $10.6 million related to new tenant space improvements, leasing costs and capital improvements as a result of new tenant spaces). The amount of these expenditures can vary significantly depending on tenant negotiations, market conditions and rental rates. The Company expects to incur approximately $5.4 million predominantly for anticipated capital improvements and leasing costs related to new tenant leases and property improvements during the balance of fiscal 2016. These expenditures are expected to be funded from operating cash flows, bank borrowings or other financing sources.

Acquisitions/Sales 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 the metropolitan New York tri-state area outside of the City of New York.

In July 2016, the Company purchased, for $45.3 million, the 72,000 square foot Newfield Green shopping center located in Stamford, CT. The Company funded the purchase with a combination of available cash, borrowings on its Facility and proceeds generated by placing a non-recourse first mortgage on the property in the approximate amount of $22.7 million.

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Off-Balance Sheet Arrangements

The Company has seven off-balance sheet investments in real property, including a 66.67% equity interest in the Putnam Plaza Shopping Center, an 11.642% equity interest in the Midway Shopping Center, a 50% equity interest in the Chestnut Ridge and Plaza 59 Shopping Centers, a 20% economic interest in a partnership that owns a retail real estate investment and a 50% equity interest in the Gateway Plaza Shopping Center and Applebee's at Riverhead. These unconsolidated joint ventures are accounted for under the equity method of accounting as we have the ability to exercise significant influence over, but not control, the operating and financial decisions of these investments. Our off-balance sheet arrangements are more fully discussed in Note 5, "Investments in and Advances to Unconsolidated Joint Ventures" in the accompanying financial statements.

Lease Rollovers

For the first nine months of fiscal 2016, the Company signed leases for a total of 300,200 square feet of retail space in our consolidated portfolio. New leases for vacant spaces were signed for 171,100 square feet at an average rental increase of 9.41% on a cash basis. Renewals for 129,100 square feet of space previously occupied were signed at an average rental increase of 1.63% on a cash basis.

Tenant improvements averaged $27.67 per square foot for new leases. There were no significant tenant improvements provided to any of the renewal leases in the first nine months of fiscal 2016. The average term for new leases was 7.75 years and the average term for renewal leases was 4 years.

The rental increases/decreases associated with new and renewal leases generally include all leases signed in arms-length transactions reflecting market leverage between landlords and tenants during the period. The comparison between average rent for expiring leases and new leases is determined by including minimum rent paid on the expiring lease and minimum rent to be paid on the new lease in the first year. In some instances, management exercises judgment as to how to most effectively reflect the comparability of spaces reported in this calculation. The change in rental income on comparable space leases is impacted by numerous factors including current market rates, location, individual tenant creditworthiness, use of space, market conditions when the expiring lease was signed, the age of the expiring lease, capital investment made in the space and the specific lease structure. Tenant improvements include the total dollars committed for the improvement (fit-out) of a space as it relates to a specific lease but may also include base building costs (i.e. expansion, escalators or new entrances) which are required to make the space leasable. Incentives (if applicable) include amounts paid to tenants as an inducement to sign a lease that do not represent building improvements.

The leases signed in 2016 generally become effective over the following one to two years. Further, there is risk that some new tenants will not ultimately take possession of their space and that tenants for both new and renewal leases may not pay all of their contractual rent due to operating, financing or other matters. However, the rental increases/decreases do provide information about the tenant/landlord relationship and the potential increase we may achieve in rental income over time.

In 2016, the Company believes our leasing volume will be in-line with our historical averages with overall positive increases in rental income for new and renewal leases. However, changes in rental income associated with individual signed leases on comparable spaces may be positive or negative, and we can provide no assurance that the rents on new leases will continue to increase at the above described levels, if at all.

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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 GAAP) excluding gains or losses from sales of property, plus real estate-related depreciation and amortization and after adjustments for unconsolidated joint ventures.

Management considers FFO a meaningful, additional measure of operating performance primarily because it 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 depreciation 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 the nine and three month periods ended July 31, 2016 and 2015 (amounts in thousands):

	Nine Months Ended July 31,		Three Months Ended July 31,	
	2016	2015	2016	2015
Net Income Applicable to Common and Class A Common Stockholders	$12,686	$10,664	$5,040	$4,870
Real property depreciation	14,116	14,097	4,512	4,730
Amortization of tenant improvements and allowances	2,241	2,350	788	680
Amortization of deferred leasing costs	384	332	134	111
Depreciation and amortization on unconsolidated joint ventures	1,204	1,058	370	356
(Gain)/Loss on sale of asset	(359)	(123)	-	2
Funds from Operations Applicable to Common and Class A Common Stockholders	$30,272	$28,378	$10,844	$10,749
Net Cash Provided by (Used in):				
Operating Activities	$43,476	$36,070	$17,902	$13,957
Investing Activities	$(60,994)	$(146,762)	$(47,707)	$(16,458)
Financing Activities	$17,016	$44,239	$32,627	$3,605

FFO amounted to $30.3 million in the first nine months of fiscal 2016 compared to $28.4 million in the comparable period of fiscal 2015. The net increase in FFO is attributable, among other things, to: a) a decrease in acquisition costs of $1.8 million in the first nine months of fiscal 2016 when compared to the corresponding nine month period; b) a decrease in preferred stock dividends as a result of issuing a new series of preferred stock in the first nine months of fiscal 2015 with a lower interest rate than the series it replaced; offset by c) a decrease in rental income relating to tenant vacancies at several properties, most notably three spaces formerly occupied by A&P (see Liquidity and Capital Resources section above in this Item 2).

FFO amounted to $10.8 million in the three months ended July 31, 2016 compared to $10.7 million in the comparable period of fiscal 2015. The net increase in FFO is attributable, among other things, to: a) a net increase in base rents of $563,000 related to an increase in the leased rate for the portfolio in the second quarter of 2016, offset by a decrease in base rent related to the one remaining A&P space (see Liquidity and Capital Resources section above in this Item 2) and b) a decrease in tenant reimbursement income predominantly the result of the three former A&P spaces that became vacant in the first quarter of fiscal 2016; two of those spaces have been released and base rent is accruing but the tenant reimbursement income does not begin until the fourth quarter of fiscal 2016.

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Results of Operations

The following information summarizes the Company's results of operations for the nine month and three month periods ended July 31, 2016 and 2015 (amounts in thousands):

	Nine Months Ended July 31,				Change Attributable to:	
Revenues	2016	2015	Increase (decrease)	% Change	Property Acquisitions/Sales	Properties Held In Both Periods (Note 1)
Base rents	$63,175	$63,228	$(53)	-0.1 %	$(2,043)	$ 1,990
Recoveries from tenants	18,743	22,676	(3,933)	-17.3 %	(930)	(3,003)
Other income	2,595	1,324	1,271	96.0 %	(48)	1,319
Operating Expenses						
Property operating expenses	13,770	16,423	(2,653)	-16.2 %	(731)	(1,922)
Property taxes	13,740	13,667	73	0.5 %	(181)	254
Depreciation and amortization	16,802	16,834	(32)	-0.2 %	(144)	112
General and administrative expenses	7,140	6,493	647	10.0 %	n/a	n/a
Other Income/Expenses						
Interest expense	9,751	10,111	(360)	-3.6 %	288	(648)
Interest, dividends and other investment income	156	185	(29)	-15.7 %	n/a	n/a

Note 1 – Properties held in both periods include only properties owned for the entire periods of 2015 and 2016. All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

	Three Months Ended July 31,				Change Attributable to:	
Revenues	2016	2015	Increase (decrease)	% Change	Property Acquisitions/Sales	Properties Held In Both Periods (Note 2)
Base rents	$21,605	$21,042	$563	2.7 %	$(1,110)	$ 1,673
Recoveries from tenants	5,878	7,028	(1,150)	-16.4 %	(466)	(684)
Other income	745	646	99	15.3 %	(73)	172
Operating Expenses						
Property operating expenses	4,030	4,384	(354)	-8.1 %	(131)	(223)
Property taxes	4,592	4,631	(39)	-0.8 %	(133)	94
Depreciation and amortization	5,455	5,541	(86)	-1.6 %	138	(224)
General and administrative expenses	2,387	2,214	173	7.8 %	n/a	n/a

Other Income/Expenses						
Interest expense	3,231	3,417	(186)	-5.4 %	18	(204)
Interest, dividends and other investment income	55	42	13	31.0 %	n/a	n/a

Note 2 – Properties held in both periods include only properties owned for the entire periods of 2015 and 2016. All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

The change in base rentals and the changes in other income statement line items were attributable to:

Property Acquisitions/Sales:

In fiscal 2015, the Company purchased equity interests in six properties totaling approximately 409,000 square feet of GLA and sold two properties totaling approximately 298,000 square feet and in fiscal 2016 purchased one property totaling 72,000 square feet. These properties accounted for all of the revenue and expense changes attributable to property acquisitions and sales in the nine and three month periods ended July 31, 2016 when compared with corresponding periods of 2015.

Properties Held in Both Periods:

Revenues

Base rents increased during the nine month and three month periods ended July 31, 2016 by $2.0 million and $1.7 million, respectively, when compared with the corresponding prior period primarily as the result of new leases entered into at several properties owned in both periods and for the two new leases entered into in the second quarter of fiscal 2016 at spaces formerly occupied by A&P at a higher base rent per square foot than the former A&P lease. In addition, the variance for the nine month period ended July 31, 2016 includes $743,000 of base rental income related to the recognition of deferred rent in connection with a lease termination with the final tenant occupying space in the Company's Westchester Pavilion property. At the inception of the lease the tenant made a nonrefundable cash payment to the Company representing prepaid rent that was to be earned over the life of the tenants lease. The lease was terminated in April 2016 and the remaining deferred rent was recorded as rental income. In addition, the variance for both the nine and three month periods ended July 31, 2016 include the Company receiving $1.8 million and $1.4 million, respectively, in rental payments from Lennar Multi Family while it waits to purchase the property from the Company.

In the first nine months of fiscal 2016, the Company leased or renewed 300,200 square feet (or approximately 7.5% of total consolidated property leasable area). At July 31, 2016, the Company's consolidated properties were approximately 94.2% leased (excluding Pavilion), a decrease of 1.6% from the end of fiscal 2015. Overall property occupancy decreased to 93.9% at July 31, 2016, down from 94.97% at the end of fiscal 2015.

In the nine month and three month periods ended July 31, 2016, recoveries from tenants for properties owned in both periods (which represents reimbursements from tenants for operating expenses and property taxes) decreased by a net $3.0 million and $684,000, respectively. This decrease during the quarter was primarily the result of having two anchor stores formerly occupied by A&P be vacant for most of the first and second quarters which lowered the company's recovery rate for operating costs. In addition, this negative effect was increased by having lower snow removal costs during the first half of the year which reduced operating expense recoveries from tenants overall.

Expenses

Property operating expenses for properties held in both periods decreased in the nine month and three month periods ended July 31, 2016 when compared with the corresponding prior periods by $1.9 million and $223,000, respectively, as a result of a decrease in expenses relating to snow removal cost.

Real estate taxes for properties held in both periods has small increases in the nine month and three month periods ended July 31, 2016 when compared with the corresponding prior periods as a result of increases in tax assessments.

Depreciation and amortization for properties held in both periods increased by $112,000 in the nine month period ended July 31, 2016 when compared with the corresponding prior period and decreased by $224,000 in the three month period ended July 31, 2016 when compared to the corresponding prior period as a result of an increase in depreciation as a result of increased capital improvements and tenant related build-out costs at some of the Company's properties offset by the reduction of depreciation on the Company's Westchester Pavilion property which is classified as held for sale beginning at the end of the second quarter of fiscal 2016.

General and administrative expense in the nine month and three month periods ended July 31, 2016 when compared with the corresponding prior periods increased by $647,000 and $173,000, respectively, as a result of increased compensation expense for increased staffing at the Company over the last three quarters of fiscal 2015 and the first quarter of fiscal 2016 and increased bonus compensation for our employees in fiscal 2016 when compared with fiscal 2015 along with an increase in legal fees in the third quarter of fiscal 2016 when compared with fiscal 2015.

Interest expense for properties owned in the nine month and three month periods ended July 31, 2016 decreased by $648,000 and $204,000, respectively, as a result of two mortgages that were paid off in the second half of fiscal 2015 and one mortgage that was paid off in the third quarter of fiscal 2016, causing a reduction in interest expense in fiscal 2016 versus fiscal 2015.

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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.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk is the exposure to loss resulting from changes in, among other things, 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, 2016, the Company had $3.0 million outstanding under its Facility with interest rates based on LIBOR which is a variable rate measure. If LIBOR were to increase by 1% per annum, the company's interest expense would increase by approximately $30,000 per annum.

The Company may seek variable-rate financing if and when pricing and other commercial and financial terms warrant. As such, the Company 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 4.5% 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, 2016, there were no 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.

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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

The Board of Directors of the Company has approved a share repurchase program ("Program") for the repurchase of up to 2,000,000 shares, in the aggregate, of Common stock, Class A Common stock and Series F Cumulative Preferred stock in open market transactions. For the three month period ended July 31, 2016, the Company did not repurchase any shares of stock under the Program.

There is no assurance that the Company will repurchase the full amount of shares authorized.

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Item 6. Exhibits

10.1	Equity Underwriting Agreement, dated July 20, 2016, between Urstadt Biddle Properties Inc. and Deutsche Bank Securities Inc. as Underwriter (incorporated by reference to Exhibit 1.1 of Urstadt Biddle Properties Inc.'s Current Report on Form 8-K as filed with the SEC on July 26, 2016 (SEC File No. 001-12803)).
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.
101	The following materials from Urstadt Biddle Properties Inc.'s Quarterly Report on Form 10-Q for the quarter ended July 31, 2016, formatted in XBRL (Extensible Business Reporting Language): (1) the Consolidated Balance Sheets, (2) the Consolidated Statements of Income, (3) the Consolidated Statements of Comprehensive Income (4) the Consolidated Statements of Cash Flows, (5) the Consolidated Statement of Stockholders' Equity, and (6) Notes to Consolidated Financial Statements that have been detail tagged.

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SIGNATURES

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/ Willing L. Biddle Willing L. Biddle Chief Executive Officer (Principal Executive Officer)
	By: /s/ John T. Hayes John T. Hayes Senior Vice President & Chief Financial Officer (Principal Financial Officer
Dated: September 8, 2016	and Principal Accounting Officer

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