URSTADT BIDDLE PROPERTIES INC
Form 10-Q
September 08, 2017
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, 2017

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

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

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 4, 2017 (latest date practicable), the number of shares of the Registrant's classes of Common Stock and Class A Common Stock outstanding was: 9,663,727 Common Shares, par value $.01 per share, and 29,731,565 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)

| | July 31, 2017 (Unaudited) | October 31, 2016 |
|---|---|---|
| Assets | | |
| Real Estate Investments: | | |
| Real Estate– at cost | $1,066,319 | $1,016,838 |
| Less: Accumulated depreciation | (189,516) | (186,098) |
| | 876,803 | 830,740 |
| Investments in and advances to unconsolidated joint ventures | 38,218 | 38,469 |
| Mortgage note receivable | 13,500 | 13,500 |
| | 928,521 | 882,709 |
| | | |
| Cash and cash equivalents | 18,540 | 7,271 |
| Restricted cash | 2,063 | 2,024 |
| Tenant receivables | 23,086 | 18,890 |
| Prepaid expenses and other assets | 17,225 | 13,338 |
| Deferred charges, net of accumulated amortization | 10,741 | 7,092 |
| Total Assets | $1,000,176 | $931,324 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| | | |
| Liabilities: | | |
| Revolving credit line | $- | $8,000 |
| Mortgage notes payable and other loans | 288,791 | 273,016 |
| Accounts payable and accrued expenses | 7,451 | 4,977 |
| Deferred compensation – officers | 93 | 130 |
| Other liabilities | 21,644 | 27,915 |
| Total Liabilities | 317,979 | 314,038 |
| | | |
| Redeemable Noncontrolling Interests | 71,238 | 18,253 |
| | | |
| 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; 9,663,727 and 9,507,973 shares issued and outstanding | 98 | 96 |
| Class A Common Stock, par value $0.01 per share; 100,000,000 shares authorized; 29,731,565 and 29,633,520 shares issued and outstanding | 297 | 296 |
| Additional paid in capital | 512,741 | 509,660 |

| | | |
|---|---|---|
| Cumulative distributions in excess of net income | (108,730 ) | (114,091 ) |
| Accumulated other comprehensive income/(loss) | 2,178 | (1,303 ) |
| Total Stockholders' Equity | 610,959 | 599,033 |
| Total Liabilities and Stockholders' Equity | $1,000,176 | $931,324 |

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, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Revenues | | | | |
| Base rents | $64,863 | $63,175 | $22,074 | $21,605 |
| Recoveries from tenants | 20,979 | 18,743 | 6,753 | 5,878 |
| Lease termination income | 2,431 | 380 | 2,148 | 48 |
| Other income | 2,558 | 2,595 | 899 | 745 |
| Total Revenues | 90,831 | 84,893 | 31,874 | 28,276 |
| Expenses | | | | |
| Property operating | 14,635 | 13,770 | 3,989 | 4,030 |
| Property taxes | 14,474 | 13,740 | 4,891 | 4,592 |
| Depreciation and amortization | 19,442 | 16,802 | 6,678 | 5,455 |
| General and administrative | 6,893 | 7,140 | 2,226 | 2,387 |
| Provision for tenant credit losses | 429 | 835 | 69 | 227 |
| Acquisition costs | - | 205 | - | 76 |
| Directors' fees and expenses | 240 | 235 | 74 | 70 |
| Total Operating Expenses | 56,113 | 52,727 | 17,927 | 16,837 |
| Operating Income | 34,718 | 32,166 | 13,947 | 11,439 |
| Non-Operating Income (Expense): | | | | |
| Interest expense | (9,800 ) | (9,751 ) | (3,284 ) | (3,231 ) |
| Equity in net income from unconsolidated joint ventures | 1,478 | 1,484 | 439 | 564 |
| Interest, dividends and other investment income | 568 | 156 | 199 | 55 |
| Income Before Gain/(Loss) on Sale of Properties | 26,964 | 24,055 | 11,301 | 8,827 |
| Gain/(Loss) on sale of properties | 18,772 | - | (688 ) | - |
| Net Income | 45,736 | 24,055 | 10,613 | 8,827 |
| Noncontrolling interests: | | | | |
| Net income attributable to noncontrolling interests | (1,451 ) | (659 ) | (982 ) | (217 ) |
| Net income attributable to Urstadt Biddle Properties Inc. | 44,285 | 23,396 | 9,631 | 8,610 |
| Preferred stock dividends | (10,711) | (10,710) | (3,570 ) | (3,570 ) |
| Net Income Applicable to Common and Class A Common Stockholders | $33,574 | $12,686 | $6,061 | $5,040 |
| Basic Earnings Per Share: | | | | |
| Per Common Share: | $0.81 | $0.34 | $0.15 | $0.13 |
| Per Class A Common Share: | $0.91 | $0.38 | $0.16 | $0.15 |
| Diluted Earnings Per Share: | | | | |
| Per Common Share: | $0.79 | $0.33 | $0.14 | $0.13 |
| Per Class A Common Share: | $0.90 | $0.37 | $0.16 | $0.15 |

| Dividends Per Share: | | | | |
|---|---|---|---|---|
| Common | $0.705 | $0.69 | $0.235 | $0.23 |
| Class A Common | $0.795 | $0.78 | $0.265 | $0.26 |

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 COMPREHENSIVE INCOME (UNAUDITED)

(In thousands)

| | Nine Months Ended July 31, | | Three Months Ended July 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net Income | $45,736 | $24,055 | $10,613 | $8,827 |
| Other comprehensive income (loss): | | | | |
| Change in unrealized income (losses) on interest rate swaps | 3,481 | (1,928) | (149) | (1,365) |
| Total comprehensive income | 49,217 | 22,127 | 10,464 | 7,462 |
| Comprehensive income attributable to noncontrolling interests | (1,451) | (659) | (982) | (217) |
| Total Comprehensive income attributable to Urstadt Biddle Properties Inc. | 47,766 | 21,468 | 9,482 | 7,245 |
| Preferred stock dividends | (10,711) | (10,710) | (3,570) | (3,570) |
| Total comprehensive income applicable to Common and Class A Common Stockholders | $37,055 | $10,758 | $5,912 | $3,675 |

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 CASH FLOWS (UNAUDITED)

(In thousands)

| | Nine Months Ended July 31, | |
|---|---|---|
| | 2017 | 2016 |
| Cash Flows from Operating Activities: | | |
| Net income | $45,736 | $24,055 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 19,442 | 16,802 |
| Straight-line rent adjustment | (118) | (1,779) |
| Provision for tenant credit losses | 429 | 835 |
| (Gain) on sale of properties | (18,772) | - |
| Restricted stock compensation expense and other adjustments | 2,929 | 3,471 |
| Deferred compensation arrangement | (37) | 1 |
| Equity in net (income) of unconsolidated joint ventures | (1,478) | (1,484) |
| Distributions of operating income from unconsolidated joint ventures | 1,478 | 1,484 |
| Changes in operating assets and liabilities: | | |
| Tenant receivables | (4,514) | 3,217 |
| Accounts payable and accrued expenses | 3,452 | 3,150 |
| Other assets and other liabilities, net | (199) | (5,093) |
| Restricted Cash | (38) | 301 |
| Net Cash Flow Provided by Operating Activities | 48,310 | 44,960 |
| | | |
| Cash Flows from Investing Activities: | | |
| Acquisitions of real estate investments | (26,478) | (45,443) |
| Investments in and advances to unconsolidated joint ventures | (158) | (450) |
| Net proceeds from the sale of investment property | 45,292 | - |
| Deposits on acquisition of real estate investment | (1,150) | (953) |
| Return of deposits on acquisition of real estate investments | 500 | 640 |
| Improvements to properties and deferred charges | (6,239) | (16,690) |
| Distributions to noncontrolling interests | (1,451) | (659) |
| Return of capital from unconsolidated joint ventures | 328 | 1,077 |
| Net Cash Flow Provided by/(Used in) Investing Activities | 10,644 | (62,478) |
| | | |
| Cash Flows from Financing Activities: | | |
| Dividends paid -- Common and Class A Common Stock | (30,447) | (27,201) |
| Dividends paid -- Preferred Stock | (10,711) | (10,710) |
| Principal repayments on mortgage notes payable | (48,681) | (12,142) |
| Proceeds from mortgage financings | 50,000 | 22,631 |
| Repayment of revolving credit line borrowings | (56,000) | (63,750) |
| Proceeds from revolving credit line borrowings | 48,000 | 44,000 |
| Net proceeds from the issuance of Common and Class A Common Stock | 154 | 64,188 |
| Net Cash Flow Provided by/(Used In) Financing Activities | (47,685) | 17,016 |
| | | |
| Net Increase/(Decrease) In Cash and Cash Equivalents | 11,269 | (502) |
| Cash and Cash Equivalents at Beginning of Period | 7,271 | 6,623 |
| | | |
| Cash and Cash Equivalents at End of Period | $18,540 | $6,121 |

| Supplemental Cash Flow Disclosures: | | |
|---|---|---|
| Interest Paid | $9,677 | $9,831 |

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 Amount | 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, 2016 | 5,175,000 | $129,375 | 3,000,000 | $75,000 | 9,507,973 | $96 | 29,633,520 | $296 | $509,660 | $(114,091) |
| Net income applicable to Common and Class A common stockholders | - | - | - | - | - | - | - | - | - | 33,574 |
| Change in unrealized income/loss on interest rate swap | - | - | - | - | - | - | - | - | - | - |
| Cash dividends paid : | | | | | | | | | | |
| Common stock ($0.705 per share) | - | - | - | - | - | - | - | - | - | (6,810) |
| Class A common stock ($0.795 per share) | - | - | - | - | - | - | - | - | - | (23,635) |
| Issuance of shares under dividend reinvestment plan | - | - | - | - | 3,654 | - | 4,220 | - | 154 | - |
| Shares issued under restricted stock plan | - | - | - | - | 152,100 | 2 | 96,225 | 1 | (3) | - |
| Forfeiture of restricted stock | - | - | - | - | - | - | (2,400) | - | - | - |
| Restricted stock compensation and other adjustments | - | - | - | - | - | - | - | - | 2,930 | - |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Adjustments to redeemable noncontrolling interests | - | - | - | - | - | - | - | - | - | 2,232 |
| Balances - July 31, 2017 | 5,175,000 | $129,375 | 3,000,000 | $75,000 | 9,663,727 | $98 | 29,731,565 | $297 | $512,741 | $(108,730) |

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, 2017, the Company owned or had equity interests in 80 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 in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, "Consolidation". The Company has determined that such joint ventures should be consolidated into the consolidated financial statements of the Company. In accordance with ASC Topic 970-323 "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 6 for further discussion of the unconsolidated joint ventures. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States 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, 2017 are not necessarily indicative of the results that may be expected for the year ending October 31, 2017. 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, 2016.

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, 2016 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 2017 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, 2017. As of July 31, 2017, the fiscal tax years 2013 through and including 2016 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, 2017, 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, 2017, the Company had approximately $83.9 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 3.56% per annum. As of July 31, 2017, the Company had a deferred liability of $759,000 (included in accounts payable and accrued expense on the consolidated balance sheets) and a deferred asset of $2.9 million (included in prepaid expenses and other assets 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 income/(loss) as the swaps are deemed effective and are 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, 2017, accumulated other comprehensive income/(loss) consisted of net unrealized gains on interest rate swap agreements of $2.2 million. At October 31, 2016, accumulated other comprehensive income/(loss) consisted of net unrealized (losses) on interest rate swap agreements of approximately $(1.3) 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, 2017.

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Acquisitions of Real Estate Investments, Capitalization Policy and Depreciation

Acquisition of Real Estate Investments:

In January 2017, the FASB issued an ASU 2017-01 that clarifies the framework for determining whether an integrated set of assets and activities meets the definition of a business. The revised framework establishes a screen for determining whether an integrated set of assets and activities is a business and narrows the definition of a business, which is expected to result in fewer transactions being accounted for as business combinations. Acquisitions of integrated sets of assets and activities that do not meet the definition of a business are accounted for as asset acquisitions. This update is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted for transactions that have not been reported in previously issued (or available to be issued) financial statements.

The Company early adopted this accounting standard effective November 1, 2016. As a result of this adoption, we evaluated seven real estate acquisitions completed during the first half of 2017 under the new framework and determined that the assets acquired did not meet the definition of a business. Accordingly, we accounted for these transactions as an asset acquisitions. Refer to Note 2 – "Real Estate Investments and Note 5 - Consolidated Joint Ventures and Redeemable Noncontrolling Interests" in our consolidated financial statements for a further discussion regarding these acquisitions.

Evaluation of business combination or asset acquisition:

The Company evaluates each acquisition of real estate or in-substance real estate (including equity interests in entities that predominantly hold real estate assets) to determine if the integrated set of assets and activities acquired meet the definition of a business and need to be accounted as a business combination. If either of the following criteria is met, the integrated set of assets and activities acquired would not qualify as a business:

- Substantially all of the fair value of the gross assets acquired is concentrated in either a single identifiable asset or a group of similar identifiable assets; or
- The integrated set of assets and activities is lacking, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs (i.e. revenue generated before and after the transaction).

An acquired process is considered substantive if:

- The process includes an organized workforce (or includes an acquired contract that provides access to an organized workforce), that is skilled, knowledgeable, and experienced in performing the process;
- The process cannot be replaced without significant cost, effort, or delay; or
- The process is considered unique or scarce.

Generally, we expect that acquisitions of real estate or in-substance real estate will not meet the revised definition of a business because substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets (i.e. land, buildings, and related intangible assets) or because the acquisition does not include a substantive process in the form of an acquired workforce or an acquired contract that cannot be replaced without significant cost, effort or delay.

For acquisitions of real estate or in-substance real estate, prior to the adoption of ASU 2017-01, which were accounted for as business combinations, we recognized the assets acquired (including the intangible value of acquired above- or below-market leases, acquired in-place leases and other intangible assets or liabilities), liabilities assumed, noncontrolling interests and previously existing ownership interests at fair value as of the acquisition date. Any excess (deficit) of the consideration transferred relative to the fair value of the net assets acquired was accounted for as goodwill. Acquisition costs related to the business combinations were expensed as incurred.

Acquisitions of real estate and in-substance real estate which do not meet the definition of a business are accounted for as asset acquisitions. The accounting model for asset acquisitions is similar to the accounting model for business combinations except that the acquisition consideration (including acquisition costs) is allocated to the individual assets acquired and liabilities assumed on a relative fair value basis. As a result, asset acquisitions do not result in the recognition of goodwill or a bargain purchase gain. The relative fair values used to allocate the cost of an asset acquisition are determined using the same methodologies and assumptions as we utilize to determine fair value in a business combination.

The value of tangible assets acquired is based upon our estimation of value on an "as if vacant" basis. The value of acquired in-place leases includes the estimated costs during the hypothetical lease-up period and other costs that would have been incurred in the execution of similar leases under the market conditions at the acquisition date of the acquired in-place lease. We assess the fair value of tangible and intangible assets based on numerous factors, including estimated cash flow projections that utilize appropriate discount and capitalization rates and available market information. Estimates of future cash flows are based on a number of factors, including the historical operating results, known trends, and market/economic conditions that may affect the property.

The values of acquired above- and below-market leases, which are included in prepaid expenses and other assets and other liabilities, respectively, are amortized over the terms of the related leases and recognized as either an increase (for below-market leases) or a decrease (for above-market leases) to rental revenue. The values of acquired in-place leases are classified in other assets in the accompanying consolidated balance sheets and amortized over the remaining terms of the related leases.

Capitalization Policy:
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.

Depreciation:
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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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 March 2017, the Company sold for $56.6 million its property located in White Plains, NY, as that property no longer met the Company's investment objectives. In conjunction with the sale, the Company realized a gain on sale of property in the amount of $19.5 million, which is included in continuing operations in the consolidated statement of income for the nine months ended July 31, 2017. The net book value of the White Plains asset at October 31, 2016 was insignificant to the financial statement presentation and as a result the Company did not include the asset as held for sale in accordance with ASC 360-10-45.

In July 2017, the Company sold for $1.2 million its property located in Fairfield, CT, which it purchased in the second quarter of fiscal 2017. In conjunction with the sale the Company realized a loss on sale of property in the amount of $691,000, which is included in continuing operations in the consolidated statement of income for the three and nine months ended July 31, 2017.

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

| | Nine Months Ended July 31, | | Three Months Ended July 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Revenues | $2,240 | $2,677 | $2,203 | $1,221 |
| Property operating expense | (330 ) | (1,055) | (1 ) | (274 ) |
| Depreciation and amortization | (90 ) | (476 ) | (87 ) | - |
| Net Income | $1,820 | $1,146 | $2,115 | $947 |

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, 2017 and October 31, 2016, $16,921,000 and $16,829,000, 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.

In July 2017, the Company entered into a lease termination agreement with the single tenant of its property located in Fairfield, CT, which was purchased in the second quarter of fiscal 2017, so the Company could sell the property vacant (see note 1). The agreement provided that the tenant pay the Company $3.2 million in exchange for the tenant to be released from all future obligations under its lease. The Company received payment in July 2017 and has recorded the payment received as lease termination income in its consolidated statements of income for the three and nine months ended July 31, 2017, as the payment met all of the revenue recognition conditions under U.S. GAAP. In addition, when the aforementioned property was acquired, the Company allocated $1.2 million of the consideration paid to acquire the asset to this over-market lease (see note 2). As a result of this termination, the Company wrote-off the remaining $1.1 million asset as a reduction of lease termination income for the three and nine months ended July 31, 2017.

The Company provides an allowance for doubtful accounts against the portion of tenant receivables that is estimated to be uncollectible. Such allowances are reviewed periodically. At July 31, 2017 and October 31, 2016, tenant receivables in the accompanying consolidated balance sheets are shown net of allowances for doubtful accounts of $4,478,000 and $4,097,000, respectively. Included in the aforementioned allowance for doubtful accounts is an amount for future tenant credit losses of approximately 10% of the deferred straight-line rents receivable which is estimated to be uncollectible.

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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, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Numerator | | | | |
| Net income applicable to common stockholders – basic | $6,792 | $2,766 | $1,226 | $1,095 |
| Effect of dilutive securities: | | | | |
| Restricted stock awards | 359 | 151 | 71 | 70 |
| Net income applicable to common stockholders – diluted | $7,151 | $2,917 | $1,297 | $1,165 |
| Denominator | | | | |
| Denominator for basic EPS – weighted average common shares | 8,383 | 8,241 | 8,384 | 8,242 |
| Effect of dilutive securities: | | | | |
| Restricted stock awards | 615 | 640 | 677 | 759 |
| Denominator for diluted EPS – weighted average common equivalent shares | 8,998 | 8,881 | 9,061 | 9,001 |
| Numerator | | | | |
| Net income applicable to Class A common stockholders-basic | $26,782 | $9,920 | $4,835 | $3,945 |
| Effect of dilutive securities: | | | | |
| Restricted stock awards | (359) | (151) | (71) | (70) |
| Net income applicable to Class A common stockholders – diluted | $26,423 | $9,769 | $4,764 | $3,875 |
| Denominator | | | | |
| Denominator for basic EPS – weighted average Class A common shares | 29,313 | 26,142 | 29,313 | 26,262 |
| Effect of dilutive securities: | | | | |
| Restricted stock awards | 172 | 173 | 196 | 233 |
| Denominator for diluted EPS – weighted average Class A common equivalent shares | 29,485 | 26,315 | 29,509 | 26,495 |

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:

| | Nine Months Ended July 31, | | Three Months Ended July 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Ridgeway Revenues | 11.5 % | 11.7 % | 10.8 % | 11.4 % |
| All Other Property Revenues | 88.5 % | 88.3 % | 89.2 % | 88.6 % |
| Consolidated Revenue | 100.0% | 100.0% | 100.0% | 100.0% |

| | July 31, 2017 | October 31, 2016 |
|---|---|---|
| Ridgeway Assets | 7.2 % | 7.6 % |
| All Other Property Assets | 92.8 % | 92.4 % |
| 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, 2017 or the year ended October 31, 2016.

| | July 31, 2017 | October 31, 2016 |
|---|---|---|
| Ridgeway Percent Leased | 97 % | 97 % |

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

| | Nine Months Ended July 31, | | Three Months Ended July 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| The Stop & Shop Supermarket Company | 19 % | 20 % | 19 % | 19 % |
| Bed, Bath & Beyond | 14 % | 14 % | 14 % | 14 % |
| Marshall's Inc. | 11 % | 11 % | 11 % | 11 % |
| All Other Tenants at Ridgeway (Note 2) | 56 % | 55 % | 56 % | 56 % |
| 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.

Income Statements (In Thousands): Nine Months Ended Three Months Ended

| | July 31, 2017 | | | July 31, 2017 | | |
|---|---|---|---|---|---|---|
| | Ridgeway | All Other Operating Segments | Total Consolidated | Ridgeway | All Other Operating Segments | Total Consolidated |
| Revenues | $10,460 | $ 80,371 | $ 90,831 | $3,457 | $ 28,417 | $ 31,874 |
| Operating Expenses | $2,959 | $ 26,152 | $ 29,111 | $869 | $ 8,011 | $ 8,880 |
| Interest Expense | $1,726 | $ 8,074 | $ 9,800 | $506 | $ 2,778 | $ 3,284 |
| Depreciation and Amortization | $2,381 | $ 17,061 | $ 19,442 | $636 | $ 6,042 | $ 6,678 |
| Income from Continuing Operations | $3,394 | $ 23,570 | $ 26,964 | $1,446 | $ 9,855 | $ 11,301 |

| Income Statements (In Thousands): | Nine Months Ended July 31, 2016 | | | Three Months Ended July 31, 2016 | | |
|---|---|---|---|---|---|---|
| | Ridgeway | All Other Operating Segments | Total Consolidated | Ridgeway | 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 | $ 20,665 | $ 24,055 | $1,182 | $ 7,645 | $ 8,827 |

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. The Company recognizes compensation expense for its stock awards by amortizing the fair value of stock awards over the requisite service periods of such awards.

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.  While we are still completing the assessment of the impact of ASU 2014-09 and ASU 2016-08 on our consolidated financial statements, we believe the majority of our revenue falls outside of the scope of this guidance.

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 August 2016, the FASB issued ASU 2016-15 that provides guidance, amongst other things, on classification of cash distributions received from equity method investments, including unconsolidated joint ventures. The ASU provides two approaches to determine the classification of cash distributions received: (i) the "cumulative earnings" approach, under which distributions up to the amount of cumulative equity in earnings recognized will be classified as cash inflows from operating activities, and those in excess of that amount will be classified as cash inflows from investing activities, and (ii) the "nature of the distribution" approach, under which distributions will be classified based on the nature of the underlying activity that generated cash distributions. Companies will elect either the "cumulative earnings" or the "nature of the distribution" approach. Entities that elect the "nature of the distribution" approach but lack the information to apply it will apply the cumulative earnings approach as an accounting change on a retrospective basis. ASU 2016-15 is effective for reporting periods beginning after December 15, 2017, with early adoption permitted, and will be applied retrospectively (exceptions apply). We are currently assessing the effect that ASU 2016-15 will have on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01 that clarified the definition of a business. The ASU 2017-01 is effective for reporting periods beginning after December 15, 2017, with early adoption permitted. We adopted ASU 2017-01 on November 1, 2016. Refer to "Acquisitions of Real Estate Investments, Capitalization Policy and Depreciation" above for a discussion of this new accounting pronouncement.

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, 2017.

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(2) REAL ESTATE INVESTMENTS

In July 2017, the Company, through a wholly-owned subsidiary, purchased for $8.2 million a 26,500 square foot grocery anchored shopping center located in Waldwick, NJ ("Waldwick Property"). The Company funded the purchase with available cash and the assumption of an environmental remediation obligation in the amount of $3.3 million which is included in other liabilities on the July 31, 2017 consolidated balance sheet.

In March 2017, the Company, through a wholly-owned subsidiary, purchased for $7.1 million a 36,500 square foot grocery anchored shopping center located in Passaic, NJ ("Passaic Property"). The Company funded the purchase with available cash, the assumption of a mortgage note secured by the property in the amount of $3.5 million (see note 4) and proceeds from the sale of the Company's White Plains, NY property (see note 1).

In March 2017, the Company purchased for $3.1 million a 12,900 square foot single tenant property located in Fairfield, CT (the "Fairfield Property"). In July 2017, the Company reached agreement with the one tenant to terminate its lease with the Company, and this property was sold in July 2017 (see note 1).

In January 2017, the Company, through a wholly-owned subsidiary, purchased for $9.0 million a 38,800 square foot grocery anchored shopping center located in Derby, CT ("Derby Property"). The Company funded the purchase with a combination of available cash and borrowings on its Facility.

The Company evaluated the above transactions under the new framework for determining whether an integrated set of assets and activities meets the definition of a business, pursuant to ASU 2017-01, which the Company early-adopted effective November 1, 2016. Acquisitions that do not meet the definition of a business are accounted for as asset acquisitions (see note 1).

Accordingly, the Company accounted for the purchase of the Derby Property, the Fairfield Property, the Passaic Property, the Waldwick Property and three properties acquired through a joint venture, which the Company consolidates (see note 5), as asset acquisitions and allocated the total consideration transferred for the acquisitions, including transaction costs, to the individual assets and liabilities acquired on a relative fair value basis.

The financial information set forth below summarizes the Company's purchase price allocation for the properties acquired during the nine months ended July 31, 2017 (in thousands).

| | Derby | Passaic | Fairfield | Waldwick | High Ridge | Chase | CVS |
|---|---|---|---|---|---|---|---|
| Assets: | | | | | | | |
| Land | $651 | $2,038 | $ 572 | $ 2,740 | $17,163 | $2,376 | $2,295 |
| Building and improvements | $7,652 | $5,614 | $ 1,323 | $ 5,528 | $43,640 | $1,458 | $2,700 |
| In-place leases | $771 | $480 | $ 80 | $ 203 | $1,552 | $121 | $181 |
| Above market leases | $- | $- | $ 1,090 | $ 37 | $335 | $288 | $- |
| Liabilities: | | | | | | | |
| In-place leases | $- | $- | $ - | $ - | $- | $- | $- |
| Below Market Leases | $- | $769 | $ - | $ 157 | $263 | $- | $373 |

The following table summarizes the operating results included in the Company's historical consolidated statements of income for the properties acquired during the first nine months of fiscal 2017 (in thousands).

| | Nine Months Ended July 31, 2017 | Three Months Ended July 31, 2017 |
|---|---|---|
| Revenues | $4,238 | $3,252 |
| Net income attributable to Urstadt Biddle Properties Inc. | $1,753 | $1,280 |

Prior to adopting ASU 2017-01, the Company acquired two properties in fiscal 2016, which were accounted for as business combinations as required by ASC Topic 805. ASC Topic 805 required the fair value of the real estate purchased to be 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). Acquisition costs related to the business combinations were expensed as incurred.

In fiscal 2017, the Company completed the process of analyzing the fair value of the acquired assets and liabilities, including intangible assets and liabilities, for the Newfield Green and the 970 High Ridge Road properties acquired in 2016 and has made the following purchase price adjustments to land and building based on the fair market value of intangible assets acquired when the properties were purchased (in thousands).

| | Newfield Green | 970 High Ridge Road |
|---|---|---|
| Assets: | | |
| In-place leases | $ 961 | $ 62 |
| Above market leases | $ 118 | $ - |
| | | |
| Liabilities: | | |
| In-place leases | $ - | $ - |
| Below market leases | $ 1,061 | $ 74 |

The value of above and below market leases are amortized as a reduction/increase to base rental revenue over the term of the respective leases. The value of in-place leases described above are amortized as an expense over the terms of the respective leases.

For the nine month periods ended July 31, 2017 and 2016, the net amortization of above-market and below-market leases was approximately $121,000 and $142,000, respectively, which is included in base rents in the accompanying consolidated statements of income.

(3) MORTGAGE NOTE RECEIVABLE

In October 2016, the Company through a wholly-owned subsidiary, originated a loan in the amount of $13.5 million secured by a first mortgage on a shopping center located in Rockland County, NY. The loan requires payments to the Company of interest only recognized on the effective yield method at the rate of one-month LIBOR plus 3.25% per annum. The loan has a maturity date of October 10, 2017.

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

The Company has a $100 million Unsecured Revolving Credit Facility (the "Facility") with a syndicate of three banks led by The Bank of New York Mellon, as administrative agent. The syndicate also includes Wells Fargo Bank N.A. and Bank of Montreal (co-syndication agent). The Facility gives the Company the option, under certain conditions, to

increase the Facility's borrowing capacity up to $150 million (subject to lender approval). The maturity date of the 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 a quarterly fee on the unused commitment amount of 0.15% to 0.25% per annum 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, 2017.

During the nine months ended July 31, 2017, the Company borrowed $48 million on the Facility to fund capital improvements, the repayment of the Company's mortgage encumbering its Stamford Property (see below) and property acquisitions. During the nine months ended July 31, 2017, the Company repaid $56 million on the Facility with proceeds from the sale of the Company's White Plains property (see note 1) and with mortgage proceeds from refinancing the mortgage on the Company's Stamford property (see below).

In July 2017, the Company repaid at maturity, the existing $43.7 million first mortgage loan encumbering its Stamford property with available cash and a $33 million borrowing on its Facility. Subsequently in July, the Company placed a new $50 million non-recourse first mortgage loan encumbered by the subject property and used a portion of the proceeds to repay the $33 million borrowing on the Facility. The new loan has a term of 10 years and requires payments of principal and interest at the rate of LIBOR plus 1.90% based on a 25 year amortization. The Company entered into an interest rate swap agreement with the lender as the counterparty which converts the variable interest rate (based on LIBOR) to a fixed rate of 3.398% per annum.

In March 2017, the Company, through a wholly-owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the Passaic Property (see note 2) with a balance of $3.5 million. The mortgage loan requires monthly payments of principal and interest at the fixed rate of 4.64% per annum. The mortgage matures on October 7, 2022.

In March 2017, the Company, through a wholly-owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the High Ridge Shopping Center (see note 5) with a balance of $10.0 million. The mortgage loan requires monthly payments of interest only at the fixed rate of 3.65% per annum. The mortgage matures on March 1, 2025.

In March 2017, the Company, through a wholly-owned subsidiary, assumed an existing non-recourse first mortgage loan encumbering the CVS Property (see note 5) with a balance of $1.2 million. The mortgage loan requires monthly payments of principal and interest at the fixed rate of 4.75% per annum. The mortgage matures on June 1, 2037.

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(5) CONSOLIDATED JOINT VENTURES AND REDEEMABLE NONCONTROLLING INTERESTS.

The Company has an investment in four joint ventures, UB Ironbound, LP ("Ironbound"), UB Orangeburg, LLC ("Orangeburg") and McLean Plaza Associates, LLC ("McLean"), each of which owns a commercial retail property, and UB High Ridge, LLC ("UB High Ridge"), which owns three commercial real estate properties. The Company has evaluated its investment in these four joint ventures and has concluded that these 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 in accordance with ASC Topic 810 "Consolidation". 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.

Orangeburg

The Company, through a wholly-owned subsidiary, is the managing member and owns a 33.2% 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. Since purchasing this property, the Company has made additional investments in the amount of $4.1 million in Orangeburg, and as a result, as of July 31, 2017 the Company's ownership percentage has increased to 33.2% from approximately 2.92% at inception.

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.

UB High Ridge

In March 2017, the Company acquired an 8.8% interest in UB High Ridge, LLC for a net investment of $5.5 million. UB High Ridge owns three commercial real estate properties, High Ridge Shopping Center, a grocery anchored shopping center, ("High Ridge") and two single tenant commercial retail properties, one leased to JP Morgan Chase ("Chase Property") and one leased to CVS ("CVS Property"). All three properties are located in Stamford, CT. High Ridge is a grocery anchored shopping center anchored by a Trader Joes grocery store. The properties were contributed to the new entities by the former owners who received units of ownership of UB High Ridge equal to the value of properties contributed less liabilities assumed (see note 4). The UB High Ridge operating agreement provides for the non-managing members to receive an annual cash distribution, currently equal to 5.46% of their invested capital.

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, McLean and UB High Ridge 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, McLean and a portion of the UB High Ridge 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, 2017 and 2016, the Company increased/(decreased) the carrying value of the noncontrolling interests by ($2.2) million and $3.9 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, 2017 and October 31, 2016 (amounts in thousands):

| | July 31, 2017 | October 31, 2016 |
|---|---|---|
| Beginning Balance | $18,253 | $15,955 |
| Change in Redemption Value | (2,232 ) | 2,298 |
| Initial UB High Ridge Noncontrolling Interest | 55,217 | - |
| Ending Balance | $71,238 | $18,253 |

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(6) INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED JOINT VENTURES

At July 31, 2017 and October 31, 2016 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, 2017 | October 31, 2016 |
|---|---|---|
| Chestnut Ridge and Plaza 59 Shopping Centers (50%) | $18,082 | $18,200 |
| Gateway Plaza (50%) | 6,926 | 7,160 |
| Putnam Plaza Shopping Center (66.67%) | 6,083 | 5,970 |
| Midway Shopping Center, L.P. (11.642%) | 4,642 | 4,856 |
| Applebee's at Riverhead (50%) | 1,762 | 1,560 |
| 81 Pondfield Road Company (20%) | 723 | 723 |
| Total | $38,218 | $38,469 |

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 198,500 square foot shopping center, is anchored by a 168,000 square foot Walmart, which also has 27,000 square feet of in-line space that is partially leased and a newly constructed 3,500 square foot outparcel that is leased. Applebee's has a 5,400 square foot free standing Applebee's restaurant with a newly constructed 7,200 square foot pad site that is leased.

Gateway is subject to a $12.8 million non-recourse first mortgage payable. The mortgage matures on March 1, 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.

Midway is subject to a non-recourse first mortgage in the amount of $28.7 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"), which is anchored by a Fresh Market grocery store, and the 24,000 square foot Plaza 59 Shopping Center located in Spring Valley, New York ("Plaza 59"), which is anchored by a local grocer.

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, which is anchored by a Tops grocery store.

Putnam Plaza is subject to a first mortgage payable in the amount of $19.2 million. The mortgage requires monthly payments of principal and interest at a fixed rate of 4.17% and will mature in 2024.

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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(7) 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. 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.

During the nine months ended July 31, 2017, the Company awarded 152,100 shares of Common Stock and 96,225 shares of Class A Common Stock to participants in the Plan. The grant date fair value of restricted stock grants awarded to participants in 2017 was approximately $5.2 million.

A summary of the status of the Company's non-vested Common and Class A Common shares as of July 31, 2017, and changes during the nine months ended July 31, 2017 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, 2016 | 1,258,000 | $ 16.77 | 384,600 | $ 19.40 |
| Granted | 152,100 | $ 19.28 | 96,225 | $ 24.07 |
| Vested | (135,950 ) | $ 17.21 | (62,150 ) | $ 19.81 |
| Forfeited | - | $ - | (2,400 ) | $ 21.71 |
| Non-vested at July 31, 2017 | 1,274,150 | $ 17.02 | 416,275 | $ 20.60 |

As of July 31, 2017, there was $14.7 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 4.8 years. For the nine month periods ended July 31, 2017 and 2016 amounts charged to compensation expense totaled $3,093,000 and $3,442,000, respectively. For the three month periods ended July 31, 2017and 2016 amounts charged to compensation expense totaled $1,094,000 and $1,145,000, respectively.

Share Repurchase Program
In 2013, the Board of Directors of the Company 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. In June 2017, the Board of Directors of the Company approved a new repurchase program for repurchase of up to 2,000,000 shares, in the aggregate, of Common stock, Class A Common stock, Series F Cumulative Preferred stock and Series G Cumulative Preferred stock in open market transactions.

The Company has repurchased 188,753 shares of Class A Common Stock under the Program. From the inception of all repurchase programs the Company has repurchased 4,600 shares of Common Stock and 913,331 shares of Class A Common Stock. For the three and nine months ended July 31, 2017 and 2016, 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 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 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.

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(8) FAIR VALUE MEASUREMENTS

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

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

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

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 (level 1), contractual redemption prices per share as stated in governing agreements (level 2) or unobservable inputs considering the assumptions that market participants would make in pricing the obligations (level 3). 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, 2016 and July 31, 2017, 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".

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 | | |
|---|---|---|---|---|
| July 31, 2017 | Total | Quoted Prices in Active Markets for Identical Assets | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |

| | | (Level 1) | | |
|---|---|---|---|---|
| Assets: | | | | |
| Interest Rate Swap Agreement | $2,937 | $- | $ $2,937 | $ - |
| | | | | |
| Liabilities: | | | | |
| Interest Rate Swap Agreement | $759 | $- | $ 759 | $ - |
| Redeemable noncontrolling interests | $71,238 | $21,914 | $ 45,512 | $ 3,812 |
| | | | | |
| October 31, 2016 | | | | |
| | | | | |
| Liabilities: | | | | |
| Interest Rate Swap Agreement | $1,304 | $- | $ 1,304 | $ - |
| Redeemable noncontrolling interests | $18,253 | $14,407 | $ - | $ 3,846 |

Fair market value measurements based upon Level 3 inputs changed (in thousands) from $2,851 at October 31, 2015 to $3,846 at October 31, 2016 as a result of a $995 increase in the redemption value of the Company's noncontrolling interest in Ironbound in accordance with the application of ASC Topic 810. Fair market value measurements based upon Level 3 inputs changed from $3,846 at October 31, 2016 to $3,812 at July 31, 2017 as a result of a $34 decrease 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, mortgage note receivable, 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 $288 million at July 31, 2017 and $287 million at October 31, 2016, 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.

Although management is not aware of any factors that would significantly affect the estimated fair value amounts from October 31, 2016, 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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(9) COMMITMENTS AND CONTINGENCIES

In the normal course of business, from time to time, the Company is involved in legal actions relating to the ownership and operations of its properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company. At July 31, 2017, the Company had commitments of approximately $7.6 million for capital improvements to its properties and tenant-related obligations.

(10) SUBSEQUENT EVENTS

Investment Property Acquisitions:

In August 2017, the Company acquired, through a wholly-owned subsidiary, a 31.4% equity interest in a newly-formed entity that owns a 74,000 square foot grocery-anchored shopping center located in the Company's primary marketplace. The property was contributed to the newly-formed entity by the current owners along with mortgage debt secured by the property. In exchange, the contributors received ownership units in the newly-formed entity having an aggregate value equal to the fair market value of the property contributed less the value of the assigned mortgage. The Company is the managing member of the newly-formed entity, and the Company leases and manages the property. The Company's equity investment at inception was approximately $3.9 million. The operating agreement for the newly-formed entity provides for the non-managing members to receive an annual cash distribution, currently equal to 5.05% of their invested capital.

Dividends:

On September 6, 2017, the Board of Directors of the Company declared cash dividends of $0.235 for each share of Common Stock and $0.265 for each share of Class A Common Stock. The dividends are payable on October 20, 2017 to stockholders of record on October 6, 2017.

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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 Quarterly Report on Form 10-Q of Urstadt Biddle Properties Inc. (the "Company"), including this Item 2, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Such statements can generally be identified by such words as "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "intend", "may", "plan", "seek", "should", "will" or variations of such words or other similar expressions and the negatives of such words. All statements included in this report that address activities, events or developments that we expect, believe or anticipate 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 our operations and other such matters, are forward-looking statements. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate. Such statements are inherently subject to risks, uncertainties and other factors, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, performance or achievements, financial and otherwise, may differ materially from the results, performance or achievements expressed or implied by the forward-looking statements. Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to:

- economic and other market conditions that could impact us, our properties or the financial stability of our tenants;
- financing risks, such as the inability to obtain debt or equity financing on favorable terms, as well as the level and volatility of interest rates;
- any difficulties in renewing leases, filling vacancies or negotiating improved lease terms;
- the inability of the Company's properties to generate revenue increases to offset expense increases;
- environmental risk and regulatory requirements;
- risks of real estate acquisitions and dispositions (including the failure of transactions to close);
- risks of operating properties through joint ventures that we do not fully control;
- as well as other risks identified in our Annual Report on Form 10-K for the year ended October 31, 2016 previously filed with Securities and Exchange Commission (the "SEC") under Item 1A. Risk Factors and in the other reports filed by the Company with the SEC.

Executive Summary

Overview

We are a fully integrated, self-administered real estate company that has elected to be a REIT for federal income tax purposes, 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. Our major tenants include supermarket chains and other retailers who sell basic necessities.

At July 31, 2017, we owned or had equity interests in 80 properties, which include equity interests we own in four consolidated joint ventures and seven unconsolidated joint ventures, containing a total of 5.0 million square feet of Gross Leasable Area ("GLA"). Of the properties owned by wholly-owned subsidiaries or joint venture entities that we consolidate, approximately 93.4% was leased (93.3% at October 31, 2016). Of the properties owned by unconsolidated joint ventures, approximately 98.3% was leased (98.4% at October 31, 2016).

We have paid quarterly dividends to our shareholders continuously since our founding in 1969 and have increased the level of dividend payments to our shareholders for 23 consecutive years.

We derive substantially all of our revenues from rents and operating expense reimbursements received pursuant to long-term leases and focus our investment activities on community and neighborhood shopping centers, anchored principally by regional supermarket or pharmacy chains. We believe that because consumers need to purchase food and other types of staple goods and services generally available at supermarket or pharmacy anchored shopping centers, the nature of our investments provides for relatively stable revenue flows even during difficult economic times.

We have a conservative capital structure and we have one $6.2 million mortgage maturing in October 2017, which we are in the process of refinancing with the existing lender. Thereafter, we do not have any additional secured debt maturing until May 2019.

We focus on increasing cash flow, and consequently the value of our properties, and seek continued growth through strategic re-leasing, renovations and expansions of our existing properties and selective acquisitions of income-producing properties. Key elements of our growth strategies and operating policies are to:

- acquire quality neighborhood and community shopping centers in the northeastern part of the United States with a concentration on properties in the metropolitan New York tri-state area outside of the City of New York, and unlock further value in these properties with selective enhancements to both the property and tenant mix, as well as improvements to management and leasing fundamentals. Our hope is to grow our assets through acquisitions by 5% to 15% per year on a dollar value basis subject to the availability of acquisitions that meet our investment parameters;

- selectively dispose of underperforming properties and re-deploy the proceeds into potentially higher performing properties that meet our acquisition criteria;

- invest in our properties for the long-term through regular maintenance, periodic renovations and capital improvements, enhancing their attractiveness to tenants and customers, as well as increasing their value;

- leverage opportunities to increase GLA at existing properties, through development of pad sites and reconfiguring of existing square footage, to meet the needs of existing or new tenants;

- proactively manage our leasing strategy by aggressively marketing available GLA, renewing existing leases with strong tenants, and replacing weak ones when necessary, with an eye towards securing leases that include regular or fixed contractual increases to minimum rents, replacing below-market-rent leases with increased market rents when possible and further improving the quality of our tenant mix at our shopping centers;

- maintain strong working relationships with our tenants, particularly our anchor tenants;

- maintain a conservative capital structure with low leverage levels; and

- control property operating and administrative costs.

Highlights of Recent Developments

Set forth below are highlights of our recent acquisitions, other investments, dispositions and financings:

- In August 2017, we acquired an approximate 31.4% equity interest in a newly formed entity, UB Dumont, LLC ("UB Dumont"). UB Dumont owns a 74,000 square foot commercial property anchored by a Stop and Shop grocery store and also includes 19,000 square feet of apartments. We are the managing member of UB Dumont and will lease and manage the property. The properties were contributed to UB Dumont by the former owners, along with $10.0 million in mortgage debt secured by the property. The interest rate on the assumed mortgage is 3.87% per annum. The contributors received ownership units of UB Dumont equal to the fair market value of the net assets contributed, which equity at formation was valued at $8.6 million. At the closing of the acquisition, the property was 100% leased. Our initial equity investment in UB Dumont at formation totaled $3.9 million. The contributors of the property (non-managing members of UB Dumont) are entitled to receive an annual distribution on their invested capital, initially at the rate of 5.05% per annum. We will retain all of the cash flow generated by the three properties after the payment of debt service and the aforementioned annual distribution to the non-managing members. The non-managing members have the right to require us to redeem their units of ownership in UB Dumont at prices defined in the governing agreement. At inception of UB Dumont, that price was $21 per unit of ownership of UB Dumont.

- In July 2017, we sold for $1.2 million, a single tenant property located in Fairfield, CT that we acquired in March 2017 (see below), and we realized a loss on the sale of $691,000. Prior to the sale, the only tenant at the property and the Company entered into a lease termination agreement. The agreement provided that the tenant pay the Company $3.2 million in exchange for the tenant to be released from all future obligations under its lease. The Company received payment in July 2017 and has recorded the payment received as lease termination income as the payment met all of the revenue recognition conditions under U.S. GAAP. In addition, when the aforementioned property was acquired, the Company allocated $1.2 million of the consideration paid to this over-market lease (see note 2). As a result of this termination, the Company wrote-off the remaining $1.1 million asset as a reduction of lease termination income for the three and nine months ended July 31, 2017.

- In July 2017, the Company, through a wholly-owned subsidiary purchased for $8.2 million, a 26,500 square foot grocery anchored shopping center located in Waldwick, NJ. We funded the purchase with available cash and the assumption of an environmental remediation obligation in the amount of $3.3 million which is included in other liabilities on the July 31, 2017 consolidated balance sheet.

- In March 2017, we acquired an approximate 8.8% equity interest in a newly formed entity, UB High Ridge, LLC, ("UB High Ridge"). UB High Ridge owns a shopping center, anchored by a Trader Joe's grocery store and two free standing commercial retail properties, one leased to JP Morgan Chase and the other to CVS. All three of the properties are located in Stamford, CT. The three properties total approximately 99,400 square feet. We are the managing member of UB High Ridge and will lease and manage the properties. The properties were contributed by the former owners, along with $ 11.2 million in aggregate mortgage debt secured by two of the properties. The weighted average interest rate per annum on the two assumed mortgages is 3.76% per annum. The contributors received ownership units of UB High Ridge equal to the fair market value of the net assets contributed, which equity at formation was valued at $55.2 million. At formation of UB High Ridge, the three properties combined were approximately 96.4% leased. Our initial equity investment in UB High Ridge at formation totaled $5.5 million. The contributors of the three properties (non-managing members of UB High Ridge) are entitled to receive an annual distribution on their invested capital, initially at the rate of 5.46% per annum. We will retain all of the cash flow generated by the three properties after the payment of debt service and the aforementioned annual distribution to the non-managing members. The non-managing members have the right to require us to redeem their units of ownership in UB High Ridge at prices defined in the governing agreement. At inception of UB High Ridge, that price was $23.50 per unit of ownership of UB High Ridge.

- Also in March 2017, we purchased for $3.1 million a free-standing 12,900 square foot commercial property located in Fairfield, CT, which property is leased by Walgreen's. This property was sold in July 2017 (see above).

- In March 2017, we completed the sale of our White Plains property for a price of $56.6 million and realized a gain on sale of the property in the amount of $19.5 million.

- In March 2017, we, through a wholly-owned subsidiary, purchased for $7.1 million a 36,500 square foot grocery-anchored shopping center located in Passaic, NJ. In conjunction with the purchase, we assumed a mortgage note secured by the property in the amount of $3.5 million.

- In January 2017, we purchased for $9.0 million a 38,800 square foot grocery-anchored shopping center located in Derby, CT.

Known Trends; Outlook

We believe that shopping center REITs face opportunities and challenges that are both common to and unique from other REITs and real estate companies. REITs generally have to distribute out all of their taxable income to their shareholder in order to maintain their REIT Federal Income Tax status so they are dependent on accessing the capital markets in order to finance their growth. As a REIT, we are susceptible to changes in interest rates, the lending environment, the availability of capital markets and the general economy. For example, some experts are predicting an increased interest rate environment, which could negatively impact the attractiveness of REIT stock to investors and our borrowing activities. It is also possible, however, that higher interest rates could signal a stronger economy, resulting in greater spending by consumers. The impact of such changes on our company are difficult to predict.

As a shopping center REIT, we are focused on certain challenges that are unique to the retail industry. In particular, we recognize the challenges presented by e-commerce to brick-and-mortar retail establishments, including our tenants. However, we believe that because consumers prefer to purchase food and other staple goods and services available at supermarkets in person, the nature of our properties makes them less vulnerable to the encroachment of e-commerce than other properties whose tenants may more directly compete with the internet. Moreover, we believe the nature of our properties makes them less susceptible to economic downturns than other retail properties whose anchor tenants are not supermarkets or other staple goods providers. We continue to be sensitive to these considerations, however, when we establish the tenant mix at our shopping centers, and believe that our strategy of focusing on supermarket anchors is a strong one.

In the metropolitan tri-state area outside of New York City, demographics (income, density, etc.) remain strong and opportunities for new development, as well as acquisitions, are competitive, with high barriers to entry. We believe that this will remain the case for the foreseeable future, and have focused our growth strategy accordingly.

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Leasing

Rollovers

During the first nine months of fiscal 2017, we signed leases for a total of 539,100 square feet of retail space in our consolidated portfolio. New leases for vacant spaces were signed for 94,000 square feet at an average rental increase of 6.97% on a cash basis, excluding 2,371 square feet of new leases for which there was no prior rent history available. Renewals for 445,100 square feet of space previously occupied were signed at an average rental increase of 4.91% on a cash basis.

Tenant improvements and leasing commissions averaged $21.84 per square foot for new leases for the nine months ended July 31, 2017. We did not provide any significant tenant improvements for lease renewals in the first nine months of fiscal 2017. The average term for new leases was 6.6 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) that 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 the first nine months of 2017 generally become effective over the following one to two years. 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, these increases/decreases do provide information about the tenant/landlord relationship and the potential increase we may achieve in rental income over time.

In the remaining months of fiscal 2017, we believe our leasing volume will be in-line with our historical averages with overall positive increases in rental income for renewal leases and slightly positive increases for new 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.

Significant Events with Impacts on Leasing

In July 2015, one of our largest tenants, A&P, filed a voluntary petition under chapter 11 of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). Subsequently, A&P determined that it would be liquidating the company. Prior to A&P filing for bankruptcy, A&P leased and occupied nine spaces totaling 365,000 square feet in our portfolio. The bankruptcy process relating to our nine spaces is complete with eight of the nine A&P leases having been assumed by new operators in the bankruptcy process or re-leased by the Company to new operators. The remaining lease, located in our Pompton Lakes shopping center, totaling 63,000 square feet was rejected by A&P in bankruptcy and we are in the process of marketing that space for re-lease. In August 2017, one other 36,000 square foot space formerly occupied by A&P that we had released to a local grocery operator became vacant as that operator

failed to perform under their lease and we evicted the tenant.  We are currently marketing that space for lease.

Impact of Inflation on Leasing

Our long-term leases contain provisions to mitigate the adverse impact of inflation on our operating results. Such provisions include clauses entitling us 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 our non-anchor leases are for terms of less than ten years, which permits us 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 our leases require tenants to pay a share of operating expenses, including common area maintenance, real estate taxes, insurance and utilities, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation.

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.  For a further discussion about the Company's critical accounting policies, please see Note 1 to the consolidated financial statements of the Company included in Item 1 of this Report on Form 10-Q.

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Liquidity and Capital Resources

Overview

At July 31, 2017, we had cash and cash equivalents of $18.5 million, compared to $7.3 million at October 31, 2016. Our sources of liquidity and capital resources include operating cash flow from real estate operations, proceeds from bank borrowings and long-term mortgage debt, capital financings and sales of real estate investments. Substantially all of our revenues are derived from rents paid under existing leases, which means that our operating cash flow depends on the ability of our tenants to make rental payments. For the nine months ended July 31, 2017 and 2016, net cash flow provided by operations amounted to $48.3 million, and $45.0 million, respectively.

Our short-term liquidity requirements consist primarily of normal recurring operating expenses and capital expenditures, debt service, management and professional fees, cash distributions to certain limited partners and non-managing members of our consolidated joint ventures, dividends paid to our preferred stockholders and regular dividends paid to our Common and Class A Common stockholders, which we expect to continue. Cash dividends paid on Common and Class A Common stock for the nine months ended July 31, 2017 and 2016 totaled $30.4 million and $27.2 million, respectively. Historically, we have met short-term liquidity requirements, which is defined as a rolling twelve month period, primarily by generating net cash from the operation of our properties. We believe that our net cash provided by operations will continue to be sufficient to fund our short-term liquidity requirements, including payment of dividends necessary to maintain our federal income tax REIT status.

Our long-term liquidity requirements consist primarily of obligations under our long-term debt, dividends paid to our preferred stockholders, capital expenditures and capital required for acquisitions. In addition, the limited partners and non-managing members of our four consolidated joint venture entities, Ironbound, McLean, Orangeburg and UB High Ridge, and beginning in the fourth quarter of fiscal 2017, UB Dumont, have the right to require the Company to repurchase all or a portion of their limited partner or non-managing member interests at prices and on terms as set forth in the governing agreements. See Note 5 to the financial statements included in Item 1 of this Report on Form 10-Q. Historically, we have financed the foregoing requirements through operating cash flow, borrowings under our Facility, debt refinancings, new debt, equity offerings and other capital market transactions, and/or the disposition of under-performing assets, with a focus on keeping our leverage low. We expect to continue doing so in the future. We cannot assure you, however, that these sources will always be available to us when needed, or on the terms we desire.

Capital Expenditures

We invest in our existing properties and regularly make capital expenditures in the ordinary course of business to maintain our properties. We believe that such expenditures enhance the competitiveness of our properties. In the first nine months of fiscal 2017, we paid approximately $6.2 million for property improvements, tenant improvements and leasing commission costs (approximately $5.1 million representing property improvements and approximately $1.1 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. We expect to incur approximately $7.6 million predominantly for anticipated capital improvements and leasing costs related to new tenant leases and property improvements during the remainder of fiscal 2017 and in fiscal 2018. These expenditures are expected to be funded from operating cash flows, bank borrowings or other financing sources.

Significant Financings and Debt Transactions

Our strategy is to maintain a conservative capital structure with low leverage levels by commercial real estate standards. Mortgage notes payable and other loans of $288.8 million consist entirely of fixed-rate mortgage loan indebtedness with a weighted average interest rate of 4.1% at July 31, 2017. These mortgages are secured by 25

properties with a net book value of $550 million and have fixed rates of interest ranging from 2.78% to 6.6%. We may refinance our 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.

See note 4 in Item 1 of this Report on Form 10-Q for a description of three mortgages assumed in conjunction with acquisitions completed in the first nine months of fiscal 2017 and the refinancing of our mortgage loan encumbered by our Stamford, CT property.

At July 31, 2017, we have no variable-rate debt outstanding. See "Item 3. Quantitative and Qualitative Disclosures about Market Risk" included later in this Form 10-Q for a further discussion about interest rate risk.

We currently maintain a ratio of total debt to total assets below 28.6% and a fixed charge coverage ratio of over 3.81 to 1, which we believe will allow us to obtain additional secured mortgage loans or other types of borrowings, if necessary. We own 48 properties in our consolidated portfolio that are not encumbered by secured mortgage debt. At July 31, 2017, we had borrowing capacity of $99.5 million on our Facility. Our Facility includes financial covenants that limit, among other things, our ability to incur unsecured and secured indebtedness. See "Note 4 in our consolidated financial statements included in Item 1 of this Report on Form 10-Q" for additional information on these and other restrictions.

We have a $100 million unsecured revolving credit facility with a syndicate of three banks, BNY Mellon, BMO and Wells Fargo N.A. with the ability under certain conditions to additionally increase the capacity to $150 million, subject to lender approval. The maturity date of the Facility is August 23, 2020 with a one-year extension at our option. Borrowings under the Facility can be used for general corporate purposes and the issuance of up to $10 million of letters of credit. Borrowings will bear interest at our 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. We pay a quarterly commitment fee on the unused commitment amount of 0.15% to 0.25% per annum, based on outstanding borrowings during the year. As of July 31, 2017, $99.5 million was available to be drawn on the 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, 2017.

During the nine months ended July 31, 2017 we borrowed $48 million on our Facility to fund a portion of the equity for property acquisitions, capital improvements to our properties and to repay the mortgage secured by our Stamford property at maturity until a new mortgage could be put in place later that month. All Facility borrowings were repaid in July 2017, with proceeds from the sale of the Company's White Plains property and proceeds from the refinancing of our mortgage loan encumbering the Stamford property.

Net Cash Flows from:

Operating Activities

Net cash flows provided by operating activities amounted to $48.3 million for the nine months ended July 31, 2017 compared to $45.0 million in the comparable period of fiscal 2016. The increase in operating cash flows when compared with the corresponding prior period was due primarily to the Company generating additional operating income in the nine months ended July 31, 2017 from properties acquired in fiscal 2016 and 2017 and the receipt of a lease termination payment in the amount of $3.2 million from a former tenant whose lease was terminated in July 2017.

Investing Activities

Net cash flows provided by investing activities amounted to $10.6 million for the nine months ended July 31, 2017 compared to net cash flows used by investing activities of $62.5 million in the comparable period of fiscal 2016. The increase in net cash flows provided by investing activities in fiscal 2017 when compared to the corresponding prior period was the result of the Company selling its White Plains, NY and Fairfield, CT properties in the first nine months of fiscal 2017 and generating net proceeds of $45.3 million. In addition, the Company expended $10.5 million less for improvements to its investment properties in the first nine months of fiscal 2017 when compared to the first nine months of fiscal 2016. This increase was further accentuated by the Company acquiring four properties and investing in a joint venture, which we consolidate, that acquired three properties in the first nine months of fiscal 2017 for a total equity investment of $26.5 million as compared with the first nine months of fiscal 2016 during which the Company acquired one investment property requiring $45.4 million of equity capital.

We regularly make capital investments in our properties for property improvements, tenant improvements costs and leasing commissions.

Financing Activities

Net cash flows used in financing activities amounted to $47.7 million in the first nine months of fiscal 2017 compared with net cash provided by financing activities in the amount of $17.0 million in the comparable period of fiscal 2016. The net increase in cash flows used by financing activities in the first nine months of fiscal 2017 versus the same period of fiscal 2016 was predominantly the result of the Company completing a Class A Common stock offering in the third quarter of fiscal 2016, which raised proceeds of $64 million. In addition, we increased the annualized dividend on the outstanding Common and Class A Common stock by $0.02 per share in December 2016. The net increase in cash flows used by financing activities was also the result of the Company raising less net proceeds from mortgage financings and repayments in the first nine months of fiscal 2017 versus the comparable nine months of fiscal 2016. This increase in net cash used in financing activities was offset by the Company having positive cash flow of $12 million on its unsecured revolving credit facility borrowings in the first nine months of fiscal 2017 when compared with the first nine months 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, 2017 and 2016 (amounts in thousands):

| | Nine Months Ended July 31, | | | | Change Attributable to: | |
|---|---|---|---|---|---|---|
| Revenues | 2017 | 2016 | Increase (decrease) | % Change | Property Acquisitions/Sales | Properties Held In Both Periods (Note 1) |
| Base rents | $64,863 | $63,175 | $1,688 | 2.7 % | $ 2,314 | $ -626 |
| Recoveries from tenants | 20,979 | 18,743 | 2,236 | 11.9 % | 1,322 | 914 |
| Other income | 2,558 | 2,595 | -37 | -1.4 % | 121 | -158 |
| Operating Expenses | | | | | | |
| Property operating expenses | 14,635 | 13,770 | 865 | 6.3 % | 438 | 427 |
| Property taxes | 14,474 | 13,740 | 734 | 5.3 % | 423 | 311 |
| Depreciation and amortization | 19,442 | 16,802 | 2,640 | 15.7 % | 1,451 | 1,189 |
| General and administrative expenses | 6,893 | 7,140 | -247 | -3.5 % | n/a | n/a |
| Other Income/Expenses | | | | | | |
| Interest expense | 9,800 | 9,751 | 49 | 0.5 % | 820 | -771 |
| Interest, dividends and other investment income | 568 | 156 | 412 | 264.1 % | n/a | n/a |

Note 1 – Properties held in both periods includes only properties owned for the entire periods of 2017 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 | 2017 | 2016 | Increase (decrease) | % Change | Property Acquisitions/Sales | Properties Held In Both Periods (Note 2) |
| Base rents | $22,074 | $21,605 | $469 | 2.2 % | $ 1,223 | $ -754 |
| Recoveries from tenants | 6,753 | 5,878 | 875 | 14.9 % | 575 | 300 |
| Other income | 899 | 745 | 154 | 20.7 % | 29 | 125 |
| Operating Expenses | | | | | | |
| Property operating expenses | 3,989 | 4,030 | -41 | -1.0 % | 161 | -202 |
| Property taxes | 4,891 | 4,592 | 299 | 6.5 % | 200 | 99 |
| Depreciation and amortization | 6,678 | 5,455 | 1,223 | 22.4 % | 1,038 | 185 |
| General and administrative expenses | 2,226 | 2,387 | -161 | -6.7 % | n/a | n/a |

| | | | | | | |
|---|---|---|---|---|---|---|
| Other Income/Expenses | | | | | | |
| Interest expense | 3,284 | 3,231 | 53 | 1.6 % | 338 | -285 |
| Interest, dividends and other investment income | 199 | 55 | 144 | 261.8 % | n/a | n/a |

Note 2 – Properties held in both periods include only properties owned for the entire periods of 2016 and 2017. All other properties are included in the property acquisition/sales column. There are no properties excluded from the analysis.

Revenues:
Base rents increased by 2.7% to $64.9 million for the nine month period ended July 31, 2017 as compared with $63.2 million in the comparable period of 2016. Base rents increased by 2.2% to $22.1 million for the three month period ended July 31, 2017 as compared with $21.6 million in the comparable period of 2016. The change in base rent and the changes in other income statement line items analyzed in the chart above were attributable to:

Property Acquisitions/Sales:

In the first nine months of fiscal 2017, the Company purchased four properties totaling 114,700 square feet of GLA, invested in a joint venture that owns three properties totaling 99,400 square feet, whose operations we consolidate, and sold two properties totaling 203,800 square feet. In fiscal 2016, the Company purchased two properties totaling 99,000 square feet. These properties accounted for all of the revenue and expense changes attributable to property acquisitions and sales in the three and nine month periods ended July 31, 2017 when compared with the corresponding periods in fiscal 2016.

Properties Held in Both Periods:

Revenues
The decrease in base rents was caused predominantly by tenant vacancies at 11 properties which caused a negative base rent variance of $2.1 million offset by an increase in base rents for new tenant leasing at 10 properties which created a positive base rent variance of $1.5 million.

At July 31, 2017, the Company's consolidated properties were approximately 93.4% leased, an increase of 0.1% from the end of fiscal 2016. Overall property occupancy decreased to 91.6% at July 31, 2017 from 92.8% at the end of fiscal 2016.

In the nine month and three month periods ended July 31, 2017, recoveries from tenants for properties owned in both periods (which represent reimbursements from tenants for operating expenses and property taxes) increased by $914,000 and $300,000, respectively. This increase was a result of an increase in both property operating expenses and property tax expense in the consolidated portfolio for properties owned the nine months of fiscal 2017 along with an increase in leased rate at some properties which increased the rate at which the Company could bill operating expenses to tenants. The increase for the three month period ended July 31, 2017 when compared to the corresponding prior period was a result of the rate at which we can bill and collect common area maintenance and real estate taxes increasing at some properties.

Expenses
In the nine month period ended July 31, 2017, property operating expenses increased by $427,000 when compared with the corresponding prior period, predominantly as a result of an increase in snow removal costs at our properties. In the three month period ended July 31, 2017, property operating expenses decreased by $202,000 when compared with the corresponding prior period, predominantly as a result of a decrease in common area expenses at our properties.

In the nine month and three month periods ended July 31, 2017, property taxes increased by $311,000 and $99,000, respectively, when compared with the corresponding prior periods, as a result of an increase in property tax assessments for properties owned in both periods.

In the nine month and three month periods ended July 31, 2017, interest expense decreased by $771,000 and $285,000, respectively, when compared with the corresponding prior periods as a result of the repayment of the mortgage at our Bloomfield, NJ property after the second quarter of fiscal 2016 and the reduction of mortgage principal from normal amortization.

In the nine month and three month periods ended July 31, 2017, depreciation and amortization expense increased by $1.2 million and $185,000, respectively, when compared with the corresponding prior period, as a result of increased depreciation for tenant improvements for new tenants occupying space and additional capital improvements at several properties held in both periods in the latter part of fiscal 2016 and first half of fiscal 2017.

Other Income and Expenses:

General and administrative expense was relatively unchanged in the nine month and three month periods ended July 31, 2017 when compared to the corresponding prior periods, predominantly as a result of a small reduction in restricted stock amortization expense and professional fees offset by normal salary increases for employees of the Company.

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Funds from Operations

We consider Funds from Operations ("FFO") to be an additional measure of our operating performance. We report FFO in addition to 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 because it primarily excludes the assumption that the value of the Company's 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 our 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 our 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, 2017 and 2016 (amounts in thousands):

| | Nine Months Ended July 31, | | Three Months Ended July 31, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net Income Applicable to Common and Class A Common Stockholders | $33,574 | $12,686 | $6,061 | $5,040 |
| | | | | |
| Real property depreciation | 15,105 | 14,116 | 5,238 | 4,512 |
| Amortization of tenant improvements and allowances | 3,240 | 2,241 | 996 | 788 |
| Amortization of deferred leasing costs | 1,028 | 384 | 423 | 134 |
| Depreciation and amortization on unconsolidated joint ventures | 1,209 | 1,204 | 409 | 370 |
| (Gain)/Loss on sale of asset | (18,772) | (359) | 688 | - |
| Funds from Operations Applicable to Common and Class A Common Stockholders | $35,384 | $30,272 | $13,815 | $10,844 |
| | | | | |
| Net Cash Provided by (Used in): | | | | |
| Operating Activities | $48,310 | $44,960 | $19,414 | $18,366 |
| Investing Activities | $10,644 | $(62,478) | $(7,138) | $(48,271) |
| Financing Activities | $(47,685) | $17,016 | $(9,220) | $32,627 |

FFO amounted to $35.4 million in the first nine months of fiscal 2017 compared to $30.3 million in the comparable period of fiscal 2016. The net increase in FFO is attributable, among other things, to: (a) the additional net income generated from properties acquired in the second half of fiscal 2016 and properties acquired in fiscal 2017; (b) a lower charge for bad debt expense in this year's nine months of fiscal 2017 when compared the first nine months of fiscal

2016; (c) interest income generated from a $13.5 million mortgage originated in the fourth quarter of fiscal 2016 and d) lease termination income in the amount of $2.4 million first three months of fiscal 2017 versus $380,000 in the corresponding prior period.

FFO amounted to $13.8 million in the three months ended July 31, 2017 compared to $10.8 million in the comparable period of fiscal 2016. The net increase in FFO is attributable, among other things, to: (a) the additional net income generated from properties acquired in the second half of fiscal 2016 and the first nine months of fiscal 2017; (b) a lower charge for bad debt expense in this year's third quarter when compared with last year's third quarter; (c) interest income generated from a $13.5 million mortgage originated in the fourth quarter of fiscal 2016 and d) lease termination income in the amount of $2.1 million in the third quarter of fiscal 2017 versus $48,000 in the corresponding prior period.

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Off-Balance Sheet Arrangements

We have seven off-balance sheet investments in real property through unconsolidated joint ventures:

- a 66.67% equity interest in the Putnam Plaza Shopping Center,
- an 11.642% equity interest in the Midway Shopping Center L.P.,
- a 50% equity interest in the Chestnut Ridge Shopping Center and Plaza 59 Shopping Centers,
- a 50% equity interest in the Gateway Plaza shopping center and the Riverhead Applebee's Plaza, and
- a 20% economic interest in a partnership that owns a suburban office building with ground level retail.

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 of, the operating and financial decisions of these investments. Our off-balance sheet arrangements are more fully discussed in Note 6, "Investments in and Advances to Unconsolidated Joint Ventures" in our financial statements in Item 1. Although we have not guaranteed the debt of these joint ventures, we have agreed to customary environmental indemnifications and nonrecourse carve-outs (e.g. guarantees against fraud, misrepresentation and bankruptcy) on certain loans of the joint ventures. The below table details information about the outstanding non-recourse mortgage financings on our unconsolidated joint ventures (amounts in thousands):

| | | Principal Balance | | Fixed Interest Rate | | |
|---|---|---|---|---|---|---|
| Joint Venture Description: | Location: | Original Balance | At July 31, 2017 | Per Annum | | Maturity Date |
| Midway Shopping Center | Scarsdale, NY | $32,000 | $28,700 | 4.80 | % | Dec-27 |
| Putnam Plaza Shopping Center | Carmel, NY | $21,000 | $19,200 | 4.17 | % | Oct-24 |
| Gateway Plaza | Riverhead, NY | $14,000 | $12,800 | 4.18 | % | Mar-24 |
| Applebee's Plaza | Riverhead, NY | $1,300 | $1,053 | 5.98 | % | Aug-26 |
| Applebee's Plaza | Riverhead, NY | $1,000 | $979 | 3.38 | % | Aug-26 |

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

We are exposed to interest rate risk primarily through our borrowing activities, which include fixed-rate mortgage debt and, in limited circumstances, variable rate debt. As of July 31, 2017, we had total mortgage debt and other notes payable of $288.8 million, of which 100% was fixed-rate, inclusive of variable rate mortgages that have been swapped to fixed interest rates using interest rate swap derivatives contracts.

For our fixed-rate debt, 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.
To reduce our exposure to interest rate risk on variable-rate debt, we use interest rate swap agreements, for example, to convert some of our variable-rate debt to fixed-rate debt. As of July 31, 2017, we had seven open derivative financial instruments. These interest rate swaps are cross collateralized with mortgages on properties in Rye, NY, Ossining, NY, Yonkers, NY, Stamford, CT and Greenwich CT. The Rye swaps expire in October 2019, the Ossining and Yonkers swaps expire in October 2024, the Stamford swap expires in July 2027, and the Greenwich swaps expire in September 2026, all concurrent with the maturity of the respective mortgages. All of the aforementioned derivatives contracts are adjusted to fair market value at each reporting period. The Company has concluded that all of the aforementioned derivatives contracts are effective cash flow hedges as defined in ASC Topic 815. We are required to evaluate the effectiveness at inception and at each reporting date. As a result of the aforementioned derivatives contracts being effective cash flow hedges all changes in fair market value are recorded directly to stockholders equity in accumulated comprehensive income and have no effect on the earnings of the Company.

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, 2017, 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 nine month period ended July 31, 2017, the Company did not repurchase any shares of stock under the Program.

On June 5, 2017, the Company's Board of Directors modified and approved a new repurchase plan. The total amount of shares the Company may repurchase remains unchanged at 2,000,000 but the Company can also now repurchase Series G Cumulative Preferred stock, along with Series F Cumulative Preferred Stock, in open market transactions.

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

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Item 6. Exhibits

| | |
|---|---|
| 31.1 | Certification of the Chief Executive Officer of Urstadt Biddle Properties Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended. |
| 31.2 | Certification of the Chief Financial Officer of Urstadt Biddle Properties Inc. pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended. |
| 32 | Certification of the Chief Executive Officer and Chief Financial Officer of Urstadt Biddle Properties Inc. pursuant to Section 906 of Sarbanes-Oxley Act of 2002. |
| 101 | The following materials from Urstadt Biddle Properties Inc.'s Quarterly Report on Form 10-Q for the quarter ended July 31, 2017, 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
and Principal Accounting Officer

Dated: September 8, 2017

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EXHIBIT INDEX

| Exhibit No. | |
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