

URSTADT BIDDLE PROPERTIES INC  
Form 10-Q  
September 07, 2007

---

---

**United States**  
**Securities And Exchange Commission**  
Washington, DC 20549

**Form 10-Q**

[Missing Graphic Reference] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES  
EXCHANGE ACT OF 1934**

For the quarterly period ended July 31, 2007

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)

<b>Maryland</b> (State or other jurisdiction of incorporation or organization)	<b>04-2458042</b> (I.R.S. Employer Identification Number)
321 Railroad Avenue, Greenwich, CT (Address of principal executive offices)	06830 (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 is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and non-accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Edgar Filing: URSTADT BIDDLE PROPERTIES INC - Form 10-Q

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 6, 2007, (latest date practicable) the number of shares of the Registrant's classes of Common Stock and Class A Common Stock was: 7,765,060 Common Shares, par value \$.01 per share and 18,840,589 Class A Common Shares, par value \$.01 per share

1

---

**Index**

**Urstadt Biddle Properties Inc.**

**Part I. Financial Information**

- Item 1. Financial Statements (Unaudited)
- Consolidated Balance Sheets - July 31, 2007 (Unaudited) and October 31, 2006.
- Consolidated Statements of Income (Unaudited)-Three and Nine months ended July 31, 2007 and 2006.
- Consolidated Statements of Cash Flows (Unaudited)- Nine months ended July 31, 2007 and 2006.
- Consolidated Statements of Stockholders' Equity (Unaudited)- Nine months ended July 31, 2007.
- Notes to Consolidated Financial Statements.
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
- Item 3. Quantitative and Qualitative Disclosures about Market Risk.
- Item 4. Controls and Procedures

**Part II. Other Information**

- Item 1. Legal Proceedings
- Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
- Item 6. Exhibits

**Signatures**

**URSTADT BIDDLE PROPERTIES INC.**  
**CONSOLIDATED BALANCE SHEETS**

(In thousands, except share data)

	<b>July 31, 2007</b>	<b>October 31, 2006</b>
ASSETS	(Unaudited)	
Real Estate Investments:		
Core properties – at cost	\$ 515,002	\$ 489,160
Non-core properties – at cost	1,383	6,383
	516,385	495,543
Less: accumulated depreciation	(82,736)	(77,258)
	433,649	418,285
Mortgage notes receivable	1,320	1,361
	434,969	419,646
Cash and cash equivalents	3,124	2,800
Restricted cash	590	589
Marketable securities	1,710	2,011
Tenant receivables, net of allowances of \$1,869 and \$1,561	16,320	17,176
Prepaid expenses and other assets	6,724	4,484
Deferred charges, net of accumulated amortization	4,392	4,644
Total Assets	\$ 467,829	\$ 451,350
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Secured revolving credit line	\$ 3,000	\$ -
Mortgage notes payable	100,892	104,341
Accounts payable and accrued expenses	3,152	1,785
Deferred compensation - officers	1,136	1,200
Other liabilities	6,160	5,503
Total Liabilities	114,340	112,829
Minority interests	5,318	5,318
Redeemable Preferred Stock, par value \$.01 per share; 20,000,000 shares authorized;		
8.99% Series B Senior Cumulative Preferred Stock (liquidation preference of \$100 per share); 150,000 shares issued and outstanding	14,341	14,341
8.50% Series C Senior Cumulative Preferred Stock (liquidation preference of \$100 per share); 400,000 shares issued and outstanding	38,406	38,406
Total Preferred Stock	52,747	52,747
Commitments and Contingencies		
Stockholders' Equity:		

7.5% Series D Senior Cumulative Preferred Stock (liquidation preference of \$25 per share); 2,450,000 shares issued and outstanding	61,250	61,250
Excess stock, par value \$.01 per share; 10,000,000 shares authorized; none issued and outstanding	-	-
Common stock, par value \$.01 per share; 30,000,000 shares authorized; 7,765,060 and 7,635,441 shares issued and outstanding	78	76
Class A Common stock, par value \$.01 per share; 40,000,000 shares authorized; 18,858,790 and 18,804,781 shares issued and outstanding	189	188
Additional paid in capital	264,152	262,024
Cumulative distributions in excess of net income	(29,395)	(42,400)
Accumulated other comprehensive income	450	618
Officer note receivable	(1,300)	(1,300)
Total Stockholders' Equity	295,424	280,456
Total Liabilities and Stockholders' Equity	\$ 467,829	\$ 451,350

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

**URSTADT BIDDLE PROPERTIES INC.**  
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

(In thousands, except per share data)

	Nine Months Ended		Three Months Ended	
	July 31,		July 31,	
	2007	2006	2007	2006
<b>Revenues</b>				
Base rents	\$ 43,249	\$ 41,046	\$ 14,560	\$ 13,672
Recoveries from tenants	13,393	13,162	4,471	4,094
Settlement of lease guaranty obligation	6,000	-	-	-
Lease termination income	115	-	-	-
Mortgage interest and other	750	361	107	36
	63,507	54,569	19,138	17,802
<b>Expenses</b>				
Property operating	9,511	9,245	3,198	2,668
Property taxes	8,130	7,576	2,790	2,601
Depreciation and amortization	10,001	9,821	3,370	3,405
General and administrative	3,843	3,903	1,365	1,415
Directors' fees and expenses	181	195	55	51
	31,666	30,740	10,778	10,140
Operating Income	31,841	23,829	8,360	7,662
Interest expense	(5,910)	(6,301)	(1,949)	(2,057)
Interest, dividends and other investment income	397	694	164	200
Income before Minority Interest and Discontinued Operations	26,328	18,222	6,575	5,805
Minority interest in consolidated joint venture	(152)	(141)	(56)	(47)
Income from Continuing Operations before Discontinued Operations:				
Income from discontinued operations	252	365	-	124
Gain on sale of property	11,385	-	-	-
Income from Discontinued Operations	11,637	365	-	124
Net Income	37,813	18,446	6,519	5,882
Preferred stock dividends	(7,007)	(7,007)	(2,336)	(2,336)
Net Income Applicable to Common and Class A Common Stockholders	\$ 30,806	\$ 11,439	\$ 4,183	\$ 3,546
<b>Basic Earnings per Share:</b>				
<b>Per Common Share:</b>				
Income from continuing operations	\$ .70	\$ .42	\$ .15	\$ .13
Income from discontinued operations	\$ .43	\$ -	\$ -	\$ -
Net Income Applicable to Common Stockholders	\$ 1.13	\$ .42	\$ .15	\$ .13
<b>Per Class A Common Share:</b>				
Income from continuing operations	\$ .78	\$ .47	\$ .17	\$ .15
Income from discontinued operations	\$ .47	\$ -	\$ -	\$ -

Edgar Filing: URSTADT BIDDLE PROPERTIES INC - Form 10-Q

Net Income Applicable to Class A Common Stockholders	\$	1.25	\$	.47	\$	.17	\$	.15
--	----	------	----	-----	----	-----	----	-----

Diluted Earnings Per Share:

Per Common Share:

Income from continuing operations	\$	.69	\$	.41	\$	.15	\$	.13
Income from discontinued operations	\$	.42	\$	-	\$	-	\$	-

Net Income Applicable to Common Stockholders	\$	1.11	\$	.41	\$	.15	\$	.13
--	----	------	----	-----	----	-----	----	-----

Per Class A Common Share:

Income from continuing operations	\$	.76	\$	.46	\$	.17	\$	.14
Income from discontinued operations	\$	.46	\$	-	\$	-	\$	-

Net Income Applicable to Class A Common Stockholders	\$	1.22	\$	.46	\$	.17	\$	.14
--	----	------	----	-----	----	-----	----	-----

Dividends per share:

Common	\$	.6225	\$	.6075	\$	.2075	\$	.2025
Class A Common	\$	.6900	\$	.6750	\$	.2300	\$	.2250

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

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

(In thousands)

	<b>Nine Months Ended</b>	
	<b>July 31,</b>	
	<b>2007</b>	<b>2006</b>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 37,813	\$ 18,446
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization from continuing operations	10,001	9,821
Depreciation and amortization from discontinued operations	42	128
Straight-line rent adjustments	(797)	(898)
Gain on sale of property	(11,385)	-
Change in value of deferred compensation arrangement	(64)	4
Restricted stock compensation expense	1,577	1,493
Gain on repayment of mortgage note receivable	-	(102)
Minority interests	152	141
Decrease (Increase) in tenant receivables	1,610	(1,677)
Decrease in accounts payable and accrued expenses	(331)	(1,386)
Increase in other assets and other liabilities, net	(1,562)	(1,205)
(Increase) Decrease in restricted cash	(1)	612
<b>Net Cash Flows Provided by Operating Activities</b>	<b>37,055</b>	<b>25,377</b>
<b>Cash Flows from Investing Activities:</b>		
Acquisitions of real estate investments	(21,311)	(16,711)
Improvements to properties and deferred charges	(3,939)	(4,004)
Net proceeds received from sales of properties	13,200	-
Redemption (Purchases) of marketable securities - net	133	(100)
Payments received on mortgage notes receivable	41	751
Distributions to limited partners of consolidated joint ventures	(152)	(141)
<b>Net Cash Flows Used in Investing Activities</b>	<b>(12,028)</b>	<b>(20,205)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from revolving credit line borrowings	5,000	3,000
Repayments on revolving credit line borrowings	(2,000)	-
Dividends paid on Common and Class A Common Shares	(17,801)	(17,308)
Dividends paid on Preferred shares	(7,007)	(7,007)
Sales of additional Common and Class A Common Shares	599	695
Repurchase of Class A Common Stock	(45)	-
Principal payments on mortgage notes payable	(3,449)	(6,863)
<b>Net Cash Flows Used In Financing Activities</b>	<b>(24,703)</b>	<b>(27,483)</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>324</b>	<b>(22,311)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>2,800</b>	<b>26,494</b>



Cash and Cash Equivalents at End of Period	\$	3,124	\$	4,183
--	----	-------	----	-------

Supplemental Cash Flow Disclosures:

Interest Paid	\$	5,889	\$	6,301
---------------	----	-------	----	-------

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

**URSTADT BIDDLE PROPERTIES INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)**

(In thousands, except shares and per share data)

	7.5% Series D		Common Stock		Class A Common Stock		Additional Paid In Capital	Cumulative Distributions In Excess of Net Income	Accumulated Other Comprehensive Income	Officer Note Receivable	Total Stockholders' Equity
	Preferred Stock Issued	Amount	Issued	Amount	Issued	Amount					
<b>Balances – October 31, 2006</b>	2,450,000	\$ 61,250	7,635,441	\$ 76	18,804,781	\$ 188	\$ 262,024	\$(42,400)	\$ 618	\$(1,300)	\$ 280,000
Comprehensive Income:											
Net income applicable to Common and Class A common stockholders	-	-	-	-	-	-	-	30,806	-	-	30,806
Change in unrealized gains in marketable securities	-	-	-	-	-	-	-	-	(168)	-	(168)
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	30,638
Cash dividends paid :											
Common stock (\$.6225 per share)	-	-	-	-	-	-	-	(4,824)	-	-	(4,824)
Class A common stock (\$.69 per share)	-	-	-	-	-	-	-	(12,977)	-	-	(12,977)
Issuance of shares under dividend reinvestment plan	-	-	23,819	1	9,006	-	582	-	-	-	33,408
Forfeiture of restricted stock	-	-	-	-	(24,250)	-	-	-	-	-	(24,250)
Shares issued under restricted stock plan	-	-	105,800	1	70,300	1	(2)	-	-	-	176,100
	-	-	-	-	(3,000)	-	(45)	-	-	-	(3,045)

Repurchase of Class A common stock											
Stock options exercised	-	-	-	-	1,953	-	16	-	-	-	-
Restricted stock compensation	-	-	-	-	-	-	1,577	-	-	-	1,577
<b>Balances – July 31, 2007</b>	2,450,000	\$ 61,250	7,765,060	\$ 78	18,858,790	\$ 189	\$ 264,152	\$(29,395)	\$ 450	\$(1,300)	\$ 295,252

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### **Business**

Urstadt Biddle Properties Inc. (“Company”), a real estate investment trust (REIT), is engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers in the northeastern part of the United States. Non-core properties include two distribution service facilities. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At July 31, 2007, the Company owned or had interests in 39 properties containing a total of 3.7 million square feet of leasable area.

#### **Principles of Consolidation and Use of Estimates**

The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and joint ventures in which the Company meets certain criteria of a sole general partner in accordance with Emerging Issues Task Force (“EITF”) Issue 04-5, “Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights.” The Company has determined that such joint ventures should be consolidated into the consolidated financial statements of the Company. All significant intercompany transactions and balances have been eliminated in consolidation.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results of operations for the nine month period ended July 31, 2007, are not necessarily indicative of the results that may be expected for the year ending October 31, 2007. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended October 31, 2006.

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 and the collectibility of tenant and mortgage notes receivables. Actual results could differ from these estimates. The balance sheet at October 31, 2006 has been derived from audited financial statements at that date.

#### **Reclassifications**

Certain prior period amounts have been reclassified (including the presentation of discontinued operations) to conform to the current year presentation.

#### **Federal Income Taxes**

The Company has elected to be treated as a real estate investment trust under Sections 856-860 of the Internal Revenue Code (Code). Under those sections, a REIT that, among other things, distributes at least 90% of real estate trust taxable income and meets certain other qualifications prescribed by the Code will not be taxed on that portion of its taxable income that is distributed. The Company believes it qualifies as a REIT and intends to distribute all of its taxable income for fiscal 2007 in accordance with the provisions of the Code. Accordingly, no provision has been made for Federal income taxes in the accompanying consolidated financial statements.

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109, Accounting for Income Taxes" ("FIN 48"), regarding accounting for and disclosure of uncertain tax positions. This interpretation prescribes a recognition threshold and measurement in the financial statements of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance as to its application and related transition, and is effective for fiscal years beginning after December 15, 2006. The Company does not expect the adoption of FIN 48 to have a material effect on the Company's consolidated financial statements.

#### **Concentration of Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, mortgage notes receivable and tenant receivables. The Company places its cash and cash equivalents in excess of insured amounts with high quality financial institutions. 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 retenanting the space. There is no dependence upon any single tenant.

### Marketable Securities

Marketable securities consist of short-term investments and marketable equity securities. Short-term investments (consisting of investments with original maturities of greater than three months when purchased) and marketable equity securities are carried at fair value. The Company has classified marketable securities as available for sale. Unrealized gains and losses on available for sale securities are recorded as other comprehensive income in Stockholders' Equity. There were no significant sales of marketable securities during the nine month and three month periods ended July 31, 2007 and 2006.

### Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (loss). Other comprehensive income (loss) includes items that are otherwise recorded directly in stockholders' equity, such as unrealized gains or losses on marketable securities. At July 31, 2007, other comprehensive income consisted of net unrealized gains on marketable securities of approximately \$450,000. Unrealized gains included in other comprehensive income will be reclassified into earnings as gains are realized.

### Earnings Per Share

The Company calculates basic and diluted earnings per share in accordance with SFAS No. 128, "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 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,	
	2007	2006	2007	2006
<b>Numerator</b>				
Net income applicable to common stockholders – basic	\$ 7,731	\$ 2,820	\$ 1,051	\$ 875
Effect of dilutive securities:				
Operating partnership units	348	158	58	51
Net income applicable to common stockholders – diluted	\$ 8,079	\$ 2,978	\$ 1,109	\$ 926
<b>Denominator</b>				
Denominator for basic EPS weighted average common shares	6,841	6,657	6,849	6,671
Effect of dilutive securities:				
Restricted stock and other awards	446	468	452	478
Operating partnership units	55	55	55	55
Denominator for diluted EPS – weighted average common equivalent shares	7,342	7,180	7,356	7,204

**Numerator**

Net income applicable to Class A common stockholders-basic	\$ 23,075	\$ 8,619	\$ 3,132	\$ 2,671
Effect of dilutive securities:				
Operating partnership units	(197)	(17)	(2)	(3)
Net income applicable to Class A common stockholders – diluted	\$ 22,878	\$ 8,602	\$ 3,130	\$ 2,668

**Denominator**

Denominator for basic EPS – weighted average Class A common shares	18,423	18,309	18,412	18,315
Effect of dilutive securities:				
Restricted stock and other awards	278	299	261	305
Operating partnership units	55	55	55	55
Denominator for diluted EPS – weighted average Class A common equivalent shares	18,756	18,663	18,728	