

URSTADT BIDDLE PROPERTIES INC  
Form 10-Q  
September 08, 2006

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**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, 2006

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 x No o**

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):

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 5, 2006, the number of shares of the Registrant's classes of Common Stock and Class A Common Stock was:

7,628,339 Common Shares, par value \$.01 per share and 18,801,971 Class A Common Shares, par value \$.01 per share.

The Form 10-Q Filed Herewith, Contains 26 Pages, Numbered Consecutively From 1 To 26 Inclusive, Of Which This Page Is 1.

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**Urstadt Biddle Properties Inc.**

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- Consolidated Statements of Income (Unaudited)-Three and Nine months ended July 31, 2006 and 2005.
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**URSTADT BIDDLE PROPERTIES INC.**  
**CONSOLIDATED BALANCE SHEETS**

(In thousands, except share data)

	<b>July 31,</b> <b>2006</b>	<b>October 31,</b> <b>2005</b>
	(Unaudited)	
<b>ASSETS</b>		
Real Estate Investments:		
Core properties - at cost	\$ 487,189	\$ 468,444
Non-core properties - at cost	6,383	6,383
	493,572	474,827
Less: accumulated depreciation	(74,105)	(65,253)
	419,467	409,574
Mortgage notes receivable	1,374	2,024
	420,841	411,598
Cash and cash equivalents	4,183	26,494
Restricted cash	588	1,200
Marketable securities	2,678	2,453
Tenant receivables, net of allowances of \$1,519 and \$1,409	17,017	14,442
Prepaid expenses and other assets	6,076	4,526
Deferred charges, net of accumulated amortization	4,641	3,726
<b>Total Assets</b>	<b>\$ 456,024</b>	<b>\$ 464,439</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities:		
Secured revolving credit line	\$ 3,000	\$ -
Mortgage notes payable	104,923	111,786
Accounts payable and accrued expenses	2,605	3,991
Deferred compensation - officers	1,121	1,051
Other liabilities	5,019	4,699
<b>Total Liabilities</b>	<b>116,668</b>	<b>121,527</b>
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
<b>Total Preferred Stock</b>	<b>52,747</b>	<b>52,747</b>
Commitments and Contingencies		
Stockholders' Equity:		
	61,250	61,250

7.5% Series D Senior Cumulative Preferred Stock (liquidation preference of \$25 per share); 2,450,000 shares issued and outstanding		
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; 7,628,339 and 7,429,331 shares issued and outstanding	76	74
Class A Common stock, par value \$.01 per share; 40,000,000 shares authorized;		
18,801,971 and 18,705,800 shares issued and outstanding	188	187
Additional paid in capital	261,329	267,365
Cumulative distributions in excess of net income	(40,876)	(35,007)
Accumulated other comprehensive income	624	499
Unamortized restricted stock compensation	-	(8,221)
Officer note receivable	(1,300)	(1,300)
Total Stockholders' Equity	281,291	284,847
Total Liabilities and Stockholders' Equity	\$ 456,024	\$ 464,439

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

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

(In thousands, except per share data)

	Nine Months Ended July 31,		Three Months Ended July 31,	
	2006	2005	2006	2005
<b>Revenues:</b>				
Base rents	\$ 41,552	\$ 38,656	\$ 13,841	\$ 13,206
Recoveries from tenants	13,216	12,392	4,112	3,682
Lease termination income	-	184	-	184
Interest and other	1,055	657	236	275
	<b>55,823</b>	<b>51,889</b>	<b>18,189</b>	<b>17,347</b>
<b>Operating Expenses:</b>				
Property operating	9,286	8,249	2,680	2,380
Property taxes	7,602	6,763	2,610	2,304
Interest	6,301	6,402	2,057	2,080
Depreciation and amortization	9,949	8,918	3,447	3,081
General and administrative	3,903	3,690	1,415	1,581
Directors' fees and expenses	195	205	51	78
	<b>37,236</b>	<b>34,227</b>	<b>12,260</b>	<b>11,504</b>
<b>Operating Income</b>	<b>18,587</b>	<b>17,662</b>	<b>5,929</b>	<b>5,843</b>
<b>Minority Interests</b>	<b>(141)</b>	<b>(291)</b>	<b>(47)</b>	<b>(107)</b>
<b>Income from Continuing Operations</b>	<b>18,446</b>	<b>17,371</b>	<b>5,882</b>	<b>5,736</b>
<b>Discontinued Operations:</b>				
Income from discontinued operating properties	-	469	-	153
Gains on sales of properties	-	7,031	-	1,397
<b>Income from Discontinued Operations</b>	<b>-</b>	<b>7,500</b>	<b>-</b>	<b>1,550</b>
<b>Net Income</b>	<b>18,446</b>	<b>24,871</b>	<b>5,882</b>	<b>7,286</b>
Preferred Stock Dividends	(7,007)	(4,673)	(2,336)	(2,200)
<b>Net Income Applicable to Common and Class A Common Stockholders</b>	<b>\$ 11,439</b>	<b>\$ 20,198</b>	<b>\$ 3,546</b>	<b>\$ 5,086</b>
<b>Basic Earnings per Share:</b>				
Per Common Share:				
Income from continuing operations	\$ .42	\$ .48	\$ .13	\$ .13
Income from discontinued operations	\$ -	\$ .28	\$ -	\$ .06
<b>Net Income Applicable to Common Stockholders</b>	<b>\$ .42</b>	<b>\$ .76</b>	<b>\$ .13</b>	<b>\$ .19</b>
Per Class A Common Share:				
Income from continuing operations	\$ .47	\$ .52	\$ .15	\$ .15
Income from discontinued operations	\$ -	\$ .31	\$ -	\$ .06
<b>Net Income Applicable to Class A Common Stockholders</b>	<b>\$ .47</b>	<b>\$ .83</b>	<b>\$ .15</b>	<b>\$ .21</b>

**Diluted Earnings Per Share:****Per Common Share:**

Income from continuing operations	\$	.41	\$	.47	\$	.13	\$	.13
Income from discontinued operations	\$	-	\$	.27	\$	-	\$	.06
<b>Net Income Applicable to Common Stockholders</b>	\$	<b>.41</b>	\$	<b>.74</b>	\$	<b>.13</b>	\$	<b>.19</b>

**Per Class A Common Share:**

Income from continuing operations	\$	.46	\$	.51	\$	.14	\$	.14
Income from discontinued operations	\$	-	\$	.30	\$	-	\$	.06
<b>Net Income Applicable to Class A Common Stockholders</b>	\$	<b>.46</b>	\$	<b>.81</b>	\$	<b>.14</b>	\$	<b>.20</b>

**Dividends per share:**

Common	\$	.6075	\$	.60	\$	.2025	\$	.20
Class A Common	\$	.6750	\$	.66	\$	.2250	\$	.22

*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>2006</b>	<b>2005</b>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 18,446	\$ 24,871
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization from continuing operations	9,949	8,918
Discontinued operations	-	(469)
Straight-line rent adjustments	(898)	(975)
Gains on sale of properties	-	(7,031)
Change in value of deferred compensation arrangement	4	332
Restricted stock compensation expense	1,493	1,200
Gain on repayment of mortgage note receivable	(102)	-
Minority interests	141	291
Increase in tenant receivables	(1,677)	(2,443)
Decrease in accounts payable and accrued expenses	(1,386)	(343)
Increase in other assets and other liabilities, net	(1,205)	(1,218)
Decrease (Increase) in restricted cash	612	(11)
<b>Net Cash Flow Provided by Continuing Operating Activities</b>	<b>25,377</b>	<b>23,122</b>
Operating Cash from Discontinued Operations	-	814
<b>Net Cash Flow Provided by Operating Activities</b>	<b>25,377</b>	<b>23,936</b>
<b>Cash Flows from Investing Activities:</b>		
Acquisitions of real estate investments	(16,711)	(71,720)
Acquisition of limited partner interests in consolidated joint venture	-	(2,078)
Net proceeds received from sales of properties	-	17,767
(Purchases) sales of marketable securities - net	(100)	(13,102)
Improvements to properties and deferred charges	(4,004)	(2,973)
Payments received on mortgage notes receivable	751	63
Distributions to limited partners of consolidated joint ventures	(141)	(291)
<b>Net Cash Flow Used in Investing Activities</b>	<b>(20,205)</b>	<b>(72,334)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from revolving credit line borrowings	3,000	19,500
Repayments on revolving credit line borrowings	-	(19,500)
Proceeds from sales of Series D Preferred Stock	-	59,441
Dividends paid on Common and Class A Common Shares	(17,308)	(16,795)
Dividends paid on Preferred shares	(7,007)	(4,673)
Sales of additional Common and Class A Common Shares	695	1,053
Principal payments on mortgage notes payable	(6,863)	(3,546)
<b>Net Cash (Used In) Provided by Financing Activities</b>	<b>(27,483)</b>	<b>35,480</b>



<b>Net Decrease In Cash and Cash Equivalents</b>	<b>(22,311)</b>	<b>(12,918)</b>
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<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>26,494</b>	<b>25,940</b>
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<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 4,183</b>	<b>\$ 13,022</b>
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**Supplemental Cash Flow Disclosures:**

Interest Paid	<b>\$ 6,301</b>	<b>\$ 6,402</b>
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*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 Preferred Stock		Common Stock		Class A Common Stock		Additional Paid In Capital	Cumulative Distributions In Accumulated Income	Excess Comprehensive Income	Other Officer Note Receivable	Unamortized Restricted Stock Compensation And	Total Stockholders' Equity
	Issued	Amount	Issued	Amount	Issued	Amount						
<b>Balances - October 31, 2005</b>	2,450,000	\$ 61,250	7,429,331	\$ 74	18,705,800	\$ 187	\$ 267,365	\$ (35,007)	\$ 499	\$ (9,521)	\$ 284,847	
Reversal of unamortized stock compensation upon adoption of SFAS No. 123R	-	-	-	-	-	-	(8,221)	-	-	8,221	-	
<b>Comprehensive Income:</b>												
Net income applicable to Common and Class A common stockholders	-	-	-	-	-	-	-	11,439	-	-	11,439	
Change in unrealized gains in marketable securities	-	-	-	-	-	-	-	-	125	-	125	
<b>Total comprehensive income</b>	-	-	-	-	-	-	-	-	-	-	11,564	
Cash dividends paid :												
Common stock (\$0.6075 per share)	-	-	-	-	-	-	-	(4,624)	-	-	(4,624)	
Class A common stock	-	-	-	-	-	-	-	(12,684)	-	-	(12,684)	

(\$0.6750 per share)

Issuance of shares under dividend reinvestment plan	-	-	23,708	-	12,621	-	588	-	-	-	588
Exercise of stock options	-	-	9,500	-	4,500	-	107	-	-	-	107
Shares issued under restricted stock plan	-	-	165,800	2	79,050	1	(3)	-	-	-	-
Restricted stock compensation	-	-	-	-	-	-	1,493	-	-	-	1,493
<b>Balances - July 31, 2006</b>	2,450,000	\$ 61,250	7,628,339	\$ 76	18,801,971	\$ 188	\$ 261,329	\$ (40,876)	\$ 624	\$ (1,300)	\$ 281,291

*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 assets include a retail building and industrial properties. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At July 31, 2006, the Company owned or had interests in 37 properties containing a total of 3.7 million square feet of leasable area.

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

The accompanying unaudited 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, "Investor's Accounting for an Investment in a Limited Partnership when the Investor is the Sole General Partner and the Limited Partners Have Certain Rights." The joint ventures are consolidated into the consolidated financial statements of the Company. All significant intercompany transactions and balances have been eliminated in consolidation.

The 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, 2006, are not necessarily indicative of the results that may be expected for the year ending October 31, 2006. 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, 2005.

The preparation of financial statements requires management to make use of estimates and assumptions that affect amounts reported in the financial statements as well as certain disclosures. Actual results could differ from those estimates. The balance sheet at October 31, 2005 has been derived from audited financial statements at that date.

#### **Reclassifications**

Certain prior period amounts have been reclassified 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 2006 in accordance with the provisions of the code. Accordingly, no provision has been made for Federal income taxes in the accompanying 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. At July 31, 2006, accumulated other comprehensive income consists of net unrealized gains of \$624,000. Unrealized gains included in accumulated other comprehensive income will be reclassified into earnings as gains are realized. For the nine month and three month period ended July 31, 2005, gains on sales of marketable securities amounted to \$35,000 (none in fiscal 2006).

**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):

	<b>Nine Months Ended</b>		<b>Three Months Ended</b>	
	<b>July 31,</b>		<b>July 31,</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
<b>Numerator</b>				
Net income applicable to common stockholders - basic	\$ 2,820	\$ 4,967	\$ 875	\$ 1,254
Effect of dilutive securities:				
Operating partnership units				