URSTADT BIDDLE PROPERTIES INC
Form 10-K
January 13, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended October 31, 2013

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

For the transition period from _____ to _____

Commission File No. 1-12803

URSTADT BIDDLE PROPERTIES INC.
(Exact name of registrant as specified in its charter)

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

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

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock, par value $.01 per share | New York Stock Exchange |
| Class A Common Stock, par value $.01 per share | New York Stock Exchange |
| 7.50% Series D Senior Cumulative Preferred Stock | New York Stock Exchange |
| 7.125% Series F Cumulative Preferred Stock | New York Stock Exchange |
| Preferred Share Purchase Rights | New York Stock Exchange |

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Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes o No x

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15 (d) of the Act.
Yes o No x

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, 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 x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):
Large accelerated filer o Accelerated filer x
Non-accelerated filer o Smaller reporting company o

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

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of April 30, 2013 (price at which the common equity was last sold as of the last business day of the Registrant's most recently completed second fiscal quarter): Common Shares, par value $.01 per share, $43,763,605; Class A Common Shares, par value $.01 per share, $512,163,901.

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock and Class A Common Stock, as of January 10, 2014 (latest date practicable): 9,187,212 Common Shares, par value $.01 per share, and 23,609,604 Class A Common Shares, par value $.01 per share.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement for Annual Meeting of Stockholders to be held on March 26, 2014 (certain parts as indicated herein) (Part III).

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## PART I

Forward-Looking Statements

This Annual Report on Form 10-K of Urstadt Biddle Properties Inc. (the "Company") contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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, other than statements of historical facts, included in this report that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), business strategies, expansion and growth of the Company's operations and other such matters, are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. Such statements are 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; financing risks, such as the inability to obtain debt or equity financing on favorable terms; the level and volatility of interest rates; financial stability of tenants; the inability of the Company's properties to generate revenue increases to offset expense increases; governmental approvals, actions and initiatives; environmental/safety requirements; risks of real estate acquisitions (including the failure of acquisitions to close); risks of disposition strategies; as well as other risks identified in this Annual Report on Form 10-K under Item 1A. Risk Factors and in the other reports filed by the Company with the Securities and Exchange Commission (the "SEC").

## Item 1. Business.

### Organization

The Company, a Maryland Corporation, is a real estate investment trust engaged in the acquisition, ownership and management of commercial real estate. The Company was organized as an unincorporated business trust (the "Trust") under the laws of the Commonwealth of Massachusetts on July 7, 1969. In 1997, the shareholders of the Trust approved a plan of reorganization of the Trust from a Massachusetts business trust to a corporation organized in Maryland. The plan of reorganization was effected by means of a merger of the Trust into the Company. As a result of the plan of reorganization, the Trust was merged with and into the Company, the separate existence of the Trust ceased, the Company was the surviving entity in the merger and each issued and outstanding common share of beneficial interest of the Trust was converted into one share of Common Stock, par value $.01 per share, of the Company.

### Tax Status – Qualification as a Real Estate Investment Trust

The Company elected to be taxed as a real estate investment trust ("REIT") under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"), beginning with its taxable year ended October 31, 1970. Pursuant to such provisions of the Code, a REIT which distributes at least 90% of its real estate investment trust taxable income to its shareholders each year and which meets certain other conditions regarding the nature of its income and assets will not be taxed on that portion of its taxable income which is distributed to its shareholders. Although the Company believes that it qualifies as a real estate investment trust for federal income tax purposes, no assurance can be given that the Company will continue to qualify as a REIT.

Description of Business

The Company's sole business is the ownership of real estate investments, which consist principally of investments in income-producing properties, with primary emphasis on properties in the northeastern part of the United States with a concentration in Fairfield County, Connecticut, Westchester and Putnam Counties, New York and Bergen County, New Jersey. The Company's core properties consist principally of neighborhood and community shopping centers, seven office buildings and one office/retail mixed-use property. The Company seeks to identify desirable properties for acquisition, which it acquires in the normal course of business. In addition, the Company regularly reviews its portfolio and from time to time may sell certain of its properties.

The Company intends to continue to invest substantially all of its assets in income-producing real estate, with an emphasis on neighborhood and community shopping centers, although the Company will retain the flexibility to invest in other types of real property. While the Company is not limited to any geographic location, the Company's current strategy is to invest primarily in properties located in the northeastern region of the United States with a concentration in Fairfield County, Connecticut, Westchester and Putnam Counties, New York, and Bergen County, New Jersey.

At October 31, 2013, the Company owned or had equity interests in sixty-six properties comprised of neighborhood and community shopping centers, office buildings, office/retail mixed use and industrial facilities located in seven states throughout the United States, containing a total of 5.1 million square feet of gross leasable area ("GLA"). For a description of the Company's individual investments, see Item 2 – Properties.

Investment and Operating Strategy

The Company's investment objective is to increase the cash flow and consequently the value of its properties. The Company seeks growth through (1) the strategic re-tenanting, renovation and expansion of its existing properties, and (2) the selective acquisition of income-producing properties, primarily neighborhood and community shopping centers, in its targeted geographic region. The Company may also invest in other types of real estate in the targeted geographic region. For a discussion of key elements of the Company's growth strategies and operating policies, see Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company invests in properties where cost effective renovation and expansion programs, combined with effective leasing and operating strategies, can improve the properties' values and economic returns. Retail properties are typically adaptable for varied tenant layouts and can be reconfigured to accommodate new tenants or the changing space needs of existing tenants. In determining whether to proceed with a renovation or expansion, the Company considers both the cost of such expansion or renovation and the increase in rent attributable to such expansion or renovation. The Company believes that certain of its properties provide opportunities for future renovation and expansion.

When evaluating potential acquisitions, the Company considers such factors as (1) economic, demographic, and regulatory conditions in the property's local and regional market; (2) the location, construction quality, and design of the property; (3) the current and projected cash flow of the property and the potential to increase cash flow; (4) the potential for capital appreciation of the property; (5) the terms of tenant leases, including the relationship between the property's current rents and market rents and the ability to increase rents upon lease rollover; (6) the occupancy and demand by tenants for properties of a similar type in the market area; (7) the potential to complete a strategic renovation, expansion or re-tenanting of the property; (8) the property's current expense structure and the potential to increase operating margins; and (9) competition from comparable properties in the market area.

The Company may from time to time enter into arrangements for the acquisition of properties with unaffiliated property owners through the issuance of units of limited partnership (or units of limited liability company) interests in entities that the Company controls. These units may be redeemable for cash or for shares of the Company's Common stock or Class A Common stock. The Company believes that this acquisition method may permit it to acquire properties from property owners wishing to enter into tax-deferred transactions.

Core Properties

The Company considers those properties that are directly managed by the Company, concentrated in the retail sector and located close to the Company's headquarters in Fairfield County, Connecticut, to be core properties. Of the sixty-six properties the Company owns or has an equity interest in, sixty-four properties (five of which are accounted for under the equity method of accounting) are considered core properties, consisting of fifty-six retail properties, seven office buildings (including the Company's executive headquarters) and one mixed use office/retail property. At October 31, 2013, these properties contained in the aggregate 4.7 million square feet of GLA. The Company's core properties collectively had 708 tenants providing a wide range of products and services. Tenants include regional supermarkets, national and regional discount department stores, other local retailers and office tenants. At October 31, 2013, the sixty consolidated core properties were 90.1% leased. At October 31, 2013, the Company had equity investments in five core properties, which it does not consolidate; those properties were approximately 96.1% leased. The Company believes the core properties are adequately covered by property and liability insurance.

A substantial portion of the Company's operating lease income is derived from tenants under leases with terms greater than one year. Certain of the leases provide for the payment of fixed base rentals monthly in advance and for the payment by the tenant of a pro-rata share of the real estate taxes, insurance, utilities and common area maintenance expenses incurred in operating the properties.

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For the fiscal year ended October 31, 2013, no single tenant comprised more than 8.7% of the total annual base rents of the Company's core properties. The following table sets out a schedule of our ten largest tenants by percent of total annual base rent of our core properties as of October 31, 2013.

| Tenant | Number of Stores | % of Total Annual Base Rent of Core Properties | |
|---|---|---|---|
| Stop & Shop Supermarket | 5 | 8.7 | % |
| TJX Companies | 6 | 4.4 | % |
| A&P Supermarkets | 4 | 4.0 | % |
| Bed Bath & Beyond | 3 | 3.8 | % |
| Big Y | 3 | 3.0 | % |
| CVS | 6 | 2.8 | % |
| Staples | 4 | 2.6 | % |
| Toys R Us | 2 | 1.9 | % |
| BJ's | 1 | 1.7 | % |
| ShopRite | 2 | 1.5 | % |
| | 36 | 34.4 | % |

See Item 2 – Properties for a complete list of the Company's core properties.

The Company's single largest real estate investment is its general and limited partnership interests in the Ridgeway Shopping Center ("Ridgeway"). In December 2010 and January 2011, the Company and a wholly owned subsidiary purchased the remaining 10% limited partner interests in the limited partnership that owns Ridgeway for $7.4 million. As a result of this transaction, the Company now has a 100% ownership interest in the property.

Ridgeway is located in Stamford, Connecticut and was developed in the 1950's and redeveloped in the mid 1990's. The property contains approximately 350,000 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. For the year ended October 31, 2013, Ridgeway revenues represented approximately 13% of the Company's total revenues and approximately 11% of the Company's total assets at October 31, 2013. As of October 31, 2013, Ridgeway was 100% leased. The property's largest tenants (by base rent) are: The Stop & Shop Supermarket Company (19%), Bed, Bath and Beyond (14%) and Marshall's Inc., a division of the TJX Companies (10%). No other tenant accounts for more than 10% of Ridgeway's annual base rents.

The following table sets out a schedule of the annual lease expirations for retail leases at Ridgeway as of October 31, 2013 for each of the next ten years and thereafter (assuming that no tenants exercise renewal or cancellation options and that there are no tenant bankruptcies or other tenant defaults):

| Year of Expiration | Number of Leases Expiring | Square Footage | Minimum Base Rentals | Base Rent (%) | |
|---|---|---|---|---|---|
| 2014 | 2 | 5,153 | $187,326 | 2 | % |
| 2015 | 5 | 40,980 | 903,584 | 9 | % |
| 2016 | 3 | 4,747 | 173,958 | 2 | % |
| 2017 | 3 | 61,196 | 2,072,367 | 20 | % |

| | | | | |
|---|---|---|---|---|
| 2018 | 11 | 100,911 | 3,469,498 | 33 % |
| 2019 | 1 | 805 | 40,572 | - |
| 2020 | 1 | 2,350 | 105,292 | 1 % |
| 2021 | 1 | 42,700 | 826,185 | 8 % |
| 2022 | 4 | 25,316 | 795,934 | 7 % |
| 2023 | 5 | 62,643 | 1,871,656 | 18 % |
| Total | 36 | 346,801 | $10,446,372 | 100 % |

Non-Core Properties

In a prior year, the Board of Directors of the Company expanded and refined the strategic objectives of the Company to concentrate the real estate portfolio into one of primarily retail properties located in the Northeast and authorized the sale of the Company's non-core properties in the normal course of business over a period of years given prevailing market conditions and the characteristics of each property.

Through this strategy, the Company seeks to update its property portfolio by disposing of properties which have limited growth potential and redeploying capital into properties in its target geographic region and product type where the Company's management skills may enhance property values. The Company may engage from time to time in like-kind property exchanges, which allow the Company to dispose of properties and redeploy proceeds in a tax efficient manner.

At October 31, 2013, the Company's non-core properties consisted of two industrial facilities in St. Louis, Missouri and Dallas, Texas with a total of 447,000 square feet of GLA. The non-core properties collectively had 2 tenants and were 100% leased at October 31, 2013. The two industrial facilities consist of automobile and truck parts distribution warehouses. The facilities are net leased to Chrysler Group, LLC under lease arrangements whereby the tenant pays all taxes, insurance, maintenance and other operating costs of the property during the term of the lease. For the fiscal years ended October 31, 2013, 2012, and 2011 revenues billed and collected under the above leases amounted to approximately $1,356,000, $1,565,000, and $1,546,000 respectively.

In June 2013, the Company extended the leases on both non-core properties ten years through January 2023. Net rents on the St. Louis property (192,000 sf) were decreased to $3.00 per square foot in year one of the extension versus $3.41 per square foot previously. The extended lease provides for 2% annual rent increases in years two through ten. Net rents on the Dallas property (255,000 sf) were decreased to $2.75 per square foot in year one of the extension versus $3.70 per square foot previously. The extended lease provides for 2% annual rent increases in years two through ten. The effective date of both extensions was February 1, 2013.

In August of 2013, the Company entered into a contract to sell these two non-core properties and completed the sale in December of 2013. The Company intends to reinvest the proceeds in commercial real estate located in its core marketplace.

Financing Strategy

The Company intends to continue to finance acquisitions and property improvements and/or expansions with the most advantageous sources of capital which it believes are available to the Company at the time, and which may include the sale of common or preferred equity through public offerings or private placements, the incurrence of additional indebtedness through secured or unsecured borrowings, investments in real estate joint ventures and the reinvestment of proceeds from the disposition of assets. The Company's financing strategy is to maintain a strong and flexible financial position by (1) maintaining a prudent level of leverage, and (2) minimizing its exposure to interest rate risk represented by floating rate debt.

Matters Relating to the Real Estate Business

The Company is subject to certain business risks arising in connection with owning real estate which include, among others, (1) the bankruptcy or insolvency of, or a downturn in the business of, any of its major tenants, (2) the possibility that such tenants will not renew their leases as they expire, (3) vacated anchor space affecting an entire shopping center because of the loss of the departed anchor tenant's customer drawing power, (4) risks relating to leverage, including uncertainty that the Company will be able to refinance its indebtedness, and the risk of higher interest rates, (5) potential liability for unknown or future environmental matters, and (6) the risk of uninsured losses. Unfavorable economic conditions could also result in the inability of tenants in certain retail sectors to meet their lease obligations and otherwise could adversely affect the Company's ability to attract and retain desirable tenants. The Company believes that its shopping centers are relatively well positioned to withstand adverse economic conditions since they typically are anchored by grocery stores, drug stores and discount department stores that offer day-to-day necessities rather than luxury goods. For a discussion of various business risks, see Item 1A – Risk Factors.

Compliance with Governmental Regulations

The Company, like others in the commercial real estate industry, is subject to numerous environmental laws and regulations. Although potential liability could exist for unknown or future environmental matters, the Company believes that its tenants are operating in accordance with current laws and regulations.

Competition

The real estate investment business is highly competitive. The Company competes for real estate investments with investors of all types, including domestic and foreign corporations, financial institutions, other real estate investment trusts, real estate funds, individuals and privately owned companies. In addition, the Company's properties are subject to local competitors from the surrounding areas. The Company's shopping centers compete for tenants with other regional, community or neighborhood shopping centers in the respective areas where the Company's retail properties are located. In addition, the retail industry is seeing greater competition from internet retailers who do not need to establish "brick and mortar" locations for their businesses. This reduces the demand for traditional retail space in shopping centers like ours and other grocery anchored shopping center properties. The Company's office buildings compete for tenants principally with office buildings throughout the respective areas in which they are located. Leasing space to prospective tenants is generally determined on the basis of, among other things, rental rates, location, and physical quality of the property and availability of space.

The Company does not consider its real estate business to be seasonal in nature.

Property Management

The Company actively manages and supervises the operations and leasing at all of its core properties. As discussed above, the Company's remaining non-core industrial properties are net leased to tenants under lease arrangements whereby the tenant is obligated to manage the property.

Employees

The Company's executive offices are located at 321 Railroad Avenue, Greenwich, Connecticut. It occupies approximately 10,000 square feet in a two-story office building owned by the Company. The Company has 43 employees and believes that its relationship with its employees is good.

Company Website

All of the Company's filings with the SEC, including the Company's annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are available free of charge at the Company's website at www.ubproperties.com as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. These filings can also be accessed through the SEC's website at www.sec.gov.

Code of Ethics and Whistleblower Policy

The Company's Board of Directors has adopted a Code of Ethics for Senior Financial Officers that applies to the Company's Chief Executive Officer, Chief Financial Officer and Controller. The Board also adopted a Code of Business Conduct and Ethics applicable to all employees as well as a "Whistleblower Policy". These are available free of charge by contacting the Company.

Financial Information About Industry Segments

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

Item 1A. Risk Factors

Risks related to our operations and properties

There are risks relating to investments in real estate and the value of our property interests depends on conditions beyond our control. Real property investments are illiquid and we may be unable to change our property portfolio on a timely basis in response to changing market or economic conditions. Yields from our properties depend on their net income and capital appreciation. Real property income and capital appreciation may be adversely affected by general and local economic conditions, neighborhood values, competitive overbuilding, zoning laws, weather, casualty losses and other factors beyond our control. Since substantially all of the Company's income is rental income from real property, the Company's income and cash flow could be adversely affected if a large tenant is, or a significant number of tenants are, unable to pay rent or if available space cannot be rented on favorable terms.

Operating and other expenses of our properties, particularly significant expenses such as interest, real estate taxes and maintenance costs, generally do not decrease when income decreases and, even if revenues increase, operating and other expenses may increase faster than revenues.

Our business strategy is mainly concentrated in one type of commercial property and in one geographic location. Our primary investment focus is neighborhood and community shopping centers located in the northeastern United States, with a concentration in Fairfield County, Connecticut, Westchester and Putnam Counties, New York and Bergen County, New Jersey. For the year ended October 31, 2013, approximately 76% of our total revenues were from properties located in these four counties. Various factors may adversely affect a shopping center's profitability. These factors include circumstances that affect consumer spending, such as general economic conditions, economic business cycles, rates of employment, income growth, interest rates and general consumer sentiment. These factors could have a more significant localized effect in the areas where our core properties are concentrated. Changes to the real estate market in our focus areas, such as an increase in retail space or a decrease in demand for shopping center properties, could adversely affect operating results. As a result, we may be exposed to greater risks than if our investment focus was based on more diversified types of properties and in more diversified geographic areas.

The Company's single largest real estate investment is its ownership of the Ridgeway Shopping Center ("Ridgeway") located in Stamford, Connecticut. For the year ended October 31, 2013, Ridgeway revenues represented approximately 13% of the Company's total revenues and approximately 11% of the Company's total assets at October 31, 2013. The loss of this center or a material decrease in revenues from the center could have a material adverse effect on the Company.

We are dependent on anchor tenants in many of our retail properties. Most of our retail properties are dependent on a major or anchor tenant. If we are unable to renew any lease we have with the anchor tenant at one of these properties upon expiration of the current lease, or to re-lease the space to another anchor tenant of similar or better quality upon departure of an existing anchor tenant on similar or better terms, we could experience material adverse consequences such as higher vacancy, re-leasing on less favorable economic terms, reduced net income, reduced funds from operations and reduced property values. Vacated anchor space also could adversely affect an entire shopping center because of the loss of the departed anchor tenant's customer drawing power. Loss of customer drawing power also can occur through the exercise of the right that some anchors have to vacate and prevent re-tenanting by paying rent for the balance of the lease term. In addition, vacated anchor space could, under certain circumstances, permit other tenants to pay a reduced rent or terminate their leases at the affected property, which could adversely affect the future income from such property. There can be no assurance that our anchor tenants will renew their leases when they expire or will be willing to renew on similar economic terms. See Item 1 – Business – Core Properties in this Annual Report on Form 10-K for additional information on our ten largest tenants by percent of total annual base rent of our core properties.

Similarly, if one or more of our anchor tenants goes bankrupt, we could experience material adverse consequences like those described above. Under bankruptcy law, tenants have the right to reject their leases. In the event a tenant exercises this right, the landlord generally may file a claim for lost rent equal to the greater of either one year's rent (including tenant expense reimbursements) or 15% of the rent remaining under the balance of the lease term, not to exceed three years. Actual amounts received in satisfaction of those claims will be subject to the tenant's final plan of reorganization and the availability of funds to pay its creditors.

We face potential difficulties or delays in renewing leases or re-leasing space. We derive most of our income from rent received from our tenants. Although substantially all of our properties currently have favorable occupancy rates, we cannot predict that current tenants will renew their leases upon the expiration of their terms. In addition, current tenants could attempt to terminate their leases prior to the scheduled expiration of such leases or might have difficulty in continuing to pay rent in full, if at all, in the event of a severe economic downturn. If this occurs, we may not be able to promptly locate qualified replacement tenants and, as a result, we would lose a source of revenue while remaining responsible for the payment of our obligations. Even if tenants decide to renew their leases, the terms of renewals or new leases, including the cost of required renovations or concessions to tenants, may be less favorable than current lease terms.

In some cases, our tenant leases contain provisions giving the tenant the exclusive right to sell particular types of merchandise or provide specific types of services within the particular retail center, or limit the ability of other tenants within the center to sell that merchandise or provide those services. When re-leasing space after a vacancy in a center with one of these tenants, such provisions may limit the number and types of prospective tenants for the vacant space. The failure to re-lease space or to re-lease space on satisfactory terms could adversely affect our results from operations. Additionally, properties we may acquire in the future may not be fully leased and the cash flow from existing operations may be insufficient to pay the operating expenses and debt service associated with that property until the property is fully leased. As a result, our net income, funds from operations and ability to pay dividends to stockholders could be adversely affected.

Competition may adversely affect acquisition of properties and leasing operations. We compete for the purchase of commercial property with many entities, including other publicly traded REITs. Many of our competitors have substantially greater financial resources than ours. In addition, our competitors may be willing to accept lower returns on their investments. If our competitors prevent us from buying the properties that we have targeted for acquisition, we may not be able to meet our property acquisition and development goals. We may incur costs on unsuccessful acquisitions that we will not be able to recover. The operating performance of our property acquisitions may also fall short of our expectations, which could adversely affect our financial performance.

If our competitors offer space at rental rates below our current rates or the market rates, we may lose current or potential tenants to other properties in our markets and we may need to reduce rental rates below our current rates in order to retain tenants upon expiration of their leases. As a result, our results of operations and cash flow may be adversely affected. In addition, our tenants face increasing competition from internet commerce, outlet malls, discount retailers, warehouse clubs and other sources which could hinder our ability to attract and retain tenants and/or cause us to reduce rents at our properties, which could have an adverse effect on our results of operations and cash flows.

We face risks associated with the use of debt to fund acquisitions and developments, including refinancing risk. We have incurred, and expect to continue to incur, indebtedness to advance our objectives. The only restrictions on the amount of indebtedness we may incur are certain contractual restrictions and financial covenants contained in our unsecured revolving credit agreement. Using debt to acquire properties, whether with recourse to us generally or only with respect to a particular property, creates an opportunity for increased return on our investment, but at the same time creates risks. We use debt to fund investments only when we believe it will enhance our risk-adjusted returns. However, we cannot be sure that our use of leverage will prove to be beneficial. Moreover, when our debt is secured by our assets, we can lose those assets through foreclosure if we do not meet our debt service obligations. Incurring substantial debt may adversely affect our business and operating results by:

- requiring us to use a substantial portion of our cash flow to pay interest and principal, which reduces the amount available for distributions, acquisitions and capital expenditures;
- making us more vulnerable to economic and industry downturns and reducing our flexibility to respond to changing business and economic conditions; or
- requiring us to agree to less favorable terms, including higher interest rates, in order to incur additional debt; and otherwise limiting our ability to borrow for operations, capital or to finance acquisitions in the future.

We are obligated to comply with financial and other covenants in our debt that could restrict our operating activities, and failure to comply could result in defaults that accelerate the payment under our debt. Our unsecured revolving credit agreement contains financial and other covenants which may limit our ability, without our lenders' consent, to engage in operating or financial activities that we may believe desirable. Our mortgage notes payable contain customary covenants for such agreements including, among others, provisions:

- relating to the maintenance of the property securing the debt;
- restricting our ability to assign or further encumber the properties securing the debt; and
- restricting our ability to enter into certain new leases or to amend or modify certain existing leases without obtaining consent of the lenders.

Our unsecured revolving credit facility contains, among others, provisions restricting our ability to:

- permit unsecured debt to exceed $150 million;
- create certain liens;
- increase our overall secured and unsecured borrowing beyond certain levels;
- consolidate, merge or sell all or substantially all of our assets;
- permit secured debt to be more than 35% of gross asset value, as defined in the agreement; or

- permit unsecured indebtedness to exceed, excluding preferred stock, 50% of eligible real estate asset value as defined in the agreement.

In addition, the unsecured revolving credit facility's covenants (i) limit the amount of debt we may incur, excluding preferred stock, as a percentage of gross asset value, as defined in the agreement, to less than 55% (leverage ratio), (ii) require earnings before interest, taxes, depreciation and amortization to be at least 175% of fixed charges, (iii) require net operating income from unencumbered properties to be at least 200% of unsecured interest expenses, (iv) require not more than 15% of gross asset value, as defined in the agreement, to be attributable to the Company's pro rata share of the value of unencumbered properties owned by non-wholly owned subsidiaries or unconsolidated joint ventures, and (v) require at least 10 unencumbered properties in the unencumbered asset pool.

If we were to breach any of our debt covenants and did not cure the breach within any applicable cure period, our lenders could require us to repay the debt immediately, and, if the debt is secured, could immediately begin proceedings to take possession of the property securing the loan.  As a result, a default under our debt covenants could have an adverse effect on our financial condition, our results of operations, our ability to meet our obligations and the market value of our shares.

Our ability to grow will be limited if we cannot obtain additional capital. Our growth strategy includes the redevelopment of properties we already own and the acquisition of additional properties. We are required to distribute to our stockholders at least 90% of our taxable income each year to continue to qualify as a REIT for federal income tax purposes. Accordingly, in addition to our undistributed operating cash flow, we rely upon the availability of debt or equity capital to fund our growth, which financing may or may not be available on favorable terms or at all. The debt could include mortgage loans from third parties or the sale of debt securities. Equity capital could include our common stock or preferred stock. Additional financing, refinancing or other capital may not be available in the amounts we desire or on favorable terms.

Our access to debt or equity capital depends on a number of factors, including the general state of the capital markets, the market's perception of our growth potential, our ability to pay dividends, and our current and potential future earnings. Depending on the outcome of these factors, we could experience delay or difficulty in implementing our growth strategy on satisfactory terms, or be unable to implement this strategy.

Market interest rates could adversely affect the share price of our stock and increase the cost of refinancing debt. A variety of factors may influence the price of our common equities in the public trading markets. We believe that investors generally perceive REITs as yield-driven investments and compare the annual yield from dividends by REITs with yields on various other types of financial instruments. An increase in market interest rates may lead purchasers of stock to seek a higher annual dividend rate from other investments, which could adversely affect the market price of the stock. In addition, we are subject to the risk that we will not be able to refinance existing indebtedness on our properties. We anticipate that a portion of the principal of our debt will not be repaid prior to maturity. Therefore, we likely will need to refinance at least a portion of our outstanding debt as it matures. A change in interest rates may increase the risk that we will not be able to refinance existing debt or that the terms of any refinancing will not be as favorable as the terms of the existing debt.

If principal payments due at maturity cannot be refinanced, extended or repaid with proceeds from other sources, such as new equity capital or sales of properties, our cash flow will not be sufficient to repay all maturing debt in years when significant "balloon" payments come due. As a result, our ability to retain properties or pay dividends to stockholders could be adversely affected and we may be forced to dispose of properties on unfavorable terms, which could adversely affect our business and net income.

Construction and renovation risks could adversely affect our profitability. We currently are renovating some of our properties and may in the future renovate other properties, including tenant improvements required under leases. Our renovation and related construction activities may expose us to certain risks. We may incur renovation costs for a property which exceed our original estimates due to increased costs for materials or labor or other costs that are unexpected. We also may be unable to complete renovation of a property on schedule, which could result in increased debt service expense or construction costs. Additionally, some tenants may have the right to terminate their leases if a renovation project is not completed on time. The time frame required to recoup our renovation and construction costs and to realize a return on such costs can often be significant.

We are dependent on key personnel. We depend on the services of our existing senior management to carry out our business and investment strategies. We do not have employment agreements with any of our existing senior management. As we expand, we may continue to need to recruit and retain qualified additional senior management. The loss of the services of any of our key management personnel or our inability to recruit and retain qualified personnel in the future could have an adverse effect on our business and financial results.

Uninsured and underinsured losses may affect the value of, or return from, our property interests. We maintain comprehensive insurance on our properties, including the properties securing our loans, in amounts which we believe are sufficient to permit replacement of the properties in the event of a total loss, subject to applicable deductibles. There are certain types of losses, such as losses resulting from wars, terrorism, earthquakes, floods, hurricanes or other acts of God that may be uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in a property, as well as the anticipated future revenues from a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. In addition, changes in building codes and ordinances, environmental considerations and other factors might make it impracticable for us to use insurance proceeds to replace a damaged or destroyed property. If any of these or similar events occur, it may reduce our return from an affected property and the value of our investment.

Properties with environmental problems may create liabilities for us. Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, as an owner of real property, we may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under our properties, as well as certain other potential costs relating to hazardous or toxic substances (including government fines and penalties and damages for injuries to persons and adjacent property). These laws may impose liability without regard to whether we knew of, or were responsible for, the presence or disposal of those substances. This liability may be imposed on us in connection with the activities of an operator of, or tenant at, the property. The cost of any required remediation, removal, fines or personal or property damages and our liability therefore could exceed the value of the property and/or our aggregate assets. In addition, the presence of those substances, or the failure to properly dispose of or remove those substances, may adversely affect our ability to sell or rent that property or to borrow using that property as collateral, which, in turn, would reduce our revenues and ability to make distributions.

A property can be adversely affected either through direct physical contamination or as the result of hazardous or toxic substances or other contaminants that have or may have emanated from other properties. Although our tenants are primarily responsible for any environmental damages and claims related to the leased premises, in the event of the bankruptcy or inability of any of our tenants to satisfy any obligations with respect to the property leased to that tenant, we may be required to satisfy such obligations. In addition, we may be held directly liable for any such damages or claims irrespective of the provisions of any lease.

Prior to the acquisition of any property and from time to time thereafter, we obtain Phase I environmental reports and, when deemed warranted, Phase II environmental reports concerning the Company's properties. Management is not aware of any environmental condition with respect to any of our property interests that we believe 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 our tenants, which could adversely affect our financial condition and results of operations.

Risks Related to our Organization and Structure

We will be taxed as a regular corporation if we fail to maintain our REIT status. Since our founding in 1969, we have operated, and intend to continue to operate, in a manner that enables us to qualify as a REIT for federal income tax purposes. However, the federal income tax laws governing REITs are complex. The determination that we qualify as a REIT requires an analysis of various factual matters and circumstances that may not be completely within our control. For example, to qualify as a REIT, at least 95% of our gross income must come from specific passive sources, such as rent, that are itemized in the REIT tax laws. In addition, to qualify as a REIT, we cannot own specified amounts of debt and equity securities of some issuers. We also are required to distribute to our stockholders at least 90% of our REIT taxable income (excluding capital gains) each year. Our continued qualification as a REIT depends on our satisfaction of the asset, income, organizational, distribution and stockholder ownership requirements of the Internal Revenue Code on a continuing basis. At any time, new laws, interpretations or court decision may change the federal tax laws or the federal tax consequences of qualification as a REIT. If we fail to qualify as a REIT in any taxable year and do not qualify for certain Internal Revenue Code relief provisions, we will be subject to federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. In addition, distributions to stockholders would not be deductible in computing our taxable income. Corporate tax liability would reduce the amount of cash available for distribution to stockholders which, in turn, would reduce the market price of our stock. Unless entitled to relief under certain Internal Revenue Code provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT.

We will pay federal taxes if we do not distribute 100% of our taxable income. To the extent that we distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any year are less than the sum of:

- 85% of our ordinary income for that year;
- 95% of our capital gain net income for that year; and
- 100% of our undistributed taxable income from prior years.

We have paid out, and intend to continue to pay out, our income to our stockholders in a manner intended to satisfy the distribution requirement and to avoid corporate income tax and the 4% nondeductible excise tax. Differences in timing between the recognition of income and the related cash receipts or the effect of required debt amortization payments could require us to borrow money or sell assets to pay out enough of our taxable income to satisfy the distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year.

Gain on disposition of assets deemed held for sale in the ordinary course of business is subject to 100% tax. If we sell any of our assets, the IRS may determine that the sale is a disposition of an asset held primarily for sale to customers in the ordinary course of a trade or business. Gain from this kind of sale generally will be subject to a 100% tax. Whether an asset is held "primarily for sale to customers in the ordinary course of a trade or business" depends on the particular facts and circumstances of the sale. Although we will attempt to comply with the terms of safe-harbor provisions in the Internal Revenue Code prescribing when asset sales will not be so characterized, we cannot assure you that we will be able to do so.

Our ownership limitation may restrict business combination opportunities.
To qualify as a REIT under the Internal Revenue Code, no more than 50% in value of our outstanding capital stock may be owned, directly or indirectly, by five or fewer individuals during the last half of each taxable year. To preserve our REIT qualification, our charter generally prohibits any person from owning shares of any class with a value of more than 7.5% of the value of all of our outstanding capital stock and provides that:

- a transfer that violates the limitation is void;
- shares transferred to a stockholder in excess of the ownership limitation are automatically converted, by the terms of our charter, into shares of "Excess Stock;"
- a purported transferee receives no rights to the shares that violate the limitation except the right to designate a transferee of the Excess Stock held in trust; and
- the Excess Stock will be held by us as trustee of a trust for the exclusive benefit of future transferees to whom the shares of capital stock ultimately will be transferred without violating the ownership limitation.

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We may also redeem Excess Stock at a price which may be less than the price paid by a stockholder. Pursuant to authority under our charter, our board of directors has determined that the ownership limitation does not apply to Mr. Charles J. Urstadt, our Chairman, who beneficially owns 47.1% of our outstanding Common Stock and 0.2% of our outstanding Class A common stock or to Mr. Willing L. Biddle, our CEO, who beneficially owns 27.7% of our outstanding Common Stock and 0.2% of our outstanding Class A Common Stock, each as of the date of this Annual Report on Form 10-K. Such holdings represent approximately 66.2% of our outstanding voting interests. Together as a group Messrs. Urstadt, Biddle, and the other directors and executive officers hold approximately 66.8% of our outstanding voting interests through their beneficial ownership of our Common Stock and Class A Common stock. The ownership limitation may discourage a takeover or other transaction that our stockholders believe to be desirable.

Certain provisions in our charter and bylaws and Maryland law may prevent or delay a change of control or limit our stockholders from receiving a premium for their shares. Among the provisions contained in our charter and bylaws and Maryland law are the following:

- Our board of directors is divided into three classes, with directors in each class elected for three-year staggered terms.
- Our directors may be removed only for cause upon the vote of the holders of two-thirds of the voting power of our common equity securities.
- Our stockholders may call a special meeting of stockholders only if the holders of a majority of the voting power of our common equity securities request such a meeting in writing.
- Any consolidation, merger, share exchange or transfer of all or substantially all of our assets must be approved by (a) a majority of our directors who are currently in office or who are approved or recommended by a majority of our directors who are currently in office (the "Continuing Directors") and (b) the holders of two-thirds of the voting power of our common equity securities.
- Certain provisions of our charter may only be amended by (a) a vote of a majority of our Continuing Directors and (b) the holders of a majority of the voting power of our common equity securities. These provisions relate to the election and classification of directors, the ownership limit and the stockholder vote required for certain business combination transactions. An action by stockholders to remove a director would require a vote of at least two-thirds of the voting power of our outstanding common equity securities.
- The number of directors may be increased or decreased by a vote of our board of directors.

In addition, we are subject to various provisions of Maryland law that impose restrictions and require affected persons to follow specified procedures with respect to certain takeover offers and business combinations, including combinations with persons who own 10% or more of our outstanding shares. These provisions of Maryland law could delay, defer or prevent a transaction or a change of control that our stockholders might deem to be in their best interests. Furthermore, shares acquired in a control share acquisition have no voting rights, except to the extent approved by the affirmative vote of two-thirds of all votes entitled to be cast on the matter, excluding all interested shares. Under Maryland law, "control shares" are those which, when aggregated with any other shares held by the acquiror, allow the acquiror to exercise voting power within specified ranges. The control share provisions of Maryland law also could delay, defer or prevent a transaction or a change of control which our stockholders might deem to be in their best interests. As permitted by Maryland law, our charter and bylaws provide that the "control shares" and "business combinations" provisions of Maryland law described above will not apply to acquisitions of those shares by Mr. Charles J. Urstadt or Mr. Willing L. Biddle or to transactions between the Company and Mr. Urstadt or Mr. Biddle or any of their respective affiliates. Consequently, unless such exemptions are amended or repealed, we may in the future enter into business combinations or other transactions with Mr. Urstadt, Mr. Biddle or any of their respective affiliates without complying with the requirements of Maryland anti-takeover laws. In view of the common equity securities controlled by Messrs. Urstadt and Biddle, either may control a sufficient percentage of the voting power of our common equity securities to effectively block approval of any proposal which requires a vote of our stockholders.

Our stockholder rights plan could deter a change of control. We have adopted a stockholder rights plan. This plan may deter a person or a group from acquiring more than 10% of the combined voting power of our outstanding shares of common stock and Class A common stock because, after (i) the person or group acquires more than 10% of the combined voting power of our outstanding common stock and Class A common stock, or (ii) the commencement of a tender offer or exchange offer by any person (other than us, any one of our wholly owned subsidiaries or any of our employee benefit plans, or certain exempt persons), if, upon consummation of the tender offer or exchange offer, the person or group would beneficially own 30% or more of the combined voting power of our outstanding shares of common stock and Class A common stock, all other stockholders will have the right to purchase securities from us at a price that is less than their fair market value. This would substantially reduce the value of the stock owned by the acquiring person. Our board of directors can prevent the plan from operating by approving the transaction and redeeming the rights. This gives our board of directors significant power to approve or disapprove of the efforts of a person or group to acquire a large interest in us. The rights plan exempts acquisitions of common stock and Class A common stock by Mr. Charles J. Urstadt, Willing L. Biddle, members of their family and certain of his affiliates.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Core Properties

The following table sets forth information concerning each core property at October 31, 2013. Except as otherwise noted, all core properties are 100% owned by the Company.

| | Year Renovated | Year Completed | Year Acquired | Gross Leasable Sq Feet | Acres | Number of Tenants | % Leased | Principal Tenant |
|---|---|---|---|---|---|---|---|---|
| Retail Properties: | | | | | | | | |
| Stamford, CT | 1997 | 1950 | 2002 | 350,000 | 13.6 | 36 | 100 | Stop & Shop Supermarket |
| Springfield, MA | 1996 | 1970 | 1970 | 328,000 | 26.0 | 27 | 90 | Big Y Supermarket |
| Meriden, CT | 2001 | 1989 | 1993 | 316,000 | 29.2 | 22 | 94 | Big Y Supermarket |
| Stratford, CT | 1988 | 1978 | 2005 | 276,000 | 29.0 | 18 | 94 | Stop & Shop Supermarket |
| Scarsdale, NY (1) | 2004 | 1958 | 2010 | 247,000 | 14.0 | 28 | 99 | ShopRite Supermarket |
| New Milford, CT | 2002 | 1972 | 2010 | 233,000 | 20.0 | 11 | 95 | Walmart |
| Yorktown, NY | 1997 | 1973 | 2005 | 200,000 | 16.4 | 8 | 45 | Staples |
| Danbury, CT | - | 1989 | 1995 | 194,000 | 19.3 | 19 | 95 | Christmas Tree Shops |
| White Plains, NY | 1994 | 1958 | 2003 | 191,000 | 3.5 | 8 | 65 | Toys "R" Us |
| Carmel, NY (2) | 2006 | 1971 | 2010 | 189,000 | 22.0 | 32 | 93 | Hannaford Brothers |
| Ossining, NY | 2000 | 1978 | 1998 | 137,000 | 11.4 | 28 | 100 | Stop & Shop Supermarket |
| Somers, NY | - | 2002 | 2003 | 135,000 | 26.0 | 23 | 94 | Home Goods |
| Carmel, NY | 1999 | 1983 | 1995 | 129,000 | 19.0 | 17 | 97 | ShopRite Supermarket |
| New Providence, NJ | 2010 | 1965 | 2013 | 109,000 | 7.8 | 16 | 84 | A&P Supermarket |
| Newark, NJ (3) | - | 1995 | 2008 | 108,000 | 8.4 | 13 | 90 | Pathmark |
| Wayne, NJ | 1992 | 1959 | 1992 | 102,000 | 9.0 | 41 | 93 | A&P Supermarket |
| Newington, NH | 1994 | 1975 | 1979 | 102,000 | 14.3 | 6 | 97 | Savers |
| Darien, CT | 1992 | 1955 | 1998 | 96,000 | 9.5 | 22 | 97 | Stop & Shop Supermarket |
| Emerson, NJ | - | 1981 | 2007 | 93,000 | 7.0 | 17 | 91 | ShopRite Supermarket |
| New Milford, CT | - | 1966 | 2008 | 81,000 | 7.6 | 4 | 89 | Big Y Supermarket |
| Somers, NY | - | 1991 | 1999 | 80,000 | 10.8 | 31 | 92 | CVS |
| Orange, CT | - | 1990 | 2003 | 77,000 | 10.0 | 12 | 100 | Trader Joe's Supermarket |
| Montvale, NJ (4) | 2010 | 1965 | 2013 | 76,000 | 9.9 | 14 | 94 | The Fresh Market |
| Orangeburg, NY (5) | - | 1966 | 2012 | 74,000 | 10.6 | 28 | 94 | CVS |
| New Milford, CT | - | 2003 | 2011 | 72,000 | 8.8 | 8 | 90 | TJ Maxx |
| Eastchester, NY | 2002 | 1978 | 1997 | 70,000 | 4.0 | 14 | 96 | A&P Fresh |
| Fairfield, CT | - | 1995 | 2011 | 63,000 | 7.0 | 3 | 100 | Marshall's |
| Ridgefield, CT | 1999 | 1930 | 1998 | 52,000 | 2.1 | 35 | 85 | Keller Williams |
| Westport, CT | - | 1986 | 2003 | 40,000 | 3.0 | 7 | 95 | Pier One Imports |
| Rye, NY | - | Various | 2004 | 39,000 | 1.0 | 20 | 95 | Cosi |
| Briarcliff Manor, NY | - | 1975 | 2001 | 38,000 | 1.0 | 17 | 94 | CVS |
| Danbury, CT | - | 1988 | 2002 | 33,000 | 2.7 | 5 | 55 | Buffalo Wild Wings |
| Ossining, NY | 2001 | 1981 | 1999 | 29,000 | 4.0 | 4 | 100 | Westchester Community College |
| Katonah, NY | 1986 | Various | 2010 | 28,000 | 1.7 | 24 | 100 | Squires |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Pelham, NY | - | 1975 | 2006 | 25,000 | 1.0 | 8 | 93 | Gristede's Supermarket |
| Spring Valley, NY (6) | - | 1950 | 2013 | 24,000 | 1.6 | 10 | 94 | Spring Valley Foods |
| Eastchester, NY | - | 1963 | 2012 | 23,000 | 2.1 | 3 | 91 | CVS |
| Various (7) | - | Various | 2013 | 20,000 | 5.0 | 6 | 100 | Friendly's Restaurants |
| Waldwick, NJ | - | 1961 | 2008 | 20,000 | 1.8 | 1 | 100 | RiteAid |
| Somers, NY | - | 1987 | 1992 | 19,000 | 4.9 | 12 | 100 | Putnam County Savings Bank |
| Cos Cob, CT | 1970 | 1947 | 2013 | 15,000 | 0.9 | 9 | 81 | Jos A Bank |
| Queens, NY | - | 1960 | 2006 | 11,000 | 1.0 | 5 | 100 | Various |
| Monroe, CT | - | 2005 | 2007 | 10,000 | 2.0 | 6 | 100 | Starbucks |
| Greenwich, CT | - | 1961 | 2013 | 10,000 | 0.8 | 5 | 100 | Cosi |
| Office Properties and Bank Branches | | | | | | | | |
| Greenwich, CT | - | various | various | 58,000 | 2.8 | 13 | 82 | Prescott Investors |
| Bronxville and Yonkers, NY | - | 1960 | 2008 & 2009 | 20,000 | 0.7 | 4 | 100 | People's United Bank, JP Morgan Chase |
| Bernardsville, NJ | - | 1970 | 2013 | 14,000 | 1.1 | 7 | 73 | Laboratory Corp |
| Chester, NJ | - | 1950 | 2013 | 9,000 | 2.0 | 1 | 100 | Clockwork Childcare |
| | | | | 4,665,000 | | 708 | | |

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(1) Two wholly owned subsidiaries of the Company own an 11.642% economic ownership interest in Midway. The Company accounts for this joint venture under the equity method of accounting and does not consolidate the entity owning the property.
(2) A wholly owned subsidiary of the Company has a 66.67% tenant in common interest in the property. The Company accounts for this joint venture under the equity method of accounting and does not consolidate its interest in the property.
(3) A wholly owned subsidiary of the Company is the sole general partner of a partnership that owns this property (84% Ownership Interest)
(4) A wholly owned subsidiary of the Company has a 50% tenant in common interest in the property. The Company accounts for this joint venture under the equity method of accounting and does not consolidate its interest in the property.
(5) A wholly owned subsidiary of the Company is the sole managing member of a limited liability company that owns this property (10.9% Ownership Interest)
(6) A wholly owned subsidiary of the Company has a 50% tenant in common interest in the property. The Company accounts for this joint venture under the equity method of accounting and does not consolidate its interest in the property.
(7) The Company owns six separate free standing properties, each occupied 100% by a Friendly's Restaurant, the properties are located in New York and Connecticut.

Non-Core Properties

In a prior year, the Board of Directors of the Company expanded and refined the strategic objectives of the Company to concentrate the real estate portfolio into one of primarily retail properties located in the Northeast and authorized the sale of the Company's non-core properties in the normal course of business over a period of years given prevailing market conditions and the characteristics of each property.

At October 31, 2013, the Company's non-core properties consisted of two industrial facilities with a total of 447,000 square feet of GLA. The non-core properties collectively had 2 tenants and were 100% leased at October 31, 2013. These two properties were sold by the Company in December of 2013.

The following table sets forth information concerning each non-core property at October 31, 2013. The non-core properties are 100% owned by the Company.

| Location | Year Renovated | Year Completed | Year Acquired | Rentable Square Feet | Acres | # of Tenants | Leased | Principal Tenant |
|---|---|---|---|---|---|---|---|---|
| Dallas, TX | 1989 | 1970 | 1970 | 255,000 | 14.5 | 1 | 100 % | Chrysler Group, LLC |
| St. Louis, MO | 2000 | 1970 | 1970 | 192,000 | 16.0 | 1 | 100 % | Chrysler Group, LLC |
| | | | | 447,000 | | 2 | | |
| Total Portfolio | | | | 5,112,000 | | 710 | | |

Lease Expirations – Total Portfolio

The following table sets forth a summary schedule of the annual lease expirations for the consolidated core properties for leases in place as of October 31, 2013, assuming that none of the tenants exercise renewal or cancellation options, if any, at or prior to the scheduled expirations.

| Year of Lease Expiration | Number of Leases Expiring | Square Footage of Expiring Leases | Minimum Base Rentals | Percentage of Total Leased Square Feet |
|---|---|---|---|---|
| 2014 (1) | 117 | 267,309 | $6,010,104 | 9 % |
| 2015 | 87 | 387,490 | 8,876,334 | 13 % |
| 2016 | 74 | 307,127 | 7,155,113 | 10 % |
| 2017 | 74 | 409,053 | 9,216,566 | 13 % |
| 2018 | 66 | 477,759 | 9,497,419 | 14 % |
| 2019 | 49 | 374,272 | 4,563,369 | 6 % |
| 2020 | 34 | 219,292 | 3,835,697 | 5 % |
| 2021 | 33 | 200,808 | 4,459,000 | 6 % |
| 2022 | 37 | 298,008 | 5,346,625 | 8 % |
| 2023 | 28 | 195,760 | 5,317,667 | 8 % |
| Thereafter | 25 | 434,269 | 5,745,313 | 8 % |
| Total | 624 | 3,571,147 | $70,023,207 | 100 % |

(1) Represents lease expirations from November 1, 2013 to October 31, 2014 and month-to-month leases.

Item 3. Legal Proceedings.

In the ordinary course of business, the Company is involved in legal proceedings. There are no material legal proceedings presently pending against the Company.

Item 4. Mine Safety Disclosures.

Not Applicable

PART II

Item 5. Market for the Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities.

(a) Market Information

Shares of Common Stock and Class A Common Stock of the Company are traded on the New York Stock Exchange under the symbols "UBP" and "UBA," respectively. The following table sets forth the high and low closing sales prices for the Company's Common Stock and Class A Common Stock during the fiscal years ended October 31, 2013 and 2012 as reported on the New York Stock Exchange:

| Common shares: | Fiscal Year Ended October 31, 2013 | | Fiscal Year Ended October 31, 2012 | |
|---|---|---|---|---|
| | Low | High | Low | High |
| First Quarter | $17.48 | $18.72 | $15.50 | $19.06 |
| Second Quarter | $18.29 | $19.60 | $17.76 | $19.90 |
| Third Quarter | $17.52 | $20.13 | $16.99 | $19.39 |
| Fourth Quarter | $16.27 | $19.00 | $17.79 | $19.81 |

| Class A Common shares: | Fiscal Year Ended October 31, 2013 | | Fiscal Year Ended October 31, 2012 | |
|---|---|---|---|---|
| | Low | High | Low | High |
| First Quarter | $18.12 | $20.25 | $15.61 | $19.75 |
| Second Quarter | $20.24 | $22.27 | $18.44 | $20.15 |
| Third Quarter | $19.75 | $23.05 | $17.45 | $19.98 |
| Fourth Quarter | $18.91 | $21.46 | $18.88 | $20.78 |

(b) Approximate Number of Equity Security Holders

At December 31, 2013 (latest date practicable), there were 773 shareholders of record of the Company's Common Stock and 768 shareholders of record of the Class A Common Stock.

(c) Dividends Declared on Common Stock and Class A Common Stock and Tax Status

The following tables set forth the dividends declared per Common share and Class A Common share and tax status for Federal income tax purposes of the dividends paid during the fiscal years ended October 31, 2013 and 2012:

| | Common Shares | | | | Class A Common Shares | | | |
|---|---|---|---|---|---|---|---|---|
| Dividend Payment Date | Gross Dividend Paid Per Share | Ordinary Income | Capital Gain | Non-Taxable Portion | Gross Dividend Paid Per Share | Ordinary Income | Capital Gain | Non-Taxable Portion |
| January 18, 2013 | $.225 | $ .108 | $.014 | $ .103 | $.25 | $ .12 | $.016 | $ .114 |
| April 19, 2013 | $.225 | $ .108 | $.014 | $ .103 | $.25 | $ .12 | $.016 | $ .114 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| July 19, 2013 | $.225 | $ .108 | $ .014 | $ .103 | $.25 | $ .12 | $ .016 | $ .114 |
| October 18, 2013 | $.225 | $ .108 | $ .014 | $ .103 | $.25 | $ .12 | $ .016 | $ .114 |
| | $.90 | $ .432 | $ .056 | $ .412 | $1.00 | $ .48 | $ .064 | $ .456 |

| | Common Shares | | | Class A Common Shares | | |
|---|---|---|---|---|---|---|
| Dividend Payment Date | Gross Dividend Paid Per Share | Ordinary Income | Non-Taxable Portion | Gross Dividend Paid Per Share | Ordinary Income | Non-Taxable Portion |
| January 20, 2012 | $.225 | $ .124 | $ .101 | $.2475 | $ .137 | $ .1105 |
| April 20, 2012 | $.225 | $ .124 | $ .101 | $.2475 | $ .137 | $ .1105 |
| July 20, 2012 | $.225 | $ .124 | $ .101 | $.2475 | $ .137 | $ .1105 |
| October 19, 2012 | $.225 | $ .124 | $ .101 | $.2475 | $ .137 | $ .1105 |
| | $.90 | $ .496 | $ .404 | $.99 | $ .548 | $ .442 |

The Company has paid quarterly dividends since it commenced operations as a real estate investment trust in 1969. During the fiscal year ended October 31, 2013, the Company made distributions to stockholders aggregating $0.90 per Common share and $1.00 per Class A Common share. On December 12, 2013, the Company's Board of Directors approved the payment of a quarterly dividend payable January 17, 2014 to stockholders of record on January 3, 2014. The quarterly dividend rates were declared in the amounts of $0.2250 per Common share and $0.2525 per Class A Common share.

Although the Company intends to continue to declare quarterly dividends on its Common shares and Class A Common shares, no assurances can be made as to the amounts of any future dividends. The declaration of any future dividends by the Company is within the discretion of the Board of Directors and will be dependent upon, among other things, the earnings, financial condition and capital requirements of the Company, as well as any other factors deemed relevant by the Board of Directors. Two principal factors in determining the amounts of dividends are (i) the requirement of the Internal Revenue Code that a real estate investment trust distribute to shareholders at least 90% of its real estate investment trust taxable income, and (ii) the amount of the Company's available cash.

Each share of Common Stock entitles the holder to one vote. Each share of Class A Common Stock entitles the holder to 1/20 of one vote per share. Each share of Common Stock and Class A Common Stock have identical rights with respect to dividends except that each share of Class A Common Stock will receive not less than 110% of the regular quarterly dividends paid on each share of Common Stock.

The Company has a Dividend Reinvestment and Share Purchase Plan ("DRIP") that allows shareholders to acquire additional shares of Common Stock and Class A Common Stock by automatically reinvesting dividends. Shares are acquired pursuant to the DRIP at a price equal to the higher of 95% of the market price of such shares on the dividend payment date or 100% of the average of the daily high and low sales prices for the five trading days ending on the day of purchase without payment of any brokerage commission or service charge. As of October 31, 2013, 1,185,700 shares of Common Stock and 226,916 shares of Class A Common Stock have been issued under the DRIP.

(d) Issuer Repurchase

In a prior year, the Board of Directors of the Company approved a share repurchase program ("Program") for the repurchase of up to 1,500,000 shares of Common Stock and Class A Common Stock in the aggregate. In addition the Board of Directors amended the Program to allow the Company to repurchase shares of the Company's Series C and Series D Senior Cumulative Preferred Stock (Preferred Stock) in open market transactions. During the fiscal year ended October 31, 2013, the Company repurchased 1,000 shares of Common Stock under the plan. The Company did not purchase any shares under the plan in the fiscal year ended October 31, 2012. As of October 31, 2013, the Company had repurchased 4,600 shares of Common Stock and 724,578 shares of Class A Common Stock under the program. The Company had not yet repurchased any Preferred Stock under the Program. On December 12, 2013, the Board of Directors approved a new share repurchase program to repurchase up to 2,000,000 shares, in the aggregate, of the Company's Common Stock, Class A Common Stock, Series D Cumulative Preferred Stock and Series F Cumulative Preferred Stock. The new authorization supersedes and replaces the prior Program.

The following table sets forth the shares repurchased by the Company during the three-month period ended October 31, 2013:

| Period | Total Number of Shares Purchased | Average Price Per Share Purchased | Total Number Shares Re-purchased as Part of Publicly Announced Plan or Program | Maximum Number of Shares That May be Purchased Under the Plan or Program |
|---|---|---|---|---|
| August 1, 2013 – August 31, 2013 | - | - | - | 770,822 |
| September 1, 2013 – September 30, 2013 | - | - | - | 770,822 |
| October 1, 2013 – October 31, 2013 | - | - | - | 770,822 |

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Item 6. Selected Financial Data.
(In thousands, except per share data)

| Year Ended October 31, | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| Balance Sheet Data: | | | | | |
| Total Assets | $650,026 | $724,243 | $576,264 | $557,053 | $504,539 |
| Revolving Credit Lines | $9,250 | $11,600 | $41,850 | $11,600 | $- |
| Mortgage Notes Payable and Other Loans | $166,246 | $143,236 | $118,135 | $118,202 | $116,417 |
| Redeemable Preferred Stock | $- | $21,510 | $96,203 | $96,203 | $96,203 |
| Operating Data: | | | | | |
| Total Revenues | $94,245 | $89,730 | $89,459 | $83,596 | $80,940 |
| Total Expenses and payments to noncontrolling interests | $69,881 | $63,702 | $60,526 | $57,970 | $55,337 |
| Income from Continuing Operations before Discontinued Operations | $29,105 | $27,282 | $30,483 | $26,022 | $26,109 |
| Per Share Data: | | | | | |
| Net Income from Continuing Operations - Basic: | | | | | |
| Class A Common Stock | $.31 | $.42 | $.63 | $.52 | $.54 |
| Common Stock | $.28 | $.38 | $.57 | $.47 | $.49 |
| Net Income from Continuing Operations - Diluted: | | | | | |
| Class A Common Stock | $.30 | $.41 | $.61 | $.51 | $.53 |
| Common Stock | $.27 | $.36 | $.55 | $.46 | $.48 |
| Cash Dividends Paid on: | | | | | |
| Class A Common Stock | $1.00 | $.99 | $.98 | $.97 | $.96 |
| Common Stock | $.90 | $.90 | $.89 | $.88 | $.87 |
| Other Data: | | | | | |
| Net Cash Flow Provided by (Used in): | | | | | |
| Operating Activities | $50,592 | $52,504 | $46,548 | $45,156 | $42,611 |
| Investing Activities | $(49,631 ) | $(10,778 ) | $(42,351 ) | $(51,179 ) | $(3,095 ) |
| Financing Activities | $(76,468 ) | $31,837 | $(15,343 ) | $11,358 | $(30,840 ) |
| Funds from Operations (Note [1]) | $29,506 | $30,627 | $34,453 | $30,053 | $30,108 |

Note: The Company has adopted the definition of Funds from Operations (FFO) suggested by the National Association of Real Estate Investment Trusts (NAREIT) and defines FFO as net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of properties plus real estate related depreciation and amortization and after adjustments for unconsolidated joint ventures. For a reconciliation of net income and FFO, see Management's Discussion and Analysis of Financial Condition and Results of Operations on page 20. FFO does not represent cash flows from operating activities in accordance with generally accepted accounting principles and should not be considered an alternative to net income as an indicator of the Company's operating performance. The Company considers FFO a meaningful, additional measure of operating performance because it primarily excludes the assumption that the value of its real estate assets diminishes predictably over time and industry analysts have accepted it as a performance measure. FFO is presented to assist investors in analyzing the performance of the Company. It is helpful as it excludes various items included in net income that are not indicative of the Company's operating performance. However, comparison of the Company's presentation of FFO, using the NAREIT definition, to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs. For a further discussion of FFO, see Management's Discussion and Analysis of Financial Condition and Results of Operations on page 20.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Forward-Looking Statements
This Item 7 includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this Item 7 that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future, including such matters as future capital expenditures, dividends and acquisitions (including the amount and nature thereof), business strategies, expansion and growth of the Company's operations and other such matters, are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, including, among other things, general economic and business conditions, the business opportunities that may be presented to and pursued by the Company, changes in laws or regulations and other factors, many of which are beyond the control of the Company. Many of these risks are discussed in Item 1A. Risk Factors. Any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those anticipated in the forward-looking statements.

Executive Summary and Overview
The Company, a REIT, is a fully integrated, self-administered real estate company, engaged in the acquisition, ownership and management of commercial real estate, primarily neighborhood and community shopping centers in the northeastern part of the United States. Other real estate assets include office and industrial properties. The Company's major tenants include supermarket chains and other retailers who sell basic necessities. At October 31, 2013, the Company owned or had equity interests in 66 properties containing a total of 5.1 million square feet of GLA of which approximately 92% was leased. Included in the 66 properties are equity interests in five unconsolidated joint ventures at October 31, 2013. These joint ventures were approximately 96% leased. The Company has paid quarterly dividends to its shareholders continuously since its founding in 1969 and has increased the level of dividend payments to its shareholders for 20 consecutive years.

The Company derives substantially all of its revenues from rents and operating expense reimbursements received pursuant to long-term leases and focuses its investment activities on community and neighborhood shopping centers, anchored principally by regional supermarket chains. The Company believes, because of the need of consumers to purchase food and other staple goods and services generally available at supermarket-anchored shopping centers, that the nature of its investments provide for relatively stable revenue flows even during difficult economic times. The Company is experiencing and in fiscal 2014, expects that it may continue to experience a higher level of vacancies, relative to the Company's historical norm, at some of its shopping centers and a lengthening in the time required for re-leasing of vacant space, as the current economic climate continues to negatively affect retail companies. However, the Company believes it is well positioned to weather any difficulties it might encounter. The Company currently has 411,000 square feet of vacant space in its core property portfolio. Of this vacant space, 176,000 square feet, or 43% of the Company's vacant space in its core property portfolio, is located in two properties that have been more difficult to lease or are in various stages of redevelopment. One of the properties is an 189,000 sf property with 66,000 sf vacant and we are in the process of obtaining a zoning change on the property to allow for a higher and better use that we feel will increase the value of the property. We expect to have the new zoning approved in fiscal 2014. The second property is a 200,000 sf shopping center with 110,000 sf vacant. Of this vacant space, 84,000 sf is basement space. The Company is in the process of converting this space to a self-storage use and expects the lease-up of the self-storage to take between 24-48 months from completion of the conversion.

The Company has a strong capital structure and does not have any secured debt maturing until August 2015. Consistent with its business strategy, the Company expects to continue to explore acquisition opportunities that may arise.

Primarily as a result of property acquisitions in fiscal 2012 and 2013, the Company's financial data, excluding the one-time lease termination income in fiscal 2011, shows increases in total revenues and expenses from period to period.

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

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

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

## Critical Accounting Policies

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

### Revenue Recognition

Revenues from operating leases include revenues from core properties and non-core properties. Rental income is generally recognized based on the terms of leases entered into with tenants. In those instances in which the Company funds tenant improvements and the improvements are deemed to be owned by the Company, revenue recognition will commence when the improvements are substantially completed and possession or control of the space is turned over to the tenant. When the Company determines that the tenant allowances are lease incentives, the Company commences revenue recognition when possession or control of the space is turned over to the tenant for tenant work to begin. Minimum rental income from leases with scheduled rent increases is recognized on a straight-line basis over the lease term. 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 accounting principles generally accepted in the United States of America ("GAAP") have been met.

### Allowance for Doubtful Accounts

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

### Real Estate

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

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

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

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

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

Asset Impairment

On a periodic basis, management assesses whether there are any indicators that the value of the real estate properties 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 rental properties is impaired at October 31, 2013.

Liquidity and Capital Resources

In October 2012, the Company completed two equity offerings and raised approximately $173 million in capital. Through October 31, 2013, the Company has used the proceeds in connection with the following:

- $16.3 million to repay outstanding variable rate and fixed rate mortgage debt that matured
- $40.6 million in connection with the repurchase of a portion of the Company's Series C Senior Cumulative Preferred Stock
- $63 million for the redemption of all of its outstanding Series E Senior Cumulative Preferred Stock
- $58.4 million to purchase income producing commercial real estate.

See Notes 3, 7, 8, 10 and 11 included in the Company's financial statements included in Item 8 for more information.

At October 31, 2013, the Company had unrestricted cash and cash equivalents of $2.9 million compared to $78.1 million at October 31, 2012. The Company's sources of liquidity and capital resources include its cash and cash equivalents, proceeds from bank borrowings and long-term mortgage debt, capital financings and sales of real estate investments. Payments of expenses related to real estate operations, debt service, management and professional fees, and dividend requirements place demands on the Company's short-term liquidity.

The Company maintains a conservative capital structure with low leverage levels by commercial real estate standards. As a result of this low leverage level, the Company has been able to avoid the balance sheet recapitalizations that many other commercial real estate companies have had to undertake during the recent down-turn in the economy. The Company maintains a ratio of total debt to total assets below 27% and a very strong fixed charge coverage ratio of over 2.2 to 1, which we believe will allow the Company to obtain additional secured mortgage borrowings if necessary. The Company does not have any fixed rate debt coming due until fiscal 2015 and has 44 properties in its consolidated core portfolio that are not encumbered by secured mortgage debt. At October 31, 2013, the Company had loan availability of $70.75 million on its unsecured revolving line of credit.

The Company is currently experiencing a reduction of rental revenues at some of the Company's properties because of tenant vacancies. Until these vacancies are re-leased and new tenants begin to pay rent, the Company's cash flow will continue to be negatively affected. Although the Company does not anticipate having to reduce its dividend on common stock, and has no plans to do so, a further significant decline in rental revenue, without a corresponding reduction in expenses, could lead the Company to conclude that it should reduce its common stock dividend until the dividend payout ratio returns to more conservative levels.

Cash Flows

The Company expects to meet its short-term liquidity requirements primarily by generating net cash from the operations of its properties. The Company believes that its net cash provided by operations will be sufficient to fund its short-term liquidity requirements for fiscal 2014 and to meet its dividend requirements necessary to maintain its

REIT status. In fiscal 2013, 2012 and 2011, net cash flow provided by operations amounted to $51.0 million, $52.5 million and $46.5 million, respectively. Cash dividends paid on common and preferred shares increased to $46.6 million in fiscal 2013 compared to $42.6 million in fiscal 2012 and $41.3 million in fiscal 2011.

The Company expects to continue paying regular dividends to its stockholders. These dividends will be paid from operating cash flows which are expected to increase due to property acquisitions and growth in operating income in the existing portfolio and from other sources. The Company derives substantially all of its revenues from rents under existing leases at its properties. The Company's operating cash flow therefore depends on the rents that it is able to charge to its tenants, and the ability of its tenants to make rental payments. The Company believes that the nature of the properties in which it typically invests, primarily grocery-anchored neighborhood and community shopping centers, provides a more stable revenue flow in uncertain economic times, in that consumers still need to purchase basic staples and convenience items. However, even in the geographic areas in which the Company owns properties, general economic downturns may adversely impact the ability of the Company's tenants to make lease payments and the Company's ability to re-lease space as leases expire. In either of these cases, the Company's cash flow could be adversely affected. Over the last several years, the entire retail commercial real estate industry has seen increased competition from Internet commerce, which has made it more difficult for certain types of "brick and mortar" businesses to compete, the result of which has been to reduce the tenant pool for retail commercial real estate owners like us. The Company is aware of this threat and at this point does not believe it is material, but continues to monitor it. If internet commerce continues to erode the need for traditional retail stores it could make it more difficult for the Company to lease available space and the Company's future cash flow could be adversely affected.

Net Cash Flows from:

Operating Activities

Net cash flows provided by operating activities amounted to $51.0 million in fiscal 2013, compared to $52.5 million in fiscal 2012, and $46.5 million in fiscal 2011. The changes in operating cash flows were primarily the result of:

Decrease from fiscal 2012 to fiscal 2013:
Predominantly caused by a decrease in accounts receivable collected and an increase in restricted cash related to new escrow accounts related to mortgages assumed with new property acquisitions in fiscal 2013 offset by the addition of the net operating results of the Company's acquired properties in fiscal 2012 and fiscal 2013.

Increase from fiscal 2011 to fiscal 2012:
The addition of the net operating results of the Company's acquired properties in fiscal 2011 and fiscal 2012 and the collection of tenant receivables related to common area maintenance and real estate tax reimbursements by tenants.

Investing Activities

Net cash flows used in investing activities was $49.6 million in fiscal 2013, $10.8 million in fiscal 2012 and $42.4 million in fiscal 2011. The change in investing cash flows was primarily the result of:

Increase in cash used from fiscal 2012 to fiscal 2013:
The Company acquiring 11 properties in fiscal 2013 requiring $58.4 million in equity versus acquiring two properties in fiscal 2012 that required only $5.4 million in equity. In addition, the Company has deposits of $3.3 million in fiscal 2013 to purchase additional commercial real estate. The Company also is in the process of re-tenanting two shopping centers. As a result, the Company has expended $10.1 million on improvements to its properties in fiscal 2013 versus only $6.5 million in fiscal 2012. This increase in cash used by investing activities was partially offset by proceeds in the amount of $4.5 million from the sale of one of the Company's properties and by the proceeds from the sale of marketable securities at a gain in fiscal 2013.

Decrease in cash used from fiscal 2011 to fiscal 2012:
The Company acquiring only two properties requiring $5.4 million in equity in fiscal 2012 versus acquisitions requiring $33.7 million in equity (including the purchase of noncontrolling interests) in fiscal 2011.

The Company regularly makes capital investments in its properties for property improvements, tenant improvements costs and leasing commissions.

Financing Activities

Net cash flows used by financing activities amounted to $76.5 million in fiscal 2013 as compared with net cash provided by financing activities in the amount of $31.8 million in fiscal 2012 and net cash used by financing activities of $15.3 million in fiscal 2011. The change in net cash provided (used) by financing activities was primarily attributable to:

Cash generated:

Fiscal 2013: (Total $39.9 million)
- Proceeds from revolving credit line borrowings of $38.4 million
- Return of escrow deposit of $1.3 million

Fiscal 2012: (Total $259.1 million)

- Proceeds from revolving credit line borrowings for property acquisitions in the amount of $58.0 million
- Proceeds from mortgaging a previously unencumbered property in amount of $28.0 million
- Proceeds from the sale of 2.5 million shares of Class A Common stock in a follow-on public offering
- Proceeds from the sale of 5.175 million shares of a new series of redeemable Preferred Stock (Series F) in a public offering

Fiscal 2011: (Total $32.5 million)

- Proceeds from revolving credit line borrowings for property acquisitions in the amount of $30.3 million.

Cash used:

Fiscal 2013: (Total $116.3 million)

- Dividends to shareholders in the amount of $46.6 million.
- Repayment of mortgage notes payable in the amount of $6.6 million.
- Repayment of revolving credit line borrowings in the amount of $40.7 million.
- Repurchase of shares of the Company's Series C Senior Cumulative Preferred Stock in the amount of $22.4 million.

Fiscal 2012: (Total $227.2 million)

- Dividends to shareholders in the amount of $42.6 million.
- Repayment of mortgage notes payable in the amount of $15.0 million.
- Repayment of revolving credit line borrowings in the amount of $88.3 million.
- Repurchase of shares of the Company's Series C and redemption of all of the Series E Senior Cumulative Preferred Stock in the combined amount of $81 million.

Fiscal 2011: (Total $47.9 million)

- Dividends to shareholders in the amount of $41.3 million.
- Repayment of mortgage notes payable in the amount of $6.6 million.

Capital Resources

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

Financings and Debt

The Company has an $80 million Unsecured Revolving Credit Facility (the "Facility") with a syndicate of four banks led by The Bank of New York Mellon, as administrative agent. The syndicate also includes Wells Fargo Bank N.A. (syndication agent), Bank of Montreal and Regions Bank (co-documentation agents). The Facility gives the Company the option, under certain conditions, to increase the Facility's borrowing capacity up to $125 million. The maturity date of the Facility is September 21, 2016 with a one-year extension at the Company's option. Borrowings under the Facility can be used for, among other things, acquisitions, working capital, capital expenditures, and repayment of other indebtedness and the issuance of letters of credit (up to $10 million). Borrowings will bear interest at the Company's option of Eurodollar rate plus 1.5% to 2.0% or The Bank of New York Mellon's prime lending rate plus 0.50% based on consolidated indebtedness, as defined. The Company will pay an annual fee on the unused commitment amount of up to 0.25% to 0.35% based on outstanding borrowings during the year. The Facility contains certain representations, financial and other covenants typical for this type of facility. The Company's ability to borrow under the Facility is subject to 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 October 31, 2013.

During fiscal 2013, the Company borrowed a total of $9.25 million on its Facility to fund a portion of its equity for property acquisitions and capital improvements to its properties. In a prior year, the Company had borrowed $11.6 million on its Facility to loan to one of its unconsolidated joint ventures. In fiscal 2013 the loan was repaid and the Company in-turn repaid the $11.6 million borrowed under the Facility.

During fiscal 2013, the Company, through a wholly-owned subsidiary assumed an existing first mortgage loan encumbering two properties recently acquired in Greenwich, CT ("the Greenwich Properties") at its estimated fair value of $8.3 million. The mortgage loan requires monthly payments of principal and interest at a fixed rate of 4.0% per annum. The mortgage matures in August 2016.

During fiscal 2013, the Company, through a wholly-owned subsidiary, assumed a first mortgage loan encumbering a property located in New Providence, NJ ("the New Providence Property") at its estimated fair value of $21.3 million. The mortgage loan requires monthly payments of principal and interest at the fixed rate of 4.0% per annum. The mortgage matures in January 2022.

In June of fiscal 2013, the Company repaid, at maturity its first mortgage payable secured by its Veteran's Plaza property in the amount of $3.2 million.

In October 2012, the Company repaid its first mortgage payable secured by its New Milford property in the amount of $8.3 million.

In August 2012, a wholly owned subsidiary of the Company completed the installation of a solar power system (the "Ferry System") at the Company's Ferry Plaza Shopping Center in Newark, New Jersey at a total cost of approximately $1.7 million. The subsidiary of the Company financed a portion of the project with a loan in the amount of $1.1 million from The Public Service Electric and Gas Company of New Jersey ("PSE&G"), through PSE&G's "Solar Loan Program II". The loan requires monthly payments of principal and interest at 11.3% per annum through its maturity date of August 31, 2027. The subsidiary of the Company has the option of repaying all or part of the PSE&G loan, including interest, with Solar Renewable Energy Credits ("SREC's") that are expected to be generated by the Ferry System. The remaining cost of the Ferry System was funded by a renewable energy grant from the federal government.

In March 2012, the Company assumed a first mortgage payable in the amount of $7.4 million in conjunction with its investment in UB Orangeburg, LLC ("Orangeburg"). Subsequent to the assumption, Orangeburg extended the loan with the current lender for an additional five years at an interest rate of 2.78%. The loan now matures in October 2017. The operating agreement for Orangeburg requires that the loan be refinanced and not repaid at maturity.

In February 2012, the Company borrowed $28 million by placing a non-recourse first mortgage on one of its unencumbered properties. The loan is for a term of ten years and will require payments of principal and interest based on a thirty-year amortization schedule at the fixed interest rate of 4.85%. The proceeds of the loan were used to repay approximately $28 million in borrowing on the Company's Facility.

In December 2011 (fiscal 2012), the Company, through a wholly owned subsidiary, assumed a first mortgage payable secured by its Eastchester Plaza property with an estimated fair value of approximately of $3.6 million. The mortgage matured in April 2012 and was repaid.

In fiscal 2011, the Company borrowed a total of $25.5 million on its Facility to fund its equity in two property acquisitions, its additional investment in UB Ironbound, L.P., and capital and tenant improvements relating to some of its properties.

In fiscal 2011, the Company borrowed $800,000 on the Facility to fund an additional debt investment in the Midway Shopping Center L.P., which the partnership used to fund tenant improvements.

In fiscal 2011, the Company, through a wholly owned subsidiary, assumed a first mortgage payable with an estimated fair value of approximately $5.0 million in conjunction with its purchase of the Fairfield Plaza Shopping Center. The mortgage requires payments of principal and interest at a fixed rate of interest of 5.0% with a maturity of August 2015.

In fiscal 2011, the Company repaid, at maturity, its first mortgage payable secured by its Carmel, New York property in the amount of $4.0 million.

During fiscal 2011, a wholly owned subsidiary of the Company completed the installation of a solar power system (the "Emerson System") at the Company's Emerson Shopping Center in Emerson, New Jersey at a total cost of approximately $1.2 million. The subsidiary of the Company financed a portion of the project with a loan in the amount of $819,000 from PSE&G, through PSE&G's "Solar Loan Program II". The loan requires monthly payments of principal and interest at 11.3% per annum through its maturity date of May 31, 2026. The subsidiary of the Company has the option of repaying all or part of the PSE&G loan, including interest, with SREC's that are expected to be generated by the Emerson System. Most of the remaining cost of the Emerson System was funded by a renewable energy grant from the federal government.

During fiscal 2011, a wholly owned subsidiary of the Company completed the installation of a solar power system (the "Valley Ridge System") at the Company's Valley Ridge Shopping Center in Wayne, New Jersey at a total cost of approximately $1.1 million. In conjunction with the solar installation the subsidiary of the Company financed a portion of the project with a loan in the amount of $726,000 from PSE&G, through PSE&G's "Solar Loan Program I". The loan requires monthly payments of principal and interest at 11.11% per annum through its maturity date of January 31, 2026. The subsidiary of the Company has the option of repaying all or part of the PSE&G loan, including interest, with SREC's that are expected to be generated by the Valley Ridge System. Most of the remaining cost of the Valley Ridge System was funded by a renewable energy grant from the federal government.

The Company is exposed to interest rate risk primarily through its borrowing activities. There is inherent rollover risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and the Company's future financing requirements. Mortgage notes payable and other loans in the amount of $166.2 million consist of fixed rate mortgage loan indebtedness with a weighted average interest rate of 5.3% at October 31, 2013. The mortgage loans are secured by 14 properties with a net book value of $260 million and have fixed rates of interest ranging from 2.8% to 11.3%. The Company made principal payments of $6.6 million (including the repayment of $3.2 million in mortgages that matured) in fiscal 2013 compared to $15.0 million (including the repayment of $11.8 million in mortgages that matured) in fiscal 2012 and $6.6 million (including the repayment of $4.0 million in mortgages that matured) in fiscal 2011. The Company may refinance its mortgage loans, at or prior to scheduled maturity, through replacement mortgage loans. The ability to do so, however, is dependent upon various factors, including the income level of the properties, interest rates and credit conditions within the commercial real estate market. Accordingly, there can be no assurance that such refinancings can be achieved.

Contractual Obligations

The Company's contractual payment obligations as of October 31, 2013 were as follows (amounts in thousands):

Payments Due by Period

| | Total | 2014 | 2015 | 2016 | 2017 | 2018 | Thereafter |
|---|---|---|---|---|---|---|---|
| Mortgage notes payable | $166,246 | $3,815 | $8,469 | $11,261 | $53,326 | $2,713 | $ 86,662 |
| Interest on mortgage notes payable | 46,177 | 8,830 | 8,598 | 8,253 | 5,871 | 4,933 | 9,692 |
| Revolving Credit Lines | 9,250 | - | - | - | 9,250 | - | - |
| Tenant obligations* | 7,534 | 7,473 | 61 | - | - | - | - |
| Total Contractual Obligations | $229,207 | $20,118 | $17,128 | $19,514 | $68,447 | $7,646 | $ 96,354 |

*Committed tenant-related obligations based on executed leases as of October 31, 2013.

The Company has various standing or renewable service contracts with vendors related to its property management. In addition, the Company also has certain other utility contracts entered into in the ordinary course of business which may extend beyond one year, which vary based on usage. These contracts include terms that provide for cancellation with insignificant or no cancellation penalties. Contract terms are generally one year or less.

Off-Balance Sheet Arrangements

The Company has five off-balance sheet investments in real estate property including 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 ("Chestnut") and Plaza 59 Shopping Centers ("Plaza 59") and a 20% economic interest in a partnership that owns a retail real estate investment. These unconsolidated joint ventures are accounted for under the equity method of accounting as we have the ability to exercise significant influence over, but not control, the operating and financial decisions of these investments. Our off-balance sheet arrangements are more fully discussed in Note 10, "Investments in and Advances to Unconsolidated Joint Ventures" in the Company's financial statements in Item 8.

Capital Expenditures

The Company invests in its existing properties and regularly incurs capital expenditures in the ordinary course of business to maintain its properties. The Company believes that such expenditures enhance the competitiveness of its properties. In fiscal 2013, the Company paid approximately $9.5 million for property improvements, tenant improvement and leasing commission costs. The amounts of these expenditures can vary significantly depending on tenant negotiations, market conditions and rental rates. The Company expects to incur approximately $7.5 million for anticipated capital and tenant improvements and leasing costs in fiscal 2014. These expenditures are expected to be funded from operating cash flows or bank borrowings.

Acquisitions and Significant Property Transactions

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

Properties under contract to purchase

In October 2013, the Company entered into a contract to purchase, for $9 million a retail property located in the Company's core marketplace. In conjunction with entering into the contract, the Company made a $450,000 deposit on the purchase. The Company completed the purchase of this property in January 2014.

In the fourth quarter of fiscal 2013, the Company entered into an agreement to purchase a 50% undivided interest in two retail properties located in the Company's core marketplace. In conjunction with entering into the contract, the Company made a $1.0 million deposit on the purchase. Subsequent to entering into the agreement, the Company and the prospective owner of the other 50% undivided interest in the property collectively entered into a commitment with a lender to place a first mortgage payable on the property in the amount of $14 million. The closing of the mortgage is expected to occur simultaneously with the closing of the property sometime in fiscal 2014. In addition, in September 2013, the Company made an unsecured loan to the other prospective owner in the amount of $1.2 million. The entire unsecured loan along with interest at LIBOR plus 2.00% is due in March 2014.

In August 2013, the Company entered into a contract to purchase, for $18.4 million, a retail shopping center in the Company's core marketplace. The acquisition requires the assumption of an existing mortgage in the amount of $7.8 million. The mortgage matures in September 2022. In conjunction with entering into the contract, the Company placed a deposit of $917,500 with the seller. The Company completed the purchase of this property in December 2013.

In July 2013, the Company entered into a contract to purchase, for $11.0 million, a retail shopping center in the Company's core marketplace. The acquisition is subject to the assumption of an existing first mortgage loan in the amount of $7.7 million. The mortgage matures in August 2016. In conjunction with entering into the contract, the Company placed a deposit of $400,000 with the seller. The Company completed the purchase of this property in December of 2013.

The Company plans on funding its equity needed to close the above transactions with available cash, borrowings on its Facility, or proceeds from the sale of its two non-core properties that were sold in December 2013.

Completed acquisitions

In May 2013, the Company, through a wholly owned subsidiary, purchased two retail properties located in Greenwich, CT for $18.0 million. In conjunction with the purchase, the Company assumed an existing first mortgage loan encumbering the properties at its estimated fair value of $8.3 million. The mortgage matures in August 2016.

In May 2013, the Company, through a wholly owned subsidiary, purchased a retail shopping center located in New Providence, New Jersey for $34.9 million. In connection with the purchase, the Company assumed a first mortgage loan encumbering the property at its estimated fair value of $21.3 million. The mortgage matures in January 2022.

In January and March 2013, the Company purchased six free standing net leased properties located in the Company's core marketplace with a combined GLA of 20,200 square feet. The gross purchase price of the six properties was $7.8 million.

In December 2012, subsidiaries of the Company purchased two suburban office buildings located in the Company's core marketplace with a combined GLA of 23,500 square feet. The gross purchase price of the two properties was $6.5 million.

In December 2012, the Company, through two wholly owned subsidiaries, purchased a 50% undivided equity interest in the Chestnut Ridge Shopping Center located in Montvale, New Jersey and the Plaza 59 Shopping Center located in Spring Valley, New York for a combined investment of approximately $18 million. The Company accounts for its investment in Chestnut and Plaza 59 under the equity method of accounting since it exercises significant influence, but does not control the ventures. The other venturer in both properties has substantial participation rights in the financial decisions and operation of the property, which preclude the Company from consolidating the investment.

In March 2012, the Company acquired an approximate 2% interest in Orangeburg, a newly formed limited liability company in which the Company is the sole managing member. Orangeburg acquired, by contribution, a 74,000 square foot shopping center in Orangeburg, New York, at its estimated fair value of $16.0 million and the assumption of an existing first mortgage loan on the property at its estimated fair value of $7.4 million bearing interest at a fixed rate of 2.04% (6.19% contractual rate). The Company's net investment in Orangeburg amounted to $186,000. 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 will be paid from available cash, as defined, of Orangeburg. If there is an available cash shortfall, the managing member must contribute or loan additional capital to fund the non-managing member's required cash distribution. 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 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 the purchase of this investment the Company has made additional investments in the amount of $881,000 in Orangeburg, and as a result, as of October 31, 2013 its ownership percentage has increased from 2% to 10.9%.

In December 2011, a subsidiary of the Company acquired the Eastchester Plaza Shopping Center in the Town of Eastchester, Westchester County, New York for a purchase price of $9 million. In connection with the purchase, the Company assumed a first mortgage encumbering the property at its estimated fair value of $3.6 million. The mortgage matured in April 2012 and was repaid.

In October 2011, a wholly owned subsidiary of the Company purchased an additional 82,081 limited partnership units (of the 224,257 outstanding limited partnership units prior to the purchase) or 9.23% of the total outstanding partnership units of the limited partnership that owns the Ferry Plaza property. As a result of the purchase, the

Company or wholly owned subsidiaries of the Company now owns 84.02% of the Partnership.

In October 2011, the Company, through a wholly owned subsidiary, completed the purchase of the Fairfield Centre Shopping Center in Fairfield, Connecticut for a purchase price of $17.0 million.

In April 2011, the Company, through a wholly owned subsidiary, completed the purchase of the Fairfield Plaza Shopping Center, in New Milford, Connecticut for a purchase price of $10.8 million, subject to an existing first mortgage secured by the property at its estimated fair value of approximately $5.0 million.

In December 2010 and January 2011, the Company and a wholly owned subsidiary purchased the remaining 10% limited partner interests in the limited partnership that owns the Stamford property for $7.4 million. As a result of this transaction, the Company now has a 100% ownership interest in the property.

In December 2010, the Company reached a lease termination settlement ("Settlement") with a former tenant in its Meriden shopping center in Meriden, Connecticut. In accordance with the Settlement agreement, the prior tenant was released from all its obligations under the aforementioned lease in exchange for a settlement payment to the Company. The Settlement agreement provides that the former tenant will pay the Company $3.3 million in 41 equal monthly payments of $80,000 and one final monthly payment of $20,000 without interest beginning on January 1, 2011. The Company has recorded the lease termination in the consolidated statement of income for the fiscal year ended October 31, 2011 in the amount of $2,988,000, which amount represents the present value of the 42 payments due to the Company under the Settlement agreement at a discount rate of 5.75% per annum. The Company will record the remaining $312,000 as interest income over the remaining payment term though June 1, 2014 in accordance with the effective yield method.

Non-Core Properties

In a prior year, the Company's Board of Directors expanded and refined the strategic objectives of the Company to refocus its real estate portfolio into one of self-managed retail properties located in the northeast and authorized the sale of the Company's non-core properties in the normal course of business over a period of years. At October 31, 2013, the Company's current non-core properties consisted of two distribution service facilities (both of which are located outside of the northeast region of the United States) with a net book value of approximately $530,000.

In June 2013, the Company extended the leases on both non-core properties ten years through January 2023. Net rents on the St. Louis property (192,000 sf) were decreased to $3.00 per square foot in year one of the extension versus $3.41 per square foot previously. The extended lease provides for 2% annual rent increases in years two through ten. Net rents on the Dallas property (255,000 sf) were decreased to $2.75 per square foot in year one of the extension versus $3.70 per square foot previously. The extended lease provides for 2% annual rent increases in years two through ten. The effective date of both extensions was February 1, 2013. Currently the properties are used as parts distribution facilities for the parts and service division of Chrysler Group LLC.

In August 2013, the Company entered into a contract to sell both distribution service facilities. The sale of the properties, in the amount of $14.75 million, closed on December 11, 2013. The Company plans on reinvesting the proceeds from the sale in commercial real estate located in its core marketplace.

Funds from Operations

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

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

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

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

FFO as defined by us may not be comparable to similarly titled items reported by other real estate investment trusts due to possible differences in the application of the NAREIT definition used by such REITs. The table below provides a reconciliation of net income applicable to Common and Class A Common Stockholders in accordance with GAAP to FFO for each of the three years in the period ended October 31, 2013 (amounts in thousands):

| | Year Ended October 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Net Income Applicable to Common and Class A Common Stockholders | $10,613 | $12,966 | $18,549 |
| Real property depreciation | 14,147 | 13,277 | 12,258 |
| Amortization of tenant improvements and allowances | 2,957 | 2,875 | 2,440 |
| Amortization of deferred leasing costs | 593 | 426 | 471 |

| | | | |
|---|---|---|---|
| Depreciation and amortization on discontinued operations | 47 | 84 | 80 |
| Depreciation and amortization on unconsolidated joint ventures | 974 | 911 | 655 |
| Loss on sale of asset | 175 | 88 | - |
| | | | |
| Funds from Operations Applicable to Common and Class A Common Stockholders | $29,506 | $30,627 | $34,453 |
| | | | |
| Net Cash Provided by (Used in): | | | |
| Operating Activities | $50,952 | $52,504 | $46,548 |
| Investing Activities | $(49,631) | $(10,778) | $(42,351) |
| Financing Activities | $(76,468) | $31,837 | $(15,343) |

FFO amounted to $29.51 million in fiscal 2013 compared to $30.63 million in fiscal 2012 and $34.45 million in fiscal 2011.

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The net decrease in FFO in fiscal 2013, when compared with fiscal 2012 is predominantly attributable, among other things, to a) the Company incurring $4.2 million in one-time preferred stock redemption charges in fiscal 2013 versus only $2.0 million in fiscal 2012; b) an increase of $1.1 million in preferred stock dividends mainly the result of the Company issuing a new preferred stock series in October 2012 in advance of being able to redeem its Series C Preferred Stock series; and c) a $666,000 increase in general and administration expense primarily the result of increased compensation and benefits related to additional staffing, and an increase in restricted stock amortization as a result of new tranches of shares being valued at a considerably higher stock price than fully amortized tranches, and an increase in legal fees relating to its redemption of its Series C Cumulative Preferred Stock in May of 2013; offset by: d) an increase from the net operating income (including investments accounted for by the equity method of accounting) relating to property acquisitions in the second half of fiscal 2012 and fiscal 2013; e) an increase in interest, dividends and other investment income as a result of the Company investing, at the beginning of fiscal 2013, approximately $27 million of proceeds from its completed stock offerings in October 2012 in fixed income marketable securities; and f) the Company recording a gain on sale of marketable securities in the amount of $1.5 million that was realized when the Company sold the above mentioned marketable securities in fiscal 2013.

The net decrease in FFO in fiscal 2012, when compared with fiscal 2011 is predominantly attributable, among other things, to: a) the Company recording a one-time $2.99 million lease termination income relating to one tenant in the Company's Meriden, CT shopping center in fiscal 2011; b) the Company incurring preferred stock redemption charges in fiscal 2012 of $2.0 million; offset by c) an increase from the net operating income relating to property acquisitions in fiscal 2011 and 2012 and d) an increase in net operating income provided by normal base rent increases for leases in the Company's portfolio.

Results of Operations

Fiscal 2013 vs. Fiscal 2012

The following information summarizes the Company's results of operations for the years ended October 31, 2013 and 2012 (amounts in thousands):

| | Year Ended October 31, | | | | Change Attributable to: | |
|---|---|---|---|---|---|---|
| Revenues | 2013 | 2012 | Increase (Decrease) | % Change | Property Acquisitions | Properties Held In Both Periods |
| Base rents | $69,094 | $66,878 | $ 2,216 | 3.3 % | $2,623 | $ (407) |
| Recoveries from tenants | 22,594 | 20,603 | 1,991 | 9.7 % | 595 | 1,396 |
| Mortgage interest and other | 2,343 | 2,160 | 183 | 8.5 % | (134) | 317 |
| Operating Expenses | | | | | | |
| Property operating | 17,471 | 14,200 | 3,271 | 23.0 % | 488 | 2,783 |
| Property taxes | 15,524 | 15,114 | 410 | 2.7 % | 513 | (103) |
| Depreciation and amortization | 17,769 | 16,637 | 1,132 | 6.8 % | 801 | 331 |
| General and administrative | 8,211 | 7,545 | 666 | 8.8 % | n/a | n/a |
| Non-Operating Income/Expense | | | | | | |
| Interest expense | 9,094 | 9,148 | (54) | (0.6)% | 620 | (674) |
| Interest, dividends, and other investment income | 1,345 | 892 | 453 | 50.8 % | n/a | n/a |

Revenues:

Base rents increased by 3.3% to $69.1 million in fiscal 2013 as compared with $66.9 million in the comparable period of 2012.  The increase in base rents and the changes in other income statement line items were attributable to:
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Property Acquisitions:

In fiscal 2012 and fiscal 2013, the Company purchased eleven properties totaling approximately 177,000 square feet of GLA. These properties accounted for all of the revenue and expense changes attributable to property acquisitions during fiscal 2013. In addition, the Company purchased a 50% equity interest in two other properties that it accounts for under the equity method of accounting. These two properties are not included in any of the variance analysis presented above.

Properties Held in Both Periods:

The net decrease in base rents for properties held during fiscal 2013 when compared to the same period in fiscal 2012 was a result of an increase in bad debt expense of $293,000 and a decrease in straight-line rent in the amount of $593,000, both of which is included in base rent in the consolidated statement of income; actual base rents billed to tenants for properties held in the fiscal year ended 2013 when compared with the corresponding prior period increased by $430,000 as result of normal rent increases in the portfolio and the base rent additions caused by new leasing in excess of tenant vacancies.

In fiscal 2013, the Company leased or renewed approximately 1.23 million square feet (or approximately 26.7% of total consolidated property leasable area) at a combined average per square foot increase of 0.79%. At October 31, 2013, the Company's core properties were approximately 90.1% leased, an increase of 0.97% from the end of fiscal 2012.

For the fiscal year ended October 31, 2013, recoveries from tenants for properties owned in both periods (which represent reimbursements from tenants for operating expenses and property taxes) increased by a net $1.4 million. This net increase was a result of higher operating expenses at its properties held in both periods due predominantly to an increase in expenses relating to parking lots, building roofs and building repairs.

Interest, dividends and other investment income increased in the fiscal year ended October 31, 2013 when compared to the corresponding period in the prior year by $453,000, predominantly as a result of the Company investing approximately $27 million of the proceeds from its two equity offerings completed in October 2012 in income producing securities for the first six months of fiscal 2013.

Expenses:
Property operating expenses for properties held in both fiscal year 2013 and 2012 increased by $2.78 million as a result of an increase in expenses relating to the parking lots, building roofs and building repairs.

Real estate taxes for properties held in both periods were relatively unchanged.

Interest expense for properties held in the fiscal year ended October 31, 2013 when compared to the corresponding prior period decreased by $674,000 as a result of the Company having $22 million outstanding on its unsecured line of credit in last year's second and third quarter and no borrowings in this year's first and second quarter and only $4 million outstanding through three quarters and $9.25 million outstanding at October 31, 2013; coupled with the Company repaying one mortgage in fiscal 2013 when that mortgage matured.

Depreciation and amortization expense from properties held in the fiscal year ended October 31, 2013 when compared to the corresponding prior period increased by $331,000 as a result of some tenant improvement write-offs for tenants that vacated their spaces before lease expiration.

General and administrative expenses increased by $666,000 in fiscal 2013 when compared to fiscal 2012 primarily due to an increase in compensation costs related to an increase in staffing and restricted stock amortization relating to new tranches of stock grants being valued at higher stock prices than fully amortized tranches of stock grants and an increase in legal costs related to the Company redeeming its Series C Cumulative Preferred Stock in May of fiscal 2013.

Fiscal 2012 vs. Fiscal 2011

The following information summarizes the Company's results of operations for the years ended October 31, 2012 and 2011 (amounts in thousands):

| | Year Ended October 31, | | | | Change Attributable to: | |
|---|---|---|---|---|---|---|
| Revenues | 2012 | 2011 | Increase (Decrease) | % Change | Property Acquisitions | Properties Held In Both Periods |
| Base rents | $66,878 | $62,703 | $ 4,175 | 6.7 % | $3,146 | $ 1,029 |
| Recoveries from tenants | 20,603 | 21,552 | (949) | (4.4)% | 778 | (1,727) |
| Mortgage interest and other | 2,160 | 2,008 | 152 | 7.6 % | 3 | 149 |
| | | | | | | |
| Operating Expenses | | | | | | |
| Property operating | 14,200 | 14,750 | (550) | (3.7)% | 592 | (1,142) |
| Property taxes | 15,114 | 14,522 | 592 | 4.1 % | 627 | (35) |
| Depreciation and amortization | 16,637 | 15,212 | 1,425 | 9.4 % | 861 | 564 |
| General and administrative | 7,545 | 7,521 | 24 | 0.3 % | n/a | n/a |
| | | | | | | |
| Non-Operating Income/Expense | | | | | | |
| Interest expense | 9,148 | 7,865 | 1,283 | 16.3 % | 291 | 992 |
| Interest, dividends, and other investment income | 892 | 851 | 41 | 4.8 % | n/a | n/a |

Revenues:
Base rents increased by 6.7% to $66.9 million in fiscal 2012 as compared with $62.7 million in the comparable period of 2011. The increase in base rents and the changes in other income statement line items were attributable to:

Property Acquisitions:

In fiscal 2011 and 2012, the Company purchased three properties and formed a joint venture that it consolidates totaling approximately 231,500 square feet of GLA. These properties accounted for all of the revenue and expense changes attributable to property acquisitions during fiscal year ended October 31, 2012.

Properties Held in Both Periods:

The net increase in base rents for properties held during the fiscal year ended October 31, 2012 compared to the same periods in fiscal 2011 was a result of increases in rental rates on in-place leases and new leases entered into in the last quarter of fiscal 2011 and fiscal 2012. In addition, the positive variance in base rents for the year ended October 31, 2012 when compared to fiscal 2011 was further increased as a result of an increase in straight-line rents in the amount of $202,000 and a decrease in bad debt expense in the amount of $344,000, both of which are included in base rent income on the consolidated statement of income. In fiscal 2012, the Company leased or renewed approximately 661,000 square feet (or approximately 14.92% of total consolidated property leasable area). At October 31, 2012, the Company's core properties were 89% leased, a decrease of 1.2% from the end of fiscal 2011.

For the year ended October 31, 2012 recoveries from tenants for properties owned in both periods (which represent reimbursements from tenants for operating expenses and property taxes) decreased by a net $1,727,000. This net decrease was a result of lower operating expenses at properties held in both periods and some credits negotiated with tenants at some properties in settlements of prior period billing disputes.

Expenses:
Property operating expenses for properties held in both periods decreased by $1,142,000 in fiscal 2012 when compared with the same period of fiscal 2011 caused by a reduction of snow removal costs of $1,527,000. This decrease was offset by an increase in parking lot, building roof and building repair costs.

Real estate taxes for properties held in both periods were relatively unchanged in fiscal 2012 when compared with the prior year.

Interest expense for properties held in both fiscal 2012 and 2011 increased by $992,000 when compared with the prior year; this increase was a result of the Company placing a $28 million mortgage on a formerly unencumbered property in February 2012 and assumption of two mortgages relating to property acquisitions in fiscal 2012.

Depreciation and amortization expense from properties held in both periods increased by $564,000. The increase was predominantly the result of tenant improvements completed in fiscal 2012 and an increase in tenant improvement costs written off for tenants that vacated the portfolio in fiscal 2012.

General and administrative expenses were relatively unchanged.

Assets Held for Sale and Discontinued Operations:

In August 2013, the Company entered into a contract to sell its two industrial facilities. In accordance with U.S. GAAP the operating results of the two properties will be shown as discontinued operations on the consolidated statements of income for the year ended October 31, 2013, 2012 and 2011. The net book value of the two properties is not significant and as such, will not be shown as assets held for sale on the October 31, 2013 and 2012 consolidated balance sheets.

The following table summarizes revenues and expenses for the Company's discontinued operations (amounts in thousands):

| | October 31, | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Revenues | $1,356 | $1,565 | $1,546 |
| Property operating expense | - | (3 ) | - |
| Depreciation and amortization | (48 ) | (84 ) | (80 ) |
| Income from discontinued operations | $1,308 | $1,478 | $1,466 |

Inflation

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

Environmental Matters

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

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

The following table sets forth the Company's long term debt obligations by principal cash payments and maturity dates, weighted average fixed interest rates and estimated fair value at October 31, 2013 (amounts in thousands, except weighted average interest rate):

| For the years ended October 31, | | | | | | |
|---|---|---|---|---|---|---|
| 2014 | 2015 | 2016 | 2017 | 2018 | Thereafter | Total |