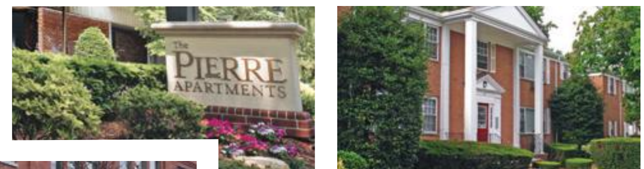
2011 Annual Report



First Real Estate Investment Trust Of New Jersey

FREIT

FREIT Profile

Since 1961, First Real Estate Investment Trust of New Jersey (FREIT) has been an equity real estate investment trust that takes pride in its investment portfolio. Whether apartment communities, shopping centers and commercial buildings, or mixed-use developments, every project we invest in is for the long-term. This is our focus.

We conduct our operations in compliance with the requirements for qualifying as a real estate investment trust pursuant to the Federal Internal Revenue Code. As a result, we receive favorable tax treatment as provided under the tax code. FREIT has recorded a profit and has paid dividends to its shareholders during each year since its founding.

Our impressive record of performance over the last four decades is a tribute to the outstanding efforts made by Hekemian & Co., Inc., a real estate management and brokerage company that has managed FREIT's assets since its inception.

Our offices are located at Corporate 505, 505 Main Street, Hackensack, New Jersey.

CONTENTS

Fiscal 2011 Financial Highlights

BALANCE SHEET DATA: As At October 31,	2011	2010	2009	2008	2007
		(In Thousands of Dollars)			
Total Assets	$243,220	$245,128	$251,851	$241,756	$242,755
Mortgage Loans	$203,275	$204,604	$202,260	$192,352	$189,389
Common Equity	$13,850	$16,802	$20,722	$23,561	$25,130
Weighted average shares outstanding:					
Basic	6,942	6,942	6,944	6,835	6,753
Diluted					6,916

INCOME STATEMENT DATA: As At October 31,	2011	2010	2009	2008	2007
		(In Thousands of Dollars, Except Per Share Amounts)			
Revenue:					
Revenue from real estate operations	$44,057	$44,053	$42,422	$42,340	$40,738
Expenses:					
Real estate operations	18,138	18,607	17,600	16,996	16,673
General and administrative expenses	1,543	1,567	1,652	1,542	1,543
Depreciation	6,109	6,053	5,870	5,622	5,311
Totals	25,790	26,227	25,122	24,160	23,527
Operating income	18,267	17,826	17,300	18,180	17,211
Investment income	101	122	221	554	634
Interest expense including amortization of deferred financing costs *	(11,655)	(13,817)	(10,848)	(11,557)	(11,897)
Income from continuing operations	6,713	4,131	6,673	7,177	5,948
Discontinued operations:					
Income from discontinued operations, net of noncontrolling interests of subsidiaries **	-	-	-	-	3,771
Net income	6,713	4,131	6,673	7,177	9,719
Net (income) loss attributable to noncontrolling interests of subsidiaries	(1,335)	280	(1,121)	(1,138)	(776)
Net income attributable to common equity	$5,378	$4,411	$5,552	$6,039	$8,943

* In 2010, includes $2.1 million prepayment penalty on early debt extinguishment.

** Includes gain on disposal of $3,680 in fiscal year 2007.

	2011	2010	2009	2008	2007
Basic earnings per share:					
Continuing operations	$0.77	$0.64	$0.80	$0.88	$0.76
Discontinued operations	-	-	-	-	0.56
Net income	$0.77	$0.64	$0.80	$0.88	$1.32
Diluted earnings per share:					
Continuing operations					$0.74
Discontinued operations					$0.55
Net income					$1.29
Cash Dividends Declared Per Common Share	$1.20	$1.20	$1.20	$1.20	$1.30

Message To Our Shareholders

During 2011 the US economy continued its recovery. While First Real Estate Investment Trust of New Jersey's portfolio has indeed benefited from this strengthening, overall the Company's performance has remained somewhat constrained due to several factors.

At our residential properties, occupancies and rental rates have rebounded nicely and we are pleased to report that our average occupancy was approximately 95%. We are optimistic that the current tightening trend in the multi-family sector will continue during the year.

On the retail and office side of our portfolio, NOI was slightly higher than 2010 after adjusting for non-recurring items. This small improvement coupled with a rebounding economy would normally have us anticipating some coming strength on the income side of our commercial portfolio. However, such expectations will be dampened by the closure of Giant, our 55,000 square foot supermarket anchor at the Westridge Square property due to increased competitive pressures in the Frederick, Maryland market. Giant's election to close this store and not renew their lease results in a $736,000 reduction in annual base rent and additional rent at Westridge Square and has a negative impact on the overall shopping center due to reduced customer traffic. Needless to say, this vacancy will adversely affect our operating results going forward, and we are working very hard to lease this vacant space as soon as possible. On a more positive note, the construction phase of the Damascus Centre redevelopment is nearing an end and the leasing activity has been strong. As our new tenants in Damascus begin paying rent, the impact to our Company's operating income by the Giant loss at Westridge Square will be somewhat mitigated.

Also, we want to update you with regard to our planned redevelopment of our Rotunda property in Baltimore, Maryland. Our redevelopment process has been on hold for almost three years primarily as a result of adverse conditions in the economy and also because we had not received word from Giant as to whether they were ready to commit to our project. We needed Giant's consent in connection with the redevelopment as the Giant lease contains strong restrictions on our ability to make modifications to the property. Our redevelopment plans included a lower level Giant supermarket which would be very costly space to build. Giant has recently acquired a chain of supermarkets which included a store right down the road from the Rotunda. Consequently, we are excited to report that we have negotiated and finalized a

The newly renovated Damascus Centre.

termination of the lease for the 36,000 square foot Giant store which provides that Giant may close this store but continue to pay rent for this store through March 31, 2015, and we agree not to bring a supermarket into the property in excess of 20,000 square feet. This positive development clears the way for us to move forward with our redevelopment planning for this property.

In summary, we expect our 2012 earnings from continuing operations to be slightly lower than our 2011 earnings. Our balance sheet remains strong and we made the strategic decision last year to re-channel capital to other, potentially more profitable, business areas. Accordingly, we decided to sell Westridge Square along with three of our smaller residential properties – Heights Manor, Grandview Apartments, and Palisades Manor (111 apartment units in all). We would expect to close the sale of the multi-family properties later this fiscal year with cash of \$11 to \$13 million being generated. We halted our efforts to sell Westridge Square when Giant elected not to renew its lease. We will reevaluate the potential disposition of this asset when the Giant space is re-leased.

With guarded optimism, we expect the US economy to continue its slow recovery during 2012. We are encouraged by improvements on the employment and retail sales fronts and expect our properties to continue to benefit as this strengthening continues.

On behalf of our Board of Trustees and management team, thank you for your continued confidence and support, and please remember that our Annual Meeting is scheduled for Wednesday, April 4, 2012. We would very much enjoy seeing you at the meeting.

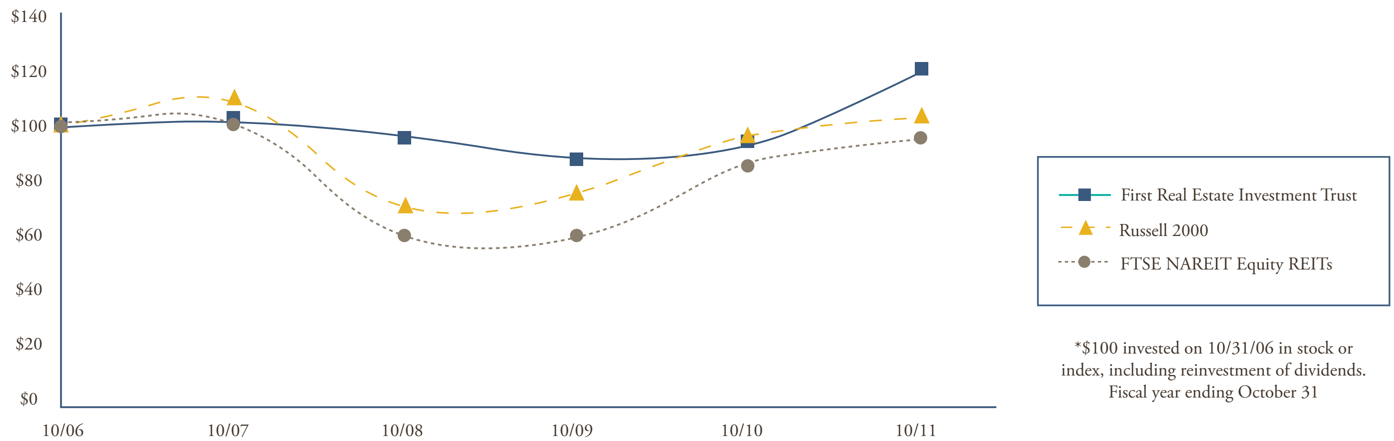
Sincerely,

Robert S. Hekemian
Chief Executive Officer

Donald W. Barney
President, Treasurer / Chief Financial Officer

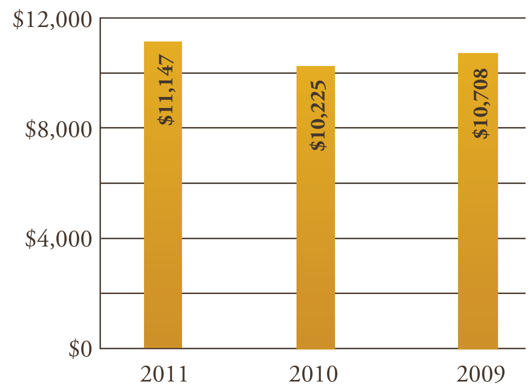
Historical Data

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

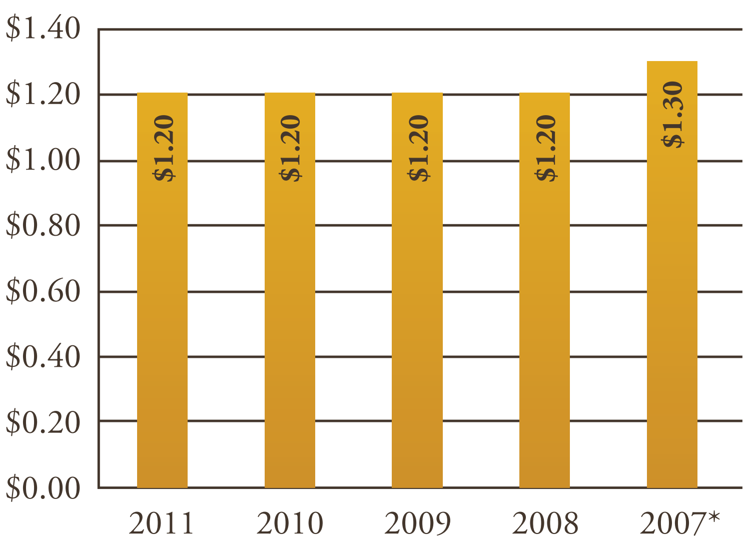


*$100 invested on 10/31/06 in stock or index, including reinvestment of dividends. Fiscal year ending October 31

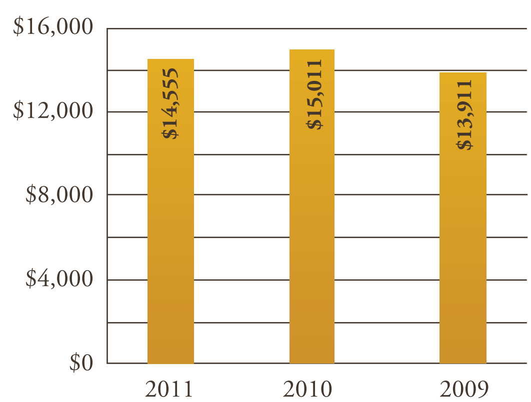
Residential Net Operating Income
(excluding depreciation and financing costs)
(in thousands)



Dividends Per Share
*Includes $.30 Capital Gain Dividend



Commercial Net Operating Income
(excluding depreciation and financing costs)
(in thousands)



Property Holdings

Apartment Buildings

BERDAN COURT APARTMENTS
Wayne, NJ
GRANDVIEW APARTMENTS
Hasbrouck Heights, NJ
HAMMEL GARDENS
Maywood, NJ
HEIGHTS MANOR APARTMENTS
Spring Lake Heights, NJ
PALISADES MANOR
Palisades Park, NJ
STEUBEN ARMS
River Edge, NJ
THE BOULDERS AT ROCKAWAY
Rockaway Township, NJ
THE PIERRE (a)
Hackensack, NJ
WESTWOOD HILLS (b)
Westwood, NJ

Vacant Land

33 ACRES, INDUSTRIAL ZONE (c)
South Brunswick, NJ
4.27 ACRES, RESIDENTIAL ZONE
Franklin Lakes, NJ
2.1 ACRES, COMMERCIAL ZONE
Wayne, NJ

Shopping Centers & Commercial Buildings

DAMASCUS CENTER (d)
Damascus, MD
FRANKLIN CROSSING SHOPPING CENTER
Franklin Lakes, NJ
PREAKNESS SHOPPING CENTER (e)
Wayne, NJ
THE ROTUNDA (f)
Baltimore, MD
WESTRIDGE SQUARE
Frederick, MD
WESTWOOD PLAZA
Westwood, NJ
COMMERCE BANK
Rockaway, NJ
PATHMARK SUPERMARKET
Patchogue, NY
RETAIL STORES
Glen Rock, NJ
BANK OF ROCHELLE PARK, a Division of Pascack Community Bank
Rochelle Park, NJ

(a) FREIT holds 65% interest in S and A Commercial Associates LP, which owns The Pierre (b) FREIT holds a 40% interest in Westwood Hills , LLC, which owns Westwood Hills Apartments (c) FREIT has received site plan approval for the construction of a 560,000 sq. ft. industrial building (d) FREIT holds a 70% interest in Damascus Centre, LLC, which owns the Damascus Center (e) FREIT holds a 40% interest in Wayne PSC, LLC, which owns the 323,000 sq. ft. shopping center (f) FREIT holds a 60% interest in Grande Rotunda, LLC, which owns The Rotunda.

FROM LEFT TO RIGHT
John A. Aiello, David F. McBride, Donald W. Barney, Herbert C. Klein, Esq., Robert S. Hekemian, Ronald J. Artinian, Alan L. Aufzien, Robert S. Hekemian, Jr.

Corporate Information

Over the years, FREIT's vision for continued growth has evolved into a proven formula for achieving remarkable success. Producing great results involves talent, vision, and dedication. While our properties may represent the tangible side of our achievements, FREIT's success rests in the strength of our team—creative, intelligent, experienced, and, above all, committed to the quality of our investments.

CORPORATE HEADQUARTERS
505 Main Street
Hackensack, NJ 07601
(201) 488-6400

MANAGING AGENT
Hekemian & Co., Inc.
Hackensack, NJ

SYMBOL
FREVS.OB

AUDITORS
EisnerAmper LLP
New York, NY

TRANSFER AGENT
Registrar and Transfer Company
Cranford, NJ

ANNUAL MEETING
The Annual Meeting of Shareholders is scheduled for Wednesday, April 4, 2012 at 7:30 p.m. to be held at the offices of First Real Estate Investment Trust of New Jersey, 505 Main Street, Hackensack, NJ

OFFICERS

ROBERT S. HEKEMIAN
Chairman of the Board / CEO

DONALD W. BARNEY
President, Treasurer / CFO

JOHN A. AIELLO
Secretary and Executive Secretary

TRUSTEES

ROBERT S. HEKEMIAN
Chairman and CEO
Hekemian & Co., Inc.

DONALD W. BARNEY
Consultant and Investor

RONALD J. ARTINIAN(1) (2)
Private Investor

ALAN L. AUFZIEN(2)
Chairman
Norall Organisation

ROBERT S. HEKEMIAN, JR.
President and COO
Hekemian & Co., Inc.

HERBERT C. KLEIN, ESQ.(2)
Partner
Nowell, Amoroso, Klein,
Bierman, P.A.

DAVID F. MCBRIDE, ESQ.
CEO
McBride Enterprises, Inc.

(1) *Chairman of the Audit Committee*
(2) *Member of the Audit Committee*

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

FORM 10-K

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

For the Fiscal Year Ended October 31, 2011

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

Commission File No. 000-25043

FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY
(Exact name of registrant as specified in its charter)

New Jersey	**22-1697095**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
505 Main Street, Hackensack, New Jersey	**07601**
(Address of principal executive offices)	(Zip Code)

201-488-6400

(Registrant's telephone number, including area code)

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

Title of each Class	Name of each exchange on which registered
None	Not Applicable

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

Shares of Beneficial Interest

(Title of class)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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 ☒ No ☐

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 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 ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large Accelerated Filer ☐ Accelerated Filer ☒ Non-Accelerated Filer ☐

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

The aggregate market value of the registrant's shares of beneficial interest held by non-affiliates was approximately $88 million. Computation is based on the closing sales price of such shares as quoted on the over-the-counter-market on April 30, 2011, the last business day of the registrant's most recently completed second quarter.

As of January 13, 2012, the number of shares of beneficial interest outstanding was 6,942,143

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the Proxy Statement for the Registrant's 2012 Annual Meeting of Shareholders to be held on April 4, 2012 are incorporated by reference in Part III of this Annual Report.

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FORM 10-K

FORWARD-LOOKING STATEMENTS

Certain information included in this Annual Report contains or may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The registrant cautions readers that forward-looking statements, including, without limitation, those relating to the registrant's investment policies and objectives; the financial performance of the registrant; the ability of the registrant to borrow and service its debt; the economic and competitive conditions which affect the registrant's business; the ability of the registrant to obtain the necessary governmental approvals for the development, expansion or renovation of its properties, the impact of environmental conditions affecting the registrant's properties, and the registrant's liquidity and capital resources, are subject to certain risks and uncertainties. Actual results or outcomes may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors, including, without limitation, the registrant's future financial performance; the availability of capital; general market conditions; national and local economic conditions, particularly long-term interest rates; federal, state and local governmental regulations that affect the registrant; and the competitive environment in which the registrant operates, including, the availability of retail space and residential apartment units in the areas where the registrant's properties are located. In addition, the registrant's continued qualification as a real estate investment trust involves the application of highly technical and complex rules of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). The forward-looking statements are made as of the date of this Annual Report and the registrant assumes no obligation to update the forward-looking statements or to update the reasons actual results could differ from those projected in such forward-looking statements.

PART I

ITEM 1 BUSINESS

(a) General Business

First Real Estate Investment Trust of New Jersey ("FREIT") is an equity real estate investment trust ("REIT") organized in New Jersey in 1961. FREIT acquires, develops, constructs and holds real estate properties for long-term investment and not for resale.

FREIT's long-range investment policy is to review and evaluate potential real estate investment opportunities for acquisition that it believes will (i) complement its existing investment portfolio, (ii) generate increased income and distributions to its shareholders, and (iii) increase the overall value of FREIT's portfolio. FREIT's investments may take the form of wholly-owned fee interests, or if the circumstances warrant diversification of risk, ownership on a joint venture basis with other parties, including employees and affiliates of Hekemian & Co., Inc., FREIT's managing agent ("Hekemian") (See "Management Agreement"), provided FREIT is able to maintain management control over the property. While our general investment policy is to hold and maintain properties for the long-term, we may, from time-to-time, sell or trade certain properties in order to (i) obtain capital to be used to purchase, develop or renovate other properties which we believe will provide a higher rate of return and increase the value of our investment portfolio, and (ii) divest properties which we have determined or determine are no longer compatible with our growth strategies and investment objectives for our real estate portfolio.

FREIT Website
All of FREIT's Securities and Exchange Commission filings for the past three years are available free of charge on FREIT's website, which can be accessed at http://www.FREITNJ.com.

Fiscal Year 2011 Developments

(i) FINANCING

(a) The expansion and rebuilding of the Damascus Shopping Center, located in Damascus, Maryland (the "Damascus Center") and owned by Damascus Centre, LLC, a 70% owned affiliate of FREIT was completed in November 2011. The total capital required for this project, including tenant improvements, approximates $22.7 million. Total construction costs were funded from a $27.3 million construction loan entered into by Damascus Centre, LLC on February 12, 2008. As a result of a reevaluation of the future funding needs for this project, on May 6, 2010, Damascus Centre, LLC reduced the amount of the construction loan facility to $21.3 million. As of October 31, 2011, Damascus Centre, LLC drew down $11.8 million of this loan to cover construction costs. In addition to the $21.3 million construction loan obtained by Damascus Centre, LLC, FREIT has loaned to Damascus Centre, LLC approximately $2.2 million to cover construction costs for the redevelopment project at the Damascus Center, at the prevailing interest rate for similar loans.

(b) The $22.5 million mortgage loan entered into by Grande Rotunda, LLC for the acquisition of the Rotunda was scheduled to come due on July 19, 2009, and was extended by the bank until February 1, 2010. On February 1, 2010, a principal payment of $3 million was made reducing the original loan amount of $22.5 million to $19.5 million and the due date was extended until February 1, 2013. As part of the terms of the loan extension agreement, the loan is further collateralized by a first mortgage lien and the assignment of the ground lease on FREIT's Rochelle Park, NJ land parcel. Under the restructured terms, the interest rate is now 350 basis points above the BBA LIBOR with a floor of 4%, and monthly principal payments of $10,000 are required. An additional principal payment may be required on February 1, 2012 in an amount necessary to reduce the loan to achieve a stipulated debt service coverage ratio. FREIT believes that its debt service coverage ratio will meet the stipulated requirements, and, therefore, anticipates no additional principal payments will be required. Under the agreement with the equity owners of Grande Rotunda, LLC, FREIT would be responsible for 60% of any cash required by Grande Rotunda, LLC, and 40% would be the responsibility of the minority interest. (See Notes 4 and 6 to FREIT's consolidated financial statements.)

(c) FREIT has an $18 million line of credit provided by the Provident Bank. The line of credit is for a two year term ending in January 2014, but can be cancelled by the bank, at its will, within 60 days before or after each anniversary date. The credit line will automatically be extended at the termination date of the current term and each subsequent term for an additional period of 24 months, provided there is no default and the credit line has not been cancelled. Draws against the credit line can be used for general corporate purposes, for property acquisitions, construction activities, and letters of credit. Draws against the credit line are secured by mortgages on FREIT's Franklin Crossing Shopping Center, Franklin Lakes, NJ, retail space in Glen Rock, NJ, Palisades Manor Apartments, Palisades Park, NJ, and Grandview Apartments, Hasbrouck Heights, NJ. Interest rates on draws will be set at the time of each draw for 30, 60, or 90-day periods, based on our choice of the prime rate or at 175 basis points over the 30, 60, or 90-day LIBOR rates at the time of the draws. The interest rate on the line of credit has a floor of 4%. As of October 31, 2011, $18 million was available under the line of credit, and no amount is outstanding.

(ii) CONSTRUCTION

The modernization and expansion project at the Damascus Center was completed in November 2011. Total construction costs, inclusive of tenant improvement costs, approximates $22.7 million. The building plans incorporated an expansion of retail space from 140,000 sq. ft. to approximately 150,000 sq. ft., anchored by a modern 58,000 sq. ft. Safeway supermarket. Construction was completed in three phases. Phase I began in June 2007, and was completed in June 2008, at a cost of approximately $6.2 million, of which $1.1 million related to tenant improvements. Phase II, which comprised the new Safeway supermarket, began in December 2008, and was completed in September 2009, at a cost of approximately $9.8 million. Phase III construction, which began in June 2011, was substantially complete as of October 31, 2011, and was completed in November 2011, at a cost of approximately $6.4 million. Additional tenant fit-up costs are expected, once the new space is leased and occupied. Funding for this project was made available under a construction loan facility in the amount of $21.3 million. The construction loan is secured by the Damascus Center. The loan was drawn upon as needed to fund construction costs at the Damascus Center. Because of this expansion, leases for certain tenants were allowed to expire and were not renewed. This has caused occupancy to decline, on a temporary basis, during the construction phase. However, with the completion of each of the three phases, certain tenant leases have been renewed and occupancy is beginning to increase.

Redevelopment plans and studies for the phased expansion and renovation of the Rotunda have been prepared. The Rotunda, on an 11.5-acre site, currently consists of an office building containing 138,000 sq. ft. of office space and 78,000 sq. ft. of retail space on the lower floor of the main building. The building plans incorporate an expansion of approximately 180,500 sq. ft. of retail space, approximately 302 residential rental apartments, 56 condominium units and 120 hotel rooms, and structured parking. Development costs for this project are expected to approximate $200 million. As of October 31, 2011, the Company has incurred approximately $7.5 million of such costs, which are included in Construction in Progress ("CIP") on the Consolidated Balance Sheet. City Planning Board approval has been received. Due to the difficult economic environment, that redevelopment activity was placed on hold by FREIT during the fourth quarter of Fiscal 2008. The delay notwithstanding, at this time, FREIT currently intends, upon improvement in the economic and financing climate, to resume the redevelopment of the Rotunda as planned. To that end, FREIT has had, from time to time, ongoing discussions with potential sources of financing and potential major national and local tenants.

(iii) PLANNED DISPOSITION

On July 7, 2010, FREIT's Board of Trustees authorized management to pursue a sale of the 256,620 sq. ft. Westridge Square Shopping Center ("Westridge") located in Frederick, Maryland. The decision to sell the property (acquired in 1992) was based on the Board's desire to re-deploy the net proceeds or other consideration arising from the sale to real estate assets in other areas of FREIT's operations.

On April 15, 2011, FREIT was notified by Giant of Maryland LLC ("Giant"), the former tenant and operator of the 55,330 sq. ft. Giant Supermarket at Westridge that it would not extend the term of its lease, which expired on October 31, 2011. Giant elected not to renew its lease at Westridge, and FREIT is actively pursuing the re-leasing of the space vacated by Giant. FREIT will reevaluate its decision to market Westridge for sale in light of the Giant lease expiration. See "Segment Information – Commercial Segment" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," below.

On June 3, 2011, FREIT's Board of Trustees authorized management to pursue the sale of the Palisades Manor Apartments, in Palisades Park, NJ, the Grandview Apartments in Hasbrouck Heights, NJ, and the Heights Manor Apartments in Spring Lake Heights, NJ. The decision to pursue the sale of these properties was based on the Board's desire to re-deploy the net proceeds arising from the sale to real estate assets in other areas of FREIT's operations. It is not possible for management to estimate when a sale of any of these properties will occur, and therefore, the properties continue to be classified as held for use as of October 31, 2011.

(b) Financial Information about Segments

FREIT has two reportable segments: Commercial Properties and Residential Properties. These reportable segments have different types of tenants and are managed separately because each requires different operating strategies and management expertise. Segment information for the three years ended October 31, 2011 is included in Note 11 "Segment Information" to FREIT's consolidated financial statements.

(c) Narrative Description of Business

FREIT was founded and organized for the principal purpose of acquiring, developing, and owning a portfolio of diverse income producing real estate properties. FREIT's developed properties include residential apartment communities and commercial properties that consist of multi and single tenanted properties. Our properties are located in New Jersey, Maryland and on Long Island, NY. We also currently own approximately 40.37 acres of unimproved land in New Jersey. See *Item 2, "Properties - Portfolio of Investments."*

FREIT elected to be taxed as a REIT under the Internal Revenue Code. FREIT operates in such a manner as to qualify for taxation as a REIT in order to take advantage of certain favorable tax aspects of the REIT structure. Generally, a REIT will not be subject to federal income taxes on that portion of its ordinary income or capital gain that is currently distributed to its equity holders.

As an equity REIT, we generally acquire interests in income producing properties to be held as long-term investments. FREIT's return on such investments is based on the income generated by such properties mainly in the form of rents.

From time to time, FREIT has sold, and may sell again in the future, certain of its properties in order to (i) obtain capital used or to be used to purchase, develop or renovate other properties which we believe will provide a higher rate of return and increase the value of our investment portfolio, and (ii) divest properties which FREIT has determined or determines are no longer compatible with our growth strategies and investment objectives for our real estate portfolio.

We do not hold any patents, registered trademarks, or licenses.

Portfolio of Real Estate Investments

At October 31, 2011, FREIT's real estate holdings included (i) nine (9) apartment buildings or complexes containing 1,075 rentable units, (ii) ten (10) commercial properties (retail and office) containing approximately 1,265,000 square feet of leasable space, including one (1) single tenant store, two (2) separate one acre parcels subject to ground leases, and (iii) four (4) parcels of undeveloped land consisting of approximately 40.37 acres. FREIT and its subsidiaries own all such properties in fee simple. *See Item 2, "Properties - Portfolio of Investments"* of this Annual Report for a description of FREIT's separate investment properties and certain other pertinent information with respect to such properties that is relevant to FREIT's business.

Investment in Subsidiaries

The consolidated financial statements (See Note 1 to the Consolidated Financial Statements included in this Form 10-K) include the accounts of the following subsidiaries of FREIT:

Westwood Hills, LLC ("Westwood Hills"): FREIT owns a 40% membership interest in Westwood Hills, which owns and operates a 210-unit residential apartment complex in Westwood, NJ.

Wayne PSC, LLC ("WaynePSC"): FREIT owns a 40% membership interest in Wayne PSC, which owns a 322,000 sq. ft. community center in Wayne, NJ.

S And A Commercial Associates Limited Partnership ("S And A"): S And A owns a 100% interest in Pierre Towers, LLC, which owns a 269-unit residential apartment complex in Hackensack, NJ. FREIT owns a 65% partnership interest in S And A.

Grande Rotunda, LLC: FREIT owns a 60% membership interest in Grande Rotunda, which owns a 217,000 square foot mixed use property in Baltimore, MD.

Damascus Centre, LLC: FREIT owns a 70% membership interest in Damascus Centre, LLC which owns the Damascus Center that has recently been renovated and expanded. See Item 1-a(ii), "Construction".

Damascus Second, LLC: FREIT owns a 70% interest in Damascus Second, LLC, which assumed a $21.3 million (originally $27.3 million) construction loan from Bank of America for the purpose of assisting Damascus Centre, LLC in owning, operating, managing and, as required, renovating the land and premises of the Damascus Center.

WestFREIT Corp: FREIT owns a 100% membership interest in WestFREIT, which owns Westridge, a 257,000 square foot shopping center in Frederick, MD.

WestFredic LLC: FREIT owns a 100% membership interest in WestFredic, which assumed a $22 million mortgage loan that is secured by Westridge in Frederick, MD.

Employees

On October 31, 2011 FREIT and its subsidiaries had seventeen (17) full-time employees and seven (7) part-time employees who work solely at the properties owned by FREIT or its subsidiaries. The number of part-time employees varies seasonally.

Mr. Robert S. Hekemian, Chairman of the Board and Chief Executive Officer, Mr. Donald W. Barney, President, Treasurer and Chief Financial Officer, and Mr. John A. Aiello, Esq., Secretary and Executive Secretary, are the executive officers of FREIT. Mr. Hekemian devotes approximately seventy percent (70%) of his business activities to FREIT, Mr. Barney devotes approximately fifteen percent (15%) of his business activities to FREIT, and Mr. Aiello devotes approximately eight percent (8%) of his business activities to FREIT. Refer to "Item 10 – Directors, Executive Officers and Corporate Governance." Hekemian has been retained by FREIT to manage FREIT's properties and is responsible for recruiting, on behalf of FREIT, the personnel required to perform all services related to the operation of FREIT's properties. *See "Management Agreement" below*.

Management Agreement

On April 10, 2002, FREIT and Hekemian executed a Management Agreement whereby Hekemian would continue as Managing Agent for FREIT. The term of the Management Agreement renewed on November 1, 2011 for a two-year term, will expire on October 31, 2013. The Management Agreement automatically renews for successive periods of two years unless either party gives not less than six (6) months prior notice to the other of non-renewal. The salient provisions of the Management Agreement are as follows: FREIT retains Hekemian as the exclusive management and leasing agent for properties which FREIT owned as of April 2002 and for the Preakness Shopping Center acquired on November 1, 2002 by WaynePSC. However, FREIT may retain other managing agents to manage certain other properties acquired after April 10, 2002 and to perform various other duties such as sales, acquisitions, and development with respect to any or all properties. Hekemian does not serve as the exclusive advisor for FREIT to locate and recommend to FREIT investments, which Hekemian deems suitable for FREIT, and is not required to offer potential acquisition properties exclusively to FREIT before acquiring those properties for its own account. The Management Agreement includes a detailed schedule of fees for those services, which Hekemian may be called upon to perform. The Management Agreement provides for a termination fee in the event of a termination or non-renewal of the Management Agreement under certain circumstances.

Pursuant to the terms of the Management Agreement, FREIT pays Hekemian certain fees and commissions as compensation for its services. From time to time, FREIT engages Hekemian to provide certain additional services, such as consulting services related to development and financing activities of FREIT. Separate fee arrangements are negotiated between Hekemian and FREIT or its affiliates, with respect to such additional services. During the 4th quarter of Fiscal 2007, FREIT's Board of Trustees approved, in general, development fee arrangements for the development services to be performed at the Rotunda (owned by Grande Rotunda, LLC), the Damascus Center (owned by Damascus Centre, LLC), and the South Brunswick project. These fees will be payable to Hekemian Development Resources LLC ("Resources"), a wholly owned affiliate of Hekemian. Definitive agreements for the development services to be performed at the Rotunda and the Damascus Center have been executed. The development fee arrangement for the Rotunda provides for Resources to receive a fee equal to 6.375% of the total development costs of up to $136 million (as may be modified), and the fee for the redevelopment of the Damascus Center to be equal to 7% of the redevelopment costs of up to approximately $17.3 million (as may be modified). The minority ownership interests of Grande Rotunda, LLC and Damascus Centre, LLC are owned by Rotunda 100, LLC and Damascus 100, LLC, which are principally owned by employees of Hekemian, including certain members of the immediate family of Robert S. Hekemian, FREIT's CEO and Chairman, and Robert S. Hekemian, Jr., a trustee of FREIT, and the members of the Hekemian family have majority management control of these entities. In connection with the development activities at South Brunswick, the fees with respect to this project are 7% of development costs of up to $21million (as may be modified). A definitive contract regarding the specific services to be provided at the South Brunswick project has not yet been finalized and approved. *See Note 6 to FREIT's consolidated financial statements*.

Mr. Robert S. Hekemian, Chairman of the Board, Chief Executive Officer and a Trustee of FREIT, is the Chairman of the Board and Chief Executive Officer of Hekemian. Mr. Hekemian owns approximately 0.2% of all of the issued and outstanding shares of Hekemian. Mr. Robert S. Hekemian, Jr, a Trustee of FREIT, is the President of Hekemian, and owns approximately 33.3% of all of the issued and outstanding shares of Hekemian.

Real Estate Financing

FREIT funds acquisition opportunities and the development of its real estate properties largely through debt financing, including mortgage loans against certain of its properties. At October 31, 2011, FREIT's aggregate outstanding mortgage debt was $203.3 million with an average interest cost on a weighted average basis of 4.29%. FREIT has mortgage loans against certain properties, which serve as collateral for such loans. See the tables in *Item 2, "Properties - Portfolio of Investments"* for the outstanding mortgage balances at October 31, 2011 with respect to each of these properties.

FREIT is currently highly leveraged and will continue to be for the foreseeable future. This increased level of indebtedness also presents an increased risk of default on the obligations of FREIT and an increase in debt service requirements that could adversely affect the financial condition and results of operations of FREIT. A number of FREIT's mortgage loans are being amortized over a period that is longer than the terms of such loans; thereby requiring balloon payments at the expiration of the terms of such loans. FREIT has not established a cash reserve sinking fund with respect to such obligations and at this time does not expect to have sufficient funds from operations to make such balloon payments when due under the terms of such loans. See *"Liquidity and Capital Resources"* under Item 7.

FREIT is subject to the normal risks associated with debt financing, including the risk that FREIT's cash flow will be insufficient to meet required payments of principal and interest; the risk that indebtedness on its properties will not be able to be renewed, repaid or refinanced when due; or that the terms of any renewal or refinancing will not be as favorable as the terms of the indebtedness being replaced. If FREIT were unable to refinance its indebtedness on acceptable terms, or at all, FREIT might be forced to dispose of one or more of its properties on disadvantageous terms which might result in losses to FREIT. These losses could have a material adverse effect on FREIT and its ability to make distributions to shareholders and to pay amounts due on its debt. If a property is mortgaged to secure payment of indebtedness and FREIT is unable to meet mortgage payments, the mortgagee could foreclose upon the property, appoint a receiver and receive an assignment of rents and leases or pursue other remedies, all with a consequent loss of revenues and asset value to FREIT. Further, payment obligations on FREIT's mortgage loans will not be reduced if there is a decline in the economic performance of any of FREIT's properties. If any such decline in economic performance occurs, FREIT's revenues, earnings, and funds available for distribution to shareholders would be adversely affected.

Neither FREIT's Declaration of Trust nor any policy statement formally adopted by FREIT's Board of Trustees limits either the total amount of indebtedness or the specified percentage of indebtedness (based on the total capitalization of FREIT), which may be incurred by FREIT. Accordingly, FREIT may incur in the future additional secured or unsecured indebtedness in furtherance of its business activities, including, if or when necessary, to refinance its existing debt. Future debt incurred by FREIT could bear interest at rates, which are higher than the rates on FREIT's existing debt. Future debt incurred by FREIT could also bear interest at a variable rate. Increases in interest rates would increase FREIT's variable interest costs (to the extent that the related indebtedness was not protected by interest rate protection arrangements), which could have a material adverse effect on FREIT and its ability to make distributions to shareholders and to pay amounts due on its debt or cause FREIT to be in default under its debt. Further, in the future, FREIT may not be able to, or may determine that it is not able to, obtain financing for property acquisitions or for capital expenditures to develop or improve its properties on terms, which are acceptable to FREIT. In such event, FREIT might elect to defer certain projects unless alternative sources of capital were available, such as through an equity or debt offering by FREIT.

Competitive Conditions

FREIT is subject to normal competition with other investors to acquire real property and to profitably manage such property. Numerous other REITs, banks, insurance companies and pension funds, as well as corporate and individual developers and owners of real estate, compete with FREIT in seeking properties for acquisition and for tenants. Many of these competitors have significantly greater financial resources than FREIT.

In addition, retailers at FREIT's commercial properties face increasing competition from discount shopping centers, outlet malls, sales through catalogue offerings, discount shopping clubs, marketing and shopping through cable and computer sources, particularly over the internet, and telemarketing. In many markets, the trade areas of FREIT's commercial properties overlap with the trade areas of other shopping centers. Renovations and expansions at those competing shopping centers and malls could negatively affect FREIT's commercial properties by encouraging shoppers to make their purchases at such new, expanded or renovated shopping centers and malls. Increased competition through these various sources could adversely affect the viability of FREIT's tenants, and any new commercial real estate competition developed in the future could potentially have an adverse effect on the revenues of and earnings from FREIT's commercial properties.

(A) General Factors Affecting Investment in Commercial and Apartment Properties; Effect of Economic and Real Estate Conditions

The revenues and value of FREIT's commercial and residential apartment properties may be adversely affected by a number of factors, including, without limitation, the national economic climate; the regional economic climate (which may be adversely affected by plant closings, industry slow downs and other local business factors); local real estate conditions (such as an oversupply of retail space or apartment units); perceptions by retailers or shoppers of the security, safety, convenience and attractiveness of a shopping center; perception by residential tenants of the safety, convenience and attractiveness of an apartment building or complex; the proximity and the number of competing shopping centers and apartment complexes; the availability of recreational and other amenities and the willingness and ability of the owner to provide capable management and adequate maintenance. In addition, other factors may adversely affect the fair market value of a commercial property or apartment building or complex without necessarily affecting the revenues, including changes in government regulations (such as limitations on development or on hours of operation) changes in tax laws or rates, and potential environmental or other legal liabilities.

(B) Commercial Shopping Center Properties' Dependence on Anchor Stores and Satellite Tenants

FREIT believes that its revenues and earnings; its ability to meet its debt obligations; and its funds available for distribution to shareholders would be adversely affected if space in FREIT's multi-store shopping center properties could not be leased or if anchor store tenants or satellite tenants failed to meet their lease obligations.

The success of FREIT's investment in its shopping center properties is largely dependent upon the success of its tenants. Unfavorable economic, demographic, or competitive conditions may adversely affect the financial condition of tenants and consequently the lease revenues from and the value of FREIT's investments in its shopping center properties. If the sales of stores operating in FREIT's shopping center properties were to decline due to deteriorating economic conditions, the tenants may be unable to pay their base rents or meet other lease charges and fees due to FREIT. In addition, any lease provisions providing for additional rent based on a percentage of sales would not be operative in this economic environment. In the event of default by a tenant, FREIT could suffer a loss of rent and experience extraordinary delays while incurring additional costs in enforcing its rights under the lease, which may or may not be recaptured by FREIT. As at October 31, 2011 the following table lists the ten (10) largest commercial tenants, which account for approximately 53.8% of FREIT's leased commercial rental space and 36.5% of fixed commercial rents.

Tenant	*Center*	*Sq. Ft.*
Burlington Coat Factory	Westridge Square	85,992
Kmart Corporation	Westwood Plaza	84,254
Macy's Federated Department Stores, Inc.	Preakness	81,160
Pathmark Stores Inc.	Patchoque	63,932
Stop & Shop Supermarket Co.	Preakness	61,020
Safeway Stores Inc.	Damascus Center	58,358
Stop & Shop Supermarket Co.	Franklin Crossing	48,673
Giant Food of Maryland	The Rotunda	35,994
TJ MAXX	Westwood Plaza	28,480
T-Bowl Inc.	Preakness	27,195

Note: Giant Food of Maryland at Westridge is not included in the schedule of the 10 largest commercial tenants, since Giant vacated its space, amounting to 55,330 sq ft, in May 2011. However, Giant continued to pay its monthly rent through October 31, 2011, which was the expiration date of their lease. Giant elected not to extend its lease as of November 1, 2011. FREIT is actively pursuing the re-leasing of the space vacated by Giant. See "Segment Information – Commercial Segment" under Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," below.

(C) Renewal of Leases and Reletting of Space

There is no assurance that we will be able to retain tenants at our commercial properties upon expiration of their leases. Upon expiration or termination of leases for space located in FREIT's commercial properties, the premises may not be relet or the terms of reletting (including the cost of concessions to tenants) may not be as favorable as lease terms for the terminated lease. If FREIT were unable to promptly relet all or a substantial portion of this space or if the rental rates upon such reletting were significantly lower than current or expected rates, FREIT's revenues and earnings, FREIT's ability to service its debt, and FREIT's ability to make expected distributions to its shareholders, could be adversely affected. During Fiscal 2011, FREIT was notified by the former tenant and operator of the 55,330 sq. ft. Giant Supermarket at Westridge that it would not extend the term of its lease, which expired on October 31, 2011. FREIT is actively pursuing the re-leasing of the space vacated by Giant. There were no other material lease expirations during Fiscal 2011 and Fiscal 2010. Other than the Giant lease at Westridge, there are no other material lease expirations expected during Fiscal 2012.

(D) Illiquidity of Real Estate Investments; Possibility that Value of FREIT's Interests may be less than its Investment

Equity real estate investments are relatively illiquid. Accordingly, the ability of FREIT to vary its portfolio in response to changing economic, market or other conditions is limited. Also, FREIT's interests in its partially owned subsidiaries are subject to transfer constraints imposed by the operating agreements which govern FREIT's investment in these partially owned subsidiaries. Even without such restrictions on the transfer of its interests, FREIT believes that there would be a limited market for its interests in these partially owned subsidiaries.

If FREIT had to liquidate all or substantially all of its real estate holdings, the value of such assets would likely be diminished if a sale was required to be completed in a limited time frame. The proceeds to FREIT from any such sale of the assets in FREIT's real estate portfolio might be less than the fair market value of those assets.

Impact of Governmental Laws and Regulations on Registrant's Business

FREIT's properties are subject to various federal, state and local laws, ordinances and regulations, including those relating to the environment and local rent control and zoning ordinances.

(A) Environmental Matters

Both federal and state governments are concerned with the impact of real estate construction and development programs upon the environment. Environmental legislation affects the cost of selling real estate, the cost to develop real estate, and the risks associated with purchasing real estate.

Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under such property, 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). Such laws often impose such liability without regard to whether the owners knew of, or were responsible for, the presence or disposal of such substances. Such liability may be imposed on the owner in connection with the activities of any operator of, or tenant at, the property. The cost of any required remediation, removal, fines or personal injury or property damages and the property owner's liability therefore could exceed the value of the property and/or the aggregate assets of the owner. In addition, the presence of such substances, or the failure to properly dispose of or remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. If FREIT incurred any such liability, it could reduce FREIT's revenues and ability to make distributions to its shareholders.

A property can also be negatively impacted by either physical contamination or by virtue of an adverse effect upon value attributable to the migration of hazardous or toxic substances, or other contaminants that have or may have emanated from other properties.

At this time, FREIT is aware of the following environmental matters affecting its properties:

(i) Westwood Plaza Shopping Center, Westwood, NJ

This property is in a Flood Hazard Zone. FREIT maintains flood insurance in the amount of $500,000 for the subject property, which is the maximum available under the Flood Program for the property. Any reconstruction of that portion of the property situated in the flood hazard zone is subject to regulations promulgated by the New Jersey Department of Environmental Protection ("NJDEP"), which could require extraordinary construction methods.

(ii) Franklin Crossing, Franklin Lakes, NJ

The redeveloped Franklin Crossing shopping center was completed during the summer of 1997. Also in 1997, a historical discharge of hazardous materials was discovered at Franklin Crossing. The discharge was reported to the NJDEP in accordance with applicable regulations. FREIT completed the remediation required by the NJDEP.

In November 1999, FREIT received a No Further Action Letter from the NJDEP concerning the contaminated soil at Franklin Crossing. Monitoring of the groundwater will continue pursuant to a memorandum of agreement filed with the NJDEP.

(iii) Preakness Shopping Center, Wayne, NJ

Prior to its purchase, in November 2002, by WaynePSC, a Phase I and Phase II Environmental Assessment of the Preakness shopping center revealed soil and ground water contamination with Percloroethylene (Dry Cleaning Fluid) caused by the mishandling of this chemical by a former Dry Cleaner tenant.

The seller of the center to WaynePSC is in the process of performing the remedial work in accordance with the requirements of the NJDEP. Additionally, the seller has escrowed the estimated cost of the remediation and has purchased a cap-cost insurance policy covering any expenses over and above the estimated cost.

In performing the remedial work, possible contamination of this property by groundwater migrating from an offsite source was discovered. The NJDEP has not made any determination with respect to responsibility for remediation of this possible condition, and it is not possible to determine whether or to what extent Wayne PSC will have potential liability with respect to this condition or whether or to what extent insurance coverage may be available.

(iv) Other

a) The State of New Jersey has adopted an underground fuel storage tank law and various regulations with respect to underground storage tanks.

FREIT no longer has underground storage tanks on any of its properties.

In prior years, FREIT conducted environmental audits for all of its properties except for its undeveloped land; retail properties in Franklin Lakes (Franklin Crossing) and Glen Rock, New Jersey; and residential apartment properties located in Palisades Park and Hasbrouck Heights, New Jersey. Except as noted in subparagraph (iii) above, the environmental reports secured by FREIT have not revealed any environmental conditions on its properties, which require remediation pursuant to any applicable Federal or state law or regulation.

b) FREIT has determined that several of its properties contain lead based paint (“LBP”). FREIT believes that it complies with all federal, state and local requirements as they pertain to LBP.

FREIT does not believe that the environmental conditions described in subparagraphs (i) - (iv) above will have a material adverse effect upon the capital expenditures, revenues, earnings, financial condition or competitive position of FREIT.

(B) Rent Control Ordinances

Each of the apartment buildings or complexes owned by FREIT is subject to some form of rent control ordinance which limits the amount by which FREIT can increase the rent for renewed leases, and in some cases, limits the amount of rent which FREIT can charge for vacated units, except for Westwood Hills and The Boulders at Rockaway which are not subject to any rent control law or regulation.

(C) Zoning Ordinances

Local zoning ordinances may prevent FREIT from renovating, expanding or converting its existing properties for their highest and best use as determined by FREIT’s Board of Trustees. The Board of Trustees is not aware of any such zoning impediments to the development of the South Brunswick property described herein.

(D) Financial Information about Foreign and Domestic Operations and Export Sale

FREIT does not engage in operations in foreign countries and it does not derive any portion of its revenues from customers in foreign countries.

ITEM 1 A RISK FACTORS

Almost all of FREIT’s income and cash flow are derived from the net rental income (revenues after expenses) from our properties. FREIT’s business and financial results are affected by the following fundamental factors:

- the national and regional economic climate;
- occupancy rates at the properties;
- tenant turnover rates;
- rental rates;
- operating expenses;
- tenant improvement and leasing costs;
- cost of and availability of capital;
- failure of banking institutions;
- failure of insurance carriers;
- new acquisitions and development projects; and
- changes in governmental regulations, real estate tax rates and similar matters.

A negative or adverse quality change in the above factors could potentially cause a detrimental effect on FREIT's revenue, earnings and cash flow. If rental revenues decline, we would expect to have less cash available to pay our indebtedness and distribute to our shareholders.

Adverse Changes in General Economic Climate: FREIT derives the majority of its revenues from renting apartments to individuals or families, and from retailers renting space at its shopping centers. Although the U.S. economy has recovered from the recession, the rate of recovery has been much slower than anticipated. Forecasts for economic growth and job gains over the next year have been downsized, due in large part to the recent turbulence in the US and global markets. While bank earnings and liquidity are on the rebound, the potential of significant future credit losses clouds the lending outlook. Credit availability has improved, but still lags pre-recession levels, hampering business expansion and new development activities. The higher level of unemployment in our areas of operation, coupled with the sluggish rate of economic recovery, may continue to adversely impact the level of consumer spending at some of our retail tenants, resulting in their inability to pay rent and/or expense recovery, as well as adversely impact occupancy levels at our residential properties. Some retail tenants have vacated, and others may continue to vacate or fail to exercise renewal options for their space.

We receive a substantial portion of our operating income as rent under long-term leases with commercial tenants. At any time, any of our commercial tenants could experience a downturn in its business that might weaken its financial condition. These tenants might defer or fail to make rental payments when due, delay lease commencement, voluntarily vacate the premises or declare bankruptcy, which could result in the termination of the tenant's lease, and could result in material losses to us and harm to our results of operations. Also, it might take time to terminate leases of underperforming or nonperforming tenants and we might incur costs to remove such tenants. Given current conditions in the capital markets, retailers that have sought protection from creditors under bankruptcy law have had difficulty in some instances in obtaining debtor-in-possession financing, which has decreased the likelihood that such retailers will emerge from bankruptcy protection and has limited their alternatives. Also, if tenants are unable to comply with the terms of our leases, we might modify lease terms in ways that are less favorable to us.

Tenants unable to pay rent: Financially distressed tenants may be unable to pay rents and expense recovery charges, where applicable, and may default on their leases. Enforcing our rights as landlord could result in substantial costs and may not result in a full recovery of unpaid rent. If a tenant files for bankruptcy, the tenant's lease may be terminated. In each such instance FREIT's income and cash flow would be negatively impacted.

Costs of re-renting space: If tenants fail to renew leases, fail to exercise renewal options, or terminate their leases early, the lost rents due to vacancy and the costs of re-renting the space could prove costly to FREIT. In addition to cleaning and renovating the vacated space, we may be required to grant concessions to a new tenant, and may incur leasing brokerage commissions. The lease terms to a new tenant may be less favorable than the prior tenant's lease terms, and will negatively impact FREIT's income and cash flow and adversely affect our ability to pay mortgage debt and interest or make distributions to our shareholders. FREIT is currently in the process of actively pursuing the re-leasing of the space at Westridge that was vacated by Giant as of November 1, 2011.

Inflation may adversely affect our financial condition and results of operations: Increased inflation could have a pronounced negative impact on our operating and administrative expenses, as these costs may increase at a higher rate than our rents. While increases in most operating expenses at our commercial properties can be passed on to retail tenants, increases in expenses at our residential properties cannot be passed on to residential tenants. Unreimbursed increased operating expenses may reduce cash flow available for payment of mortgage debt and interest, and for distributions to shareholders.

Development and construction risks: As part of its investment strategy, FREIT seeks to acquire property for development and construction, as well as to develop and build on land already in its portfolio. FREIT has recently completed a major expansion project at the Damascus Center and is planning a major redevelopment at the Rotunda property in Baltimore, Maryland. In addition it is contemplating the construction of an industrial building on its South Brunswick, New Jersey property**.** Development and construction activities are challenged with the following risks, which may adversely affect our cash flow:

- financing may not be available in the amounts we seek, or may not be on favorable terms;
- long-term financing may not be available upon completion of the construction;
- failure to complete construction on schedule or within budget may increase debt service costs and construction costs; and
- abandoned project costs could result in an impairment loss.

Debt financing could adversely affect income and cash flow: FREIT relies on debt financing to fund its growth through acquisitions and development activities. To the extent third party debt financing is not available, or not available on acceptable terms, acquisitions and development activities will be curtailed.

FREIT currently has approximately $172.2 million of non-recourse mortgage debt subject to fixed interest rates, and $31.1 million of partial recourse mortgage debt subject to variable interest rates ($19.3 million relates to the acquisition of the Rotunda property, and $11.8 million relates to the Damascus Center redevelopment project). These mortgages are being repaid over periods (amortization schedules) that are longer than the terms of the mortgages. Accordingly, when the mortgages become due (at various times) significant balloon payments (the unpaid principal amounts) will be required. FREIT expects to refinance the individual mortgages with new mortgages when their terms expire. To this extent we have exposure to capital availability and interest rate risk. If interest rates, at the time any individual mortgage note is due, are higher than the current fixed interest rate, higher debt service may be required and/or refinancing proceeds may be less than the amount of the mortgage debt being retired. The $22.5 million mortgage loan entered into by Grande Rotunda, LLC for the acquisition of the Rotunda was scheduled to come due on July 19, 2009, and was extended by the bank until February 1, 2010. On February 1, 2010, a principal payment of $3 million was made reducing the original loan amount of $22.5 million to $19.5 million and the due date was extended until February 1, 2013. As part of the terms of the loan extension agreement, the loan is further collateralized by a first mortgage lien and the assignment of the ground lease on FREIT's Rochelle Park, NJ land parcel. Under the restructured terms, the interest rate is now 350 basis points above the BBA LIBOR with a floor of 4%, and monthly principal payments of $10,000 are required. An additional principal payment may be required on February 1, 2012 in an amount necessary to reduce the loan to achieve a stipulated debt service coverage ratio. FREIT believes that its debt service coverage ratio will meet the stipulated requirements, and, therefore, anticipates no additional principal payments will be required. Under the agreement with the equity owners of Grande Rotunda, LLC, FREIT would be responsible for 60% of any cash required by Grande Rotunda, LLC, and 40% would be the responsibility of the minority interest. To the extent we are unable to refinance our indebtedness on acceptable terms, we may need to dispose of one or more of our properties upon disadvantageous terms.

Our revolving $18 million credit line (of which $18 million was available as of October 31, 2011), our Grande Rotunda acquisition mortgage loan, and our Damascus Center construction loan contain financial covenants that could restrict our acquisition activities and result in a default on these loans if we fail to satisfy these covenants.

Failure of banking and financing institutions: Banking and financing institutions such as insurance companies provide FREIT with credit lines and construction financing. The credit lines available to FREIT may be used for a variety of business purposes, including general corporate purposes, acquisitions, construction, letters of credit, etc. Construction financing enables FREIT to develop new properties, or renovate or expand existing properties. A failure of the banking institution making credit lines available may render the line unavailable and adversely affect FREIT's liquidity, and negatively impact our operations in a number of ways. A failure of a financial institution unable to fund its construction financing obligations to FREIT may cause the construction to halt or be delayed. Substitute financing may be significantly more expensive, and construction delays may subject FREIT to delivery penalties.

Failure of insurance carriers: FREIT's properties are insured against unforeseen liability claims, property damages, and other hazards. The insurance companies FREIT uses have good ratings at the time the policies are put into effect. Financial failure of our carriers may result in their inability to pay current and future claims. This inability to pay claims may have an adverse impact on FREIT's financial condition. In addition, a failure of FREIT's insurance carrier may cause FREIT's insurance renewal or replacement policy costs to increase.

Real estate is a competitive business: FREIT is subject to normal competition with other investors to acquire real property and to profitably manage such property. Numerous other REITs, banks, insurance companies and pension funds, as well as corporate and individual developers and owners of real estate, compete with FREIT in seeking properties for acquisition and for tenants. Many of these competitors have significantly greater financial resources than FREIT. In addition, retailers at FREIT's commercial properties face increasing competition from discount shopping centers, outlet malls, sales through catalogue offerings, discount shopping clubs, marketing and shopping through cable and computer sources, particularly over the internet, and telemarketing. In many markets, the trade areas of FREIT's commercial properties overlap with the trade areas of other shopping centers. Renovations and expansions at those competing shopping centers and malls could negatively affect FREIT's commercial properties by encouraging shoppers to make their purchases at such new, expanded or renovated shopping centers and malls. Increased competition through these various sources could adversely affect the viability of FREIT's tenants, and any new commercial real estate competition developed in the future could potentially have an adverse effect on the revenues of and earnings from FREIT's commercial properties.

Illiquidity of real estate investment: Real estate investments are relatively difficult to buy and sell quickly. Accordingly, the ability of FREIT to vary its portfolio in response to changing economic, market or other conditions is limited. Also, FREIT's interests in its partially owned subsidiaries are subject to transfer constraints by the operating agreements that govern FREIT's investment in these partially owned subsidiaries.

Environmental problems may be costly: Both federal and state governments are concerned with the impact of real estate construction and development programs upon the environment. Environmental legislation affects the cost of selling real estate, the cost to develop real estate, and the risks associated with purchasing real estate.

Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under such property, 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). Such laws often impose such liability without regard to whether the owners knew of, or were responsible for, the presence or disposal of such substances. Such liability may be imposed on the owner in connection with the activities of any operator of, or tenant at the property. The cost of any required remediation, removal, fines or personal injury or property damages and the property owner's liability therefore could exceed the value of the property and/or the aggregate assets of the owner. In addition, the presence of such substances, or the failure to properly dispose of or remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. If FREIT incurred any such liability, it could reduce FREIT's revenues and ability to make distributions to its shareholders.

A property can also be negatively impacted by either physical contamination or by virtue of an adverse effect upon value attributable to the migration of hazardous or toxic substances, or other contaminants that have or may have emanated from other properties.

Qualification as a REIT: Since its inception in 1961, FREIT has elected to qualify as a REIT for federal income tax purposes, and will continue to operate so as to qualify as a REIT. In order to qualify as a REIT, we must satisfy a number of highly technical and complex provisions of the Internal Revenue Code. Governmental legislation, new regulations, and administrative interpretations may significantly change the tax laws with respect to the requirements for qualification as a REIT, or the federal income tax consequences of qualifying as a REIT. Although FREIT intends to continue to operate in a manner to allow it to qualify as a REIT, future economic, market, legal, tax or other considerations may cause it to revoke the REIT election or fail to qualify as a REIT. Such a revocation would subject FREIT’s income to federal income tax at regular corporate rates, and failure to qualify as a REIT would also eliminate the requirement that we pay dividends to our shareholders.

Change of investment and operating policies: FREIT’s investment and operating policies, including indebtedness and dividends, are exclusively determined by FREIT’s Board of Trustees, and not subject to shareholder approval.

ITEM 1 B **UNRESOLVED STAFF COMMENTS**

None.

ITEM 2 PROPERTIES

Portfolio of Investments: The following tables set forth certain information relating to each of FREIT's real estate investments in addition to the specific mortgages encumbering the properties.

Residential Apartment Properties as of October 31, 2011:

Property & Location	*Year Acquired*	*No. of Units*	*Average Annual Occupancy Rate for the Year Ended 10/31/11*	*Average Monthly Rent per Unit @ 10/31/11*	*Average Monthly Rent per Unit @ 10/31/10*	*Mortgage Balance ($000)*	*Depreciated Cost of Land, Buildings & Equipment ($000)*
Palisades Manor Palisades Park, NJ	1962	12	97.4%	$1,141	$1,080	None (1)	$53
Grandview Apts. Hasbrouck Heights, NJ	1964	20	97.7%	$1,136	$1,135	None (1)	$121
Berdan Court Wayne, NJ	1965	176	94.5%	$1,412	$1,409	$19,501 (2)	$1,345
Heights Manor Spring Lake Heights, NJ	1971	79	94.7%	$1,114	$1,086	$2,911	$424
Hammel Gardens Maywood, NJ	1972	80	95.8%	$1,234	$1,229	$4,220	$678
Steuben Arms River Edge, NJ	1975	100	98.6%	$1,261	$1,262	$5,852	$1,092
Westwood Hills (3) Westwood Hills, NJ	1994	210	96.8%	$1,467	$1,440	$23,144 (6)	$11,052
Pierre Towers (4) Hackensack, NJ	2004	269	93.3%	$1,867	$1,818	$32,901	$41,914
Boulders (5) Rockaway, NJ	2006	129	94.5%	$1,732	$1,679	$19,197	$18,455

(1) Security for draws against FREIT's Credit Line.

(2) On August 6, 2009, FREIT refinanced the mortgage loans secured by its Berdan Court apartment property in Wayne, NJ, with a new mortgage for approximately $20 million, due in 2019. The refinanced mortgages had outstanding principal balances that aggregated approximately $12.3 million at a weighted average interest rate of 6.7%, and were due January 1, 2010.

(3) FREIT owns a 40% equity interest in Westwood Hills. See "Investment in Subsidiaries".

(4) Pierre Towers is 100% owned by S And A Commercial Associates LP, which is 65% owned by FREIT.

(5) Construction completed in August 2006 on land acquired in 1963 / 1964.

(6) On October 20, 2010, Westwood Hills, LLC refinanced the mortgage loans secured by its Westwood Hills apartment property in Westwood, NJ, with a new mortgage for $23.5 million. The refinanced mortgages had outstanding principal balances that aggregated approximately $15.4 million at a weighted average interest rate of 6.6%, and were due December 31, 2013. The new mortgage is payable in monthly installments of $120,752 including interest of 4.62%, and is due November 1, 2020.

Commercial Properties as of October 31, 2011:

Property & Location	*Year Acquired*	*Leasable Space-Approximate Sq.Ft.*	*Average Annual Occupancy Rate for the Year Ended 10/31/11*	*Average Annualized Rent per Sq. Ft. @ 10/31/11*	*Average Annualized Rent per Sq. Ft. @ 10/31/10*	*Mortgage Balance ($000)*	*Depreciated Cost of Land, Buildings & Equipment ($000)*
Glen Rock, NJ	1962	4,800	100.0%	$23.20	$23.20	None (1)	$89
Franklin Crossing Franklin Lakes, NJ	1966 (2)	87,041	96.4%	$23.18	$23.86	None (1)	$8,194
Westwood Plaza Westwood, NJ	1988	173,854	98.2%	$13.15	$12.84	$8,307	$9,299
Westridge Square (3) Frederick, MD	1992	256,620 (10)	94.2%	$13.00	$12.78	$22,000	$18,190
Pathmark Super Store Patchogue, NY	1997	63,962	100.0%	$19.99	$19.99	$5,713 (7)	$7,823
Preakness Center (4) Wayne, NJ	2002	322,136	95.1%	$13.11	$13.09	$28,482	$28,893
Damascus Center (5) Damascus, MD	2003	150,000	55.3%	$19.25	$19.96	$11,757 (8)	$29,222
The Rotunda (6) Baltimore, MD	2005	216,645	86.8%	$18.69	$17.64	$19,290	$39,605
Rockaway, NJ	1964/1963	1 Acre Landlease	100.0%	N/A	N/A	None	$165
Rochelle Park, NJ	2007	1 Acre Landlease	N/A	N/A	N/A	None (9)	$2,408

(1) Security for draws against FREIT's Credit Line.
(2) The original 33,000 sq.ft. shopping center was replaced with a new 87,041 sq.ft. center that opened in October 1997.
(3) FREIT owns a 100% interest in WestFREIT Corp, that owns the center.
(4) FREIT owns a 40% equity interest in WaynePSC, that owns the center.
(5) FREIT owns a 70% equity interest in Damascus Centre, LLC, that owns the center. Undergoing a renovation and expansion project.
(6) FREIT owns a 60% equity interest in Grande Rotunda, LLC, that owns the center.
(7) On February 29, 2008, unpaid principal amount of $5.9 million was refinanced with a $6 million mortgage loan bearing fixed interest rate of 6.125%, with a 10 year term.
(8) On February 12, 2008, Damascus Centre, LLC closed on a $27.3 million construction loan, of which $11.8 million was drawn down at 10/31/11. As a result of a reevaluation of the future funding needs for this project, on May 6, 2010, Damascus Centre, LLC reduced the amount of the construction loan facility to $21.3 million.
(9) Security for Rotunda $19.5 million acquisition loan.
(10) Giant supermarket, which leases 55,330 sq ft, elected not to extend their lease as of November 1, 2011.

Supplemental Segment Information:

Commercial lease expirations at October 31, 2011 assuming none of the tenants exercise renewal options:

Year Ending October 31,	*Number of Expiring Leases*	*Expiring Leases Sq. Ft.*	*Percent of Commercial Sq. Ft.*	*Annual Rent of Expiring Leases* Total	*Annual Rent of Expiring Leases* Per Sq. Ft.
Month to month	17	89,028	*7.9%*	$ 1,186,566	$ 13.33
2012	24	158,322	*14.1%*	$ 1,777,025	$ 11.22
2013	29	99,199	*8.8%*	$ 1,752,305	$ 17.66
2014	25	56,136	*5.0%*	$ 1,213,263	$ 21.61
2015	18	76,759	*6.8%*	$ 1,312,202	$ 17.10
2016	20	117,464	*10.4%*	$ 2,190,949	$ 18.65
2017	14	132,305	*11.8%*	$ 1,640,648	$ 12.40
2018	14	38,875	*3.5%*	$ 977,435	$ 25.14
2019	5	88,509	*7.9%*	$ 454,840	$ 5.14
2020	3	8,996	*0.8%*	$ 245,289	$ 27.27
2021	10	24,827	*2.2%*	$ 683,221	$ 27.52

Land Under Development and Vacant Land as of October 31, 2011:

Vacant Land Location (1)	*Acquired*	*Current Use*	*Permitted Use Per Local Zoning Laws*	*Acreage Per Parcel*
Franklin Lakes, NJ	1966	None	Residential	4.27
Wayne, NJ	2002	None	Commercial	2.1
Rockaway, NJ	1964	None	Residential	1.0
So. Brunswick, NJ (2)	1964	Principally leased as farmland qualifying for state farmland assessment tax treatment	Industrial	33.0

(1) All of the above land is unencumbered, except as noted.
(2) Site plan approval received for the construction of a 563,000 square foot industrial building.

FREIT believes that it has a diversified portfolio of residential and commercial properties. FREIT's business is not materially dependent upon any single tenant or any one of its properties.

FREIT has no properties that have contributed 15% or more of FREIT's total revenue in one (1) or more of the last three (3) fiscal years.

Although FREIT's general investment policy is to hold properties as long-term investments, FREIT could selectively sell certain properties if it determines that any such sale is in FREIT's and its shareholders' best interests. See "Business-Planned Disposition" under Item 1 above. With respect to FREIT's future acquisition and development activities, FREIT will evaluate various real estate opportunities, which FREIT believes would increase FREIT's revenues and earnings, as well as complement and increase the overall value of FREIT's existing investment portfolio.

Except for the Pathmark supermarket located in Patchogue, Long Island, the TD Bank branch located in Rockaway, NJ and the Pascack Community Bank branch located on our land in Rochelle Park, NJ, all of FREIT's and its subsidiaries' commercial properties have multiple tenants.

FREIT and its subsidiaries' commercial properties have seventeen (17) anchor/major tenants, which account for approximately 59% of the space leased. The balance of the space is leased to one hundred and sixty six (166) satellite and office tenants. The following table lists the anchor / major tenants at each center and the number of satellite tenants:

Commercial Property Shopping Center (SC) Office Building (O)		*Net Leaseable Space*	*Anchor/Major Tenants*	*No. of Additional/Satellite Tenants*
Westridge Square Frederick, MD (4)	(SC)	256,620	Burlington Coat Factory	25
Franklin Crossing Franklin, Lakes, NJ	(SC)	87,041	Stop & Shop	20
Westwood Plaza Westwood, NJ	(SC)	173,854	Kmart Corp TJMaxx	19
Preakness Center (1) Wayne, NJ	(SC)	322,136	Stop & Shop Macy's CVS Annie Sez Clearview Theaters	36
Damascus Center (2) Damascus, MD	(SC)	150,000	Safeway Stores	11
The Rotunda (3) Baltimore, MD	(O)	138,276	Clear Channel Broadcasting US Social Security Office Janus Associates	46
	(SC)	78,369	Giant Food of Maryland Rite Aid Corporation	8
Patchogue, NY	(SC)	63,962	Pathmark	-
Glen Rock, NJ	(SC)	4,800	Chase Bank	1

(1) FREIT has a 40% interest in this property. *(2) FREIT has a 70% interest in this property.*
(3) FREIT has a 60% interest in this property. *(4) Giant Food of Maryland vacated in May 2011, but continued to pay rent through 10/31/2011.*

With respect to most of FREIT's commercial properties, lease terms range from five (5) years to twenty-five (25) years with options, which if exercised would extend the terms of such leases. The lease agreements generally provide for reimbursement of real estate taxes, maintenance, insurance and certain other operating expenses of the properties. During the last three (3) completed fiscal years, FREIT's commercial properties averaged an 89.6% "economic" occupancy rate (based upon the payment of rent for leased space) with respect to FREIT's available leasable space. For Fiscal 2011, the economic occupancy rate was 89.6%, while the actual "physical" occupancy rate (based upon possession and use of leased space) was 87.9%. The difference between economic and physical occupancy for Fiscal 2011 was primarily attributable to the vacancy created at Westridge resulting from Giant vacating its premises in May 2011, while continuing to pay rent in accordance with its lease through the expiration of the lease on October 31, 2011.

Leases for FREIT's apartment buildings and complexes are usually one (1) year in duration. Even though the residential units are leased on a short-term basis, FREIT has averaged, during the last three (3) completed fiscal years, a 94.1% occupancy rate with respect to FREIT's available apartment units.

FREIT does not believe that any seasonal factors materially affect FREIT's business operations and the leasing of its commercial and apartment properties.

FREIT believes that its properties are covered by adequate fire and property insurance provided by reputable companies and with commercially reasonable deductibles and limits.

ITEM 3 LEGAL PROCEEDINGS

There are no material pending legal proceedings to which FREIT is a party, or of which any of its properties is the subject. There is, however, ordinary and routine litigation involving FREIT's business including various tenancy and related matters. Notwithstanding the environmental conditions disclosed in "Item 1(c) Narrative Description of Business - Impact of Governmental Laws and Regulations on Registrant's Business; Environmental Matters," there are no legal proceedings concerning environmental issues with respect to any property owned by FREIT.

ITEM 4 (REMOVED AND RESERVED)

PART II

ITEM 5 MARKET FOR FREIT'S COMMON EQUITY, RELATED SECURITY HOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Shares of Beneficial Interest

Beneficial interests in FREIT are represented by shares without par value (the "Shares"). The Shares represent FREIT's only authorized issued and outstanding class of equity. As of January 13, 2012, there were approximately 500 holders of record of the Shares.

The Shares are traded in the over-the-counter market through use of the OTC Bulletin Board Service (the "OTC Bulletin Board") provided by FINRA, Inc. FREIT does not believe that an active United States public trading market exists for the Shares since historically only small volumes of the Shares are traded on a sporadic basis. The following table sets forth, at the end of the periods indicated, the Bid and Asked quotations for the Shares on the OTC Bulletin Board.

	Bid	Asked
Fiscal Year Ended October 31, 2011		
First Quarter	$ 16.90	$ 20.50
Second Quarter	$ 16.70	$ 16.70
Third Quarter	$ 19.00	$ 23.50
Fourth Quarter	$ 20.25	$ 20.25

	Bid	Asked
Fiscal Year Ended October 31, 2010		
First Quarter	$ 18.00	$ 20.25
Second Quarter	$ 18.00	$ 19.00
Third Quarter	$ 16.50	$ 18.00
Fourth Quarter	$ 17.00	$ 17.00

The bid quotations set forth above for the Shares reflect inter-dealer prices, without retail mark-up, markdown or commission and may not necessarily represent actual transactions. The source of the bid and asked quotations is Janney Montgomery Scott, LLC members of the New York Stock Exchange and other national securities exchanges.

Dividends
The holders of Shares are entitled to receive distributions as may be declared by FREIT's Board of Trustees. Dividends may be declared from time to time by the Board of Trustees and may be paid in cash, property, or Shares. The Board of Trustees' present policy is to distribute annually at least ninety percent (90%) of FREIT's REIT taxable income as dividends to the holders of Shares in order to qualify as a REIT for Federal income tax purposes. Distributions are made on a quarterly basis. In Fiscal 2011 and Fiscal 2010, FREIT paid or declared aggregate total dividends of $1.20 and $1.20 per share, respectively, to the holders of Shares. *See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Distributions to Shareholders."*

Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

ITEM 6 SELECTED FINANCIAL DATA

The selected consolidated financial data for FREIT for each of the five (5) fiscal years in the period ended October 31, 2011 are derived from financial statements herein or previously filed financial statements. This data should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report and with FREIT's consolidated financial statements and related notes included in this Annual Report.

BALANCE SHEET DATA: As At October 31,	2011	2010	2009	2008	2007
	(In thousands of dollars)				
Total Assets	$ 243,220	$ 245,128	$ 251,851	$ 241,756	$ 242,755
Mortgage Loans	$ 203,275	$ 204,604	$ 202,260	$ 192,352	$ 189,389
Common Equity	$ 13,850	$ 16,802	$ 20,722	$ 23,561	$ 25,130
Weighted average shares outstanding:					
Basic	6,942	6,942	6,944	6,835	6,753
Diluted					6,916

INCOME STATEMENT DATA: Year Ended October 31,	2011	2010	2009	2008	2007
	(In thousands of dollars, except per share amounts)				
Revenue:					
Revenue from real estate operations	$ 44,057	$ 44,053	$ 42,422	$ 42,340	$ 40,738
Expenses:					
Real estate operations	18,138	18,607	17,600	16,996	16,673
General and administrative expenses	1,543	1,567	1,652	1,542	1,543
Depreciation	6,109	6,053	5,870	5,622	5,311
Totals	25,790	26,227	25,122	24,160	23,527
Operating income	18,267	17,826	17,300	18,180	17,211
Investment income	101	122	221	554	634
Interest expense including amortization of deferred financing costs *	(11,655)	(13,817)	(10,848)	(11,557)	(11,897)
Income from continuing operations	6,713	4,131	6,673	7,177	5,948
Discontinued operations:					
Income from discontinued operations, net of noncontrolling interests of subsidiaries **	-	-	-	-	3,771
Net income	6,713	4,131	6,673	7,177	9,719
Net loss (income) attributable to noncontrolling interests of subsidiaries	(1,335)	280	(1,121)	(1,138)	(776)
Net income attributable to common equity	$ 5,378	$ 4,411	$ 5,552	$ 6,039	$ 8,943

* In 2010, includes $2.1 million prepayment penalty on early debt extinguishment.
** Includes gain on disposal of $3,680 in fiscal year 2007.

	2011	2010	2009	2008	2007
Basic earnings per share:					
Continuing operations	$ 0.77	$ 0.64	$ 0.80	$ 0.88	$ 0.76
Discontinued operations	-	-	-	-	0.56
Net income	$ 0.77	$ 0.64	$ 0.80	$ 0.88	$ 1.32
Diluted earnings per share:					
Continuing operations					$ 0.74
Discontinued operations					0.55
Net income					$ 1.29
Cash Dividends Declared Per Common Share	$ 1.20	$ 1.20	$ 1.20	$ 1.20	$ 1.30

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Identifying Important Factors That Could Cause FREIT's Actual Results to Differ From Those Projected in Forward Looking Statements.

Readers of this discussion are advised that the discussion should be read in conjunction with the consolidated financial statements of FREIT (including related notes thereto) appearing elsewhere in this Form 10-K. Certain statements in this discussion may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect FREIT's current expectations regarding future results of operations, economic performance, financial condition and achievements of FREIT, and do not relate strictly to historical or current facts. FREIT has tried, wherever possible, to identify these forward-looking statements by using words such as "believe," "expect," "anticipate," "intend, " "plan," " estimate," or words of similar meaning.

Although FREIT believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements are subject to risks and uncertainties, which may cause the actual results to differ materially from those projected. Such factors include, but are not limited to the following: general economic and business conditions, which will, among other things, affect demand for rental space, the availability of prospective tenants, lease rents, the financial condition of tenants and the default rate on leases, operating and administrative expenses and the availability of financing; adverse changes in FREIT's real estate markets, including, among other things, competition with other real estate owners, competition confronted by tenants at FREIT's commercial properties, governmental actions and initiatives; environmental/safety requirements; and risks of real estate development and acquisitions. The risks with respect to the development of real estate include: increased construction costs, inability to obtain construction financing, or unfavorable terms of financing that may be available, unforeseen construction delays and the failure to complete construction within budget.

OVERVIEW

FREIT is an equity real estate investment trust ("REIT") that is self-administered and externally managed. FREIT owns a portfolio of residential apartment and commercial properties. Our revenues consist primarily of fixed rental income from our residential and commercial properties and additional rent in the form of expense reimbursements derived from our income producing commercial properties. Our properties are primarily located in northern New Jersey and Maryland. We acquire existing properties for investment. We also acquire properties, which we feel have redevelopment potential, and make changes and capital improvements to these properties. We develop and construct properties on our vacant land. Our policy is to acquire and develop real property for long-term investment.

The economic and financial environment: Although the U.S. economy has recovered from the recession, the rate of recovery has been much slower than anticipated. Forecasts for economic growth and job gains over the next year have been downsized, due in large part to the recent turbulence in the US and global markets. While bank earnings and liquidity are on the rebound, the potential of significant future credit losses clouds the lending outlook. Credit availability has improved, but still lags pre-recession levels, hampering business expansion and new development activities.

Residential Properties: Occupancy and rental rates in our areas of operation are on the up swing, reversing a year-long downward movement, and reflecting the increasing preference towards rental housing. The speed of recovery at our residential properties will likely mirror job growth and reduced unemployment in our areas of operation.

Commercial Properties: The retail outlook, while still challenged, has shown improvement over the past year, although due to the lag in job growth, consumers are still nervous about their jobs and remain frugal with their discretionary spending. Tenant fall-out and rent reductions are expected to abate. However, re-leasing of vacated space will be challenging and at rates below pre-recession levels.

Development Projects and Capital Expenditures: We continue to make only those capital expenditures that are absolutely necessary. As of November 2011, the expansion and renovation of the Damascus Center was completed. No date has been determined for the commencement of construction at our Rotunda and South Brunswick projects.

Debt Financing Availability: The dislocations in the credit markets have caused significant price volatility and liquidity disruptions. High pricing spreads and very conservative debt service ratio requirements have made certain financing unattractive and, in certain instances, unavailable. Additionally, construction financing for large, mixed use projects is virtually unavailable, or too costly. As a result of this difficult financing environment and reduced end user demand (see above), FREIT placed the Rotunda redevelopment activity on hold during the fourth quarter of FREIT's 2008 fiscal year. The delay notwithstanding, at this time, FREIT intends to resume the redevelopment of the Rotunda as planned, upon improvement in the economic and financing climate. To that end, FREIT has had, from time to time, ongoing discussions with potential sources of financing and potential major national and local tenants.

Operating Cash Flow and Dividend Distributions: We expect that cash provided by net operating income will be adequate to cover mandatory debt service payments, necessary capital improvements and dividends necessary to retain qualification as a REIT (90% of taxable income). It is FREIT's intention to maintain its quarterly dividend at $.30 per share until the economic climate indicates a change is appropriate, but not less than the level required to maintain its REIT status for Federal income tax purposes.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Pursuant to the SEC disclosure guidance for "Critical Accounting Policies," the SEC defines Critical Accounting Policies as those that require the application of management's most difficult, subjective, or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, the preparation of which takes into account estimates based on judgments and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from these estimates. The accounting policies and estimates used, which are outlined in Note 1 to our Consolidated Financial Statements which is presented elsewhere in this Form 10-K, have been applied consistently as at October 31, 2011 and October 31, 2010, and for the years ended October 31, 2011, 2010 and 2009. We believe that the following accounting policies or estimates require the application of management's most difficult, subjective, or complex judgments:

Revenue Recognition: Base rents, additional rents based on tenants' sales volume and reimbursement of the tenants' share of certain operating expenses are generally recognized when due from tenants. The straight-line basis is used to recognize base rents under leases if they provide for varying rents over the lease terms. Straight-line rents represent unbilled rents receivable to the extent straight-line rents exceed current rents billed in accordance with lease agreements. Before FREIT can recognize revenue, it is required to assess, among other things, its collectibility.

Valuation of Long-Lived Assets: We periodically assess the carrying value of long-lived assets whenever we determine that events or changes in circumstances indicate that their carrying amount may not be recoverable. When FREIT determines that the carrying value of long-lived assets may be impaired, the measurement of any impairment is based on a projected discounted cash flow method determined by FREIT's management. While we believe that our discounted cash flow methods are reasonable, different assumptions regarding such cash flows may significantly affect the measurement of impairment.

Real Estate Development Costs: It is FREIT's policy to capitalize pre-development costs, which generally include legal and professional fees and other directly related third-party costs. Real estate taxes and interest costs incurred during the development and construction phases are also capitalized. FREIT ceases capitalization of these costs, when the project or portion thereof becomes operational, or when construction has been postponed. Capitalization of these costs will recommence once construction on the project resumes.

Adopted and recently issued accounting standards:

In December 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-10, "Property, Plant, and Equipment (Topic 360): Derecognition of in Substance Real Estate-a Scope Clarification". The purpose of this update is to resolve the diversity in practice about whether the guidance under FASB Accounting Standards Codification ("ASC") Subtopic 360-20, "Property, Plant, and Equipment-Real Estate Sales", applies to a parent that ceases to have a controlling financial interest in a subsidiary, as specified under ASC Subtopic 810-10, "Non-Controlling Interests in Consolidated Financial Statements – an amendment of ARB No. 51", that is in substance real estate as a result of default on the subsidiary's nonrecourse debt. The new guidance is intended to emphasize that accounting for such transactions "is based on their substance rather than their form", specifically that the parent should only deconsolidate the real estate subsidiary when legal title to the real estate is transferred to the lender and the related nonrecourse debt has been extinguished. The standard takes effect for public companies during the annual and interim periods beginning on or after June 15, 2012. The adoption of this guidance is not expected to have a material impact on our financial statements.

In June 2011, the FASB issued ASU 2011-05, "Presentation of Comprehensive Income", which supersedes the presentation options in ASC Topic 220, "Reporting of Comprehensive Income". The new standard provides guidance for the presentation of other comprehensive income ("OCI") and its components in both the financial statements. The new guidance only affects the presentation of OCI, and not the components that must be reported in OCI. The standard takes effect for public companies during the interim and annual periods beginning after December 15, 2011. The adoption of this guidance is not expected to have a material impact on our financial statements.

FREIT adopted ASC 810-10 ("Non-Controlling Interests in Consolidated Financial Statements – an amendment of ARB No. 51") effective November 1, 2009, and as required, has retrospectively applied the presentation and disclosure requirements to prior years presented in this Form 10-K.

- The objective of ASC 810 is to improve the relevance, comparability and transparency of financial information provided to investors by: (i) requiring all entities to report non-controlling interests (minority interests) as equity in the consolidated financial statements and separate from the parent's equity; (ii) requiring that the amount of net income attributable to the parent and non-controlling interest be clearly identified and presented on the face of the consolidated statement of income; and (iii) expanding the disclosure requirements with respect to the parent and its non-controlling interests.

    (a) Prior to the adoption of ASC 810, FREIT could not record a negative minority interest in its consolidated financial statements if the minority members had no obligation to restore their negative capital accounts. As a result, FREIT was accounting for the minority members' capital deficit of its Westwood Hills subsidiary as a charge to income and a reduction to undistributed earnings. As of November 1, 2009, the amount of the minority members' capital deficit that was booked as a reduction to FREIT's undistributed earnings was approximately $2.3 million.

    (b) In accordance with the provisions of ASC 810, FREIT is required to disclose the pro forma impact on its consolidated net income and earnings per share, had the requirements of ASC 810 not been applied for the current year. As such, FREIT's pro forma consolidated net income attributable to common equity for the year-ended October 31, 2011 would have been $5,689,000 ($0.82 per share basic), due to the amendment of the Westwood Hills operating agreement, requiring the noncontrolling members to restore their negative capital accounts.

Results of Operations:

Fiscal Years Ended October 31, 2011 and 2010

Summary revenues and net income for the fiscal years ended October 31, 2011 ("Fiscal 2011") and October 31, 2010 ("Fiscal 2010") are as follows:

	Years Ended October 31,		
	2011	2010	Change
	(in thousands, except per share amounts)		
Real estate revenues:			
Commercial properties	$ 24,333	$ 24,923	$ (590)
Residential properties	19,724	19,130	594
Total real estate revenues	44,057	44,053	4
Operating expenses:			
Real estate operations	18,138	18,607	(469)
General and administrative	1,543	1,567	(24)
Depreciation	6,109	6,053	56
Total operating expenses	25,790	26,227	(437)
Operating income	18,267	17,826	441
Investment income	101	122	(21)
Financing costs	(11,655)	(13,817)	2,162
Net income	6,713	4,131	2,582
Net (income) loss attributable to noncontrolling interests in subsidiaries	(1,335)	280	(1,615)
Net income attributable to common equity	$ 5,378	$ 4,411	$ 967
Earnings per share:			
Basic	$ 0.77	$ 0.64	$ 0.14
Weighted average shares outstanding:			
Basic	6,942	6,942	

Total real estate revenue for Fiscal 2011 increased slightly to $44,057,000 compared to $44,053,000 for Fiscal 2010. Net income attributable to common equity ("Net Income-Common Equity") for Fiscal 2011 was $5,378,000 ($0.77 per share basic) compared to $4,411,000 ($0.64 per share basic) for Fiscal 2010. Included in interest expense for Fiscal 2010 was a $2.1 million prepayment penalty related to the early extinguishment of debt and the subsequent debt refinancing at FREIT's Westwood Hills property. The impact of the prepayment penalty on Net Income-Common Equity for Fiscal 2010 was $840,000 ($0.12 per share basic). The refinancing increased FREIT's cash reserves by $2.2 million, reduced interest expense on the new loan from 6.6% (weighted-average) to 4.62%, and extended the maturity of the loan 7 years. (Refer to the segment disclosure below for a more detailed discussion on the financial performance of FREIT's commercial and residential segments.)

The schedule below provides a detailed analysis of the major changes that impacted revenue and net income-common equity for Fiscal 2011 and 2010:

NET INCOME COMPONENTS

	Years Ended October 31,		
	2011	2010	Change
	(thousands of dollars)		
Income from real estate operations:			
Commercial properties	$ 14,772	$ 15,221	$ (449)
Residential properties	11,147	10,225	922
Total income from real estate operations	25,919	25,446	473
Financing costs:			
Fixed rate mortgages	(10,256)	(12,473)	2,217
Floating rate - Rotunda & Damascus	(938)	(961)	23
Corporate interest-floating rate credit line	(461)	(383)	(78)
Total financing costs	(11,655)	(13,817)	2,162
Investment income	101	122	(21)
General & administrative expenses:			
Accounting fees	(478)	(582)	104
Legal & professional fees	(87)	(95)	8
Trustee fees	(517)	(530)	13
Corporate expenses	(461)	(360)	(101)
Total general & administrative expenses	(1,543)	(1,567)	24
Depreciation	(6,109)	(6,053)	(56)
Net income	6,713	4,131	2,582
Net (income) loss attributable to noncontrolling interests in subsidiaries	(1,335)	280	(1,615)
Net Income attributable to common equity	**$ 5,378**	**$ 4,411**	**$ 967**

SEGMENT INFORMATION

The following table sets forth comparative operating data for FREIT's real estate segments:

	Commercial				Residential				Combined	
	Years Ended October 31,		Increase (Decrease)		Years Ended October 31,		Increase (Decrease)		Years Ended October 31,	
	2011	2010	$	%	2011	2010	$	%	2011	2010
	(in thousands)				(in thousands)				(in thousands)	
Rental income	$ 18,560	$ 18,634	$ (74)	-0.4%	$ 19,398	$ 18,872	$ 526	2.8%	$ 37,958	$ 37,506
Reimbursements	5,374	5,923	(549)	-9.3%	-	-	-		5,374	5,923
Other	182	156	26	16.7%	326	258	68	26.4%	508	414
Total revenue	24,116	24,713	(597)	-2.4%	19,724	19,130	594	3.1%	43,840	43,843
Operating expenses	9,561	9,702	(141)	-1.5%	8,577	8,905	(328)	-3.7%	18,138	18,607
Net operating income	$ 14,555	$ 15,011	$ (456)	-3.0%	$ 11,147	$ 10,225	$ 922	9.0%	25,702	25,236
Average Occupancy %	89.6% (1)	89.8%		-0.2%	95.2%	94.3%		0.9%		
Reconciliation to consolidated net income-common equity:										
Deferred rents - straight lining									242	240
Amortization of acquired leases									(25)	(30)
Investment income									101	122
General and administrative expenses									(1,543)	(1,567)
Depreciation									(6,109)	(6,053)
Financing costs									(11,655)	(13,817)
Net income									6,713	4,131
Net (income) loss attributable to noncontrolling interests									(1,335)	280
Net income attributable to common equity									$ 5,378	$ 4,411

(1)Represents average "economic" occupancy (based upon the payment of rent for leased space), as opposed to "physical" occupancy (based upon possession and use of leased space). Actual physical occupancy would be 87.9% for Fiscal 2011. This decrease in physical occupancy as compared to economic occupancy is primarily attributable to a vacancy at Westridge. Giant elected not to renew its lease for 55,330 sq ft at Westridge and vacated the space during May, 2011, but continued paying rent through October 31, 2011. (See discussion under the caption "Commercial Segment" below.)

The above table details the comparative net operating income ("NOI") for FREIT's Commercial and Residential Segments, and reconciles the combined NOI to consolidated Net Income-Common Equity. NOI is based on operating revenue and expenses directly associated with the operations of the real estate properties, but excludes deferred rents (straight lining), lease amortization, depreciation, financing costs and other items. FREIT assesses and measures segment operating results based on NOI. NOI is not a measure of operating results or cash flow as measured by generally accepted accounting principles, and is not necessarily indicative of cash available to fund cash needs and should not be considered an alternative to cash flows as a measure of liquidity.

COMMERCIAL SEGMENT

FREIT's commercial properties consist of ten (10) properties totaling approximately 1,139,000 sq. ft. of retail space and 138,000 sq. ft. of office space for Fiscal 2011. Seven (7) are multi-tenanted retail or office centers, and one is a single tenanted store. In addition, FREIT has two parcels of leased land, from which it receives rental income. One is from a tenant who has built and operates a bank branch on land FREIT owns in Rockaway, NJ. The other is from a tenant who has built and operates a bank branch on land FREIT owns in Rochelle Park, NJ.

As indicated in the table above under the caption "Segment Information", total rental revenue and NOI from FREIT's commercial segment for Fiscal 2011 decreased by 2.4% and 3.0%, respectively, as compared to Fiscal 2010. The primary reason for the decrease in revenue for Fiscal 2011 was lower expense reimbursements stemming from prior year common area maintenance adjustments recorded in Fiscal 2011, which also affected the reduction in NOI.

Although the U.S. economy has recovered from the recession, the rate of recovery has been much slower than anticipated. Forecasts for economic growth and job gains over the next year have been downsized, due in large part to the recent turbulence in the US and global markets. Retail sales over the past year have posted slight gains, although among retailers, results have been mixed. The biggest problem in our areas of operations continues to be unemployment, renewing consumers' concerns about their jobs, resulting in a reluctance to increase spending. Exclusive of the Giant space that was vacated during May 2011 (see discussion below), tenant fall-out at our other properties has been minor, as average occupancy rates for Fiscal 2011 (exclusive of the Damascus Center, which is undergoing a major redevelopment project) decreased 0.2% from last year's comparable period.

At Westridge Square, a major tenant, Giant, has elected not to extend its lease beyond October 31, 2011, and has vacated its space at the center during May 2011. However, Giant continued to pay monthly rent in accordance with its lease terms through October 31, 2011. FREIT is actively pursuing the re-leasing of the space vacated by Giant. It is FREIT's intention to re-lease the space to a new tenant or tenants that will enhance the shopping experience at Westridge Square. However, the space will be vacant and no rent will be received from the space beginning on November 1, 2011 unless or until FREIT is able to re-lease the space, and it is occupied by a new tenant(s). Additionally, FREIT expects to incur leasing costs and tenant improvement costs associated with re-leasing the space. The vacancy will adversely affect FREIT's operating results in fiscal 2012 depending upon the outcome and timing of FREIT's re-leasing efforts for this space. The potential impact on FREIT's per share earnings for Fiscal 2012 is estimated at approximately $0.10 per share assuming the vacant space is not leased for the entire year. Construction related to the expansion and renovation of the Damascus Center was completed in November 2011. We are currently in the negotiation process with potential tenants for the new, currently available space constructed in the final phase (Phase III) of this project.

DEVELOPMENT ACTIVITIES

The modernization and expansion project at the Damascus Center was completed in November 2011. Total construction costs, inclusive of tenant improvement costs, approximates $22.7 million. The building plans incorporated an expansion of retail space from 140,000 sq. ft. to approximately 150,000 sq. ft., anchored by a modern 58,000 sq. ft. Safeway supermarket. Construction was completed in three phases. Phase I began in June 2007, and was completed in June 2008, at a cost of approximately $6.2 million, of which $1.1 million related to tenant improvements. Phase II, which comprised the new Safeway supermarket, began in December 2008, and was completed in September 2009, at a cost of approximately $9.8 million. Phase III construction which began in June 2011, was substantially complete as of October 31, 2011, and was completed in November 2011, at a cost of approximately $6.4 million. Additional tenant fit-up costs are expected, once the new space is leased and occupied. Total construction costs were funded from a $27.3 million construction loan entered into on February 12, 2008. As a result of a reevaluation of the future funding needs for this project, on May 6, 2010, Damascus Centre, LLC reduced the amount of the construction loan facility to $21.3 million. The construction loan is secured by the shopping center owned by Damascus Centre, LLC. This loan was drawn upon as needed to fund construction costs at the Damascus Center. Because of this expansion, leases for certain tenants were allowed to expire and were not renewed. This has caused occupancy to decline, on a temporary basis, during the construction phase. However, with the completion of each of the three phases, certain tenant leases have been renewed and occupancy is beginning to increase.

Development plans and studies for the expansion and renovation of our Rotunda property in Baltimore, MD (owned by our 60% owned affiliate Grande Rotunda, LLC) were substantially completed during Fiscal 2008. The Rotunda property, on an 11.5-acre site, currently consists of an office building containing 138,000 sq. ft. of office space and 78,000 sq. ft. of retail space on the lower floor of the main building. The building plans incorporate an expansion of approximately 180,500 sq. ft. of retail space, approximately 302 residential rental apartments, 56 condominium units and 120 hotel rooms, and structured parking. Development costs for this project are expected to approximate $200 million. City Planning Board approval has been received. As of October 31, 2011, we have incurred approximately $7.5 million for planning and feasibility studies, which have been capitalized in Construction in Progress ("CIP"). Due to the difficult economic environment, FREIT placed the Rotunda redevelopment activity on hold during the fourth quarter of Fiscal 2008. The delay notwithstanding, at this time, FREIT currently intends, upon improvement in the economic and financing climate, to resume the redevelopment of the Rotunda as planned. To that end, FREIT has had, from time to time, ongoing discussions with potential sources of financing and potential major national and local tenants.

RESIDENTIAL SEGMENT

FREIT operates nine (9) multi-family apartment communities totaling 1,075 apartment units. As indicated in the table above, total rental revenue and NOI from FREIT's residential segment for Fiscal 2011 reflected increases of 3.1% and 9.0%, respectively, over Fiscal 2010. The increase in total revenue and NOI for Fiscal 2011 is primarily attributable to higher base rental income at many of our residential properties, overall lower operating costs for the current year, and a $235,000 insurance recovery relating to storm damages incurred and expensed last year at FREIT's Pierre Towers apartment complex. The insurance recovery has been recorded as an offset within operating expenses. The positive operating results for Fiscal 2011 reflect the upward movement of occupancy levels, as evidenced by average occupancy increasing 0.9% as compared to Fiscal 2010.

Our residential revenue is principally composed of monthly apartment rental income. Total rental income is a function of occupancy and monthly apartment rents. Monthly average residential rents at the end of Fiscal 2011 and Fiscal 2010 period were $1,577 and $1,551, respectively. A 1% decline in annual average occupancy, or a 1% decline in average rents from current levels, results in an annual revenue decline of approximately $203,000 and $193,000, respectively.

FREIT continues to pursue the sale of the Palisades Manor Apartments, in Palisades Park, NJ, the Grandview Apartments in Hasbrouck Heights, NJ, and the Heights Manor Apartments in Spring Lake Heights, NJ. The decision to pursue the sale of these properties was based on the Board's desire to re-deploy the net proceeds arising from the sale to real estate assets in other areas of FREIT's operations. It is not possible for management to estimate when a sale of any of these properties will occur, and therefore, the properties continue to be classified as held for use as of October 31, 2011.

Capital expenditures: Since all of our apartment communities, with the exception of The Boulders, were constructed more than 25 years ago, we tend to spend more in any given year on maintenance and capital improvements than may be spent on newer properties. Major renovation programs (apartment renovations and parking structure restoration) are underway at The Pierre. We have substantially completed modernizing, where required, all apartments and some of the building's mechanical services. Through October 31, 2011, approximately $4.6 million was expended at The Pierre for these capital improvements, of which approximately $385,000 related to Fiscal 2011. The remaining apartments will be renovated as they become temporarily vacant at an estimated cost of $1 - $1.5 million. We are also in the planning stages of a major parking structure restoration project at The Pierre, which is expected to be completed within the next 2 years, at an expected cost of approximately $1.5 - $2.5 million. These costs are being financed from operating cash flow and cash reserves.

FINANCING COSTS

Financing costs are summarized as follows:

	Years Ended October 31, 2011	Years Ended October 31, 2010	
	($ in thousands)		
Fixed rate mortgages:			
1st Mortgages			
Existing	$ 8,697	$ 11,399	(2)
New (1)	1,093	36	
2nd Mortgages			
Existing	156	709	(2)
Variable rate mortgages:			
Acquisition loan-Rotunda	775	798	
Construction loan-Damascus	163	163	
Other	461	383	
	11,345	13,488	
Amortization of Mortgage Costs	310	329	
Financing costs expensed	$ 11,655	$ 13,817	

(1) Mortgages not in place at beginning of Fiscal 2010.

(2) Includes prepayment penalties of $1,727 and $378 incurred in connection with the refinancing of Westwood Hills' 1st and 2nd mortgages, respectively.

Total financing costs for Fiscal 2011 decreased 15.6%, as compared to Fiscal 2010. The primary reason for the decrease was a $2.1 million prepayment penalty recorded in Fiscal 2010 (as discussed in footnote (2) above.).

INVESTMENT INCOME

Investment income for Fiscal 2011 decreased 17.2% to $101,000, as compared to the comparable prior year's period. Investment income is principally derived from interest earned from cash on deposit in institutional money market funds and interest earned from secured loans receivable (loans made to Hekemian employees, including certain members of the immediate family of Robert S. Hekemian, FREIT CEO and Chairman of the Board, and Robert S. Hekemian, Jr., a trustee of FREIT, for their equity investment in Grande Rotunda, a limited liability company in which FREIT owns a 60% equity interest, and Damascus Centre, LLC, a limited liability company in which FREIT owns a 70% equity interest). The decrease in investment income was primarily attributable to lower interest income on the Company's investments in cash and cash equivalents, and lower interest income relative to secured loans made to Hekemian employees in connection with the sale of equity interests in the Rotunda and the Damascus Center, due to lower interest rates.

GENERAL AND ADMINISTRATIVE EXPENSES ("G & A")

During Fiscal 2011, G & A was $1,543,000, as compared to $1,567,000 for the prior year's period. The primary components of G&A are accounting fees, legal & professional fees and Trustees' fees. The slight decrease for Fiscal 2011 was primarily attributable to decreased accounting fees, offset by an increase in office expense.

DEPRECIATION

Depreciation expense for Fiscal 2011 was $6,109,000, as compared to $6,053,000 for the prior year's period. The increase was primarily attributable to current renovation and capitalized tenant improvements becoming operational in Fiscal 2011.

Results of Operations:

Fiscal Years Ended October 31, 2010 and 2009

Summary revenues and net income for Fiscal 2010 and the fiscal year ended October 31, 2009 ("Fiscal 2009") are as follows:

	Years Ended October 31,		
	2010	2009	Change
	(in thousands, except per share amounts)		
Real estate revenues:			
Commercial properties	$ 24,923	$ 23,333	$ 1,590
Residential properties	19,130	19,089	41
Total real estate revenues	44,053	42,422	1,631
Operating expenses:			
Real estate operations	18,607	17,600	1,007
General and administrative	1,567	1,652	(85)
Depreciation	6,053	5,870	183
Total operating expenses	26,227	25,122	1,105
Operating income	17,826	17,300	526
Investment income	122	221	(99)
Financing costs	(13,817)	(10,848)	(2,969)
Net income	4,131	6,673	(2,542)
Net loss (income) attributable to noncontrolling interests in subsidiaries	280	(1,121)	1,401
Net income attributable to common equity	$ 4,411	$ 5,552	$ (1,141)
Earnings per share:			
Basic	$ 0.64	$ 0.80	$ (0.16)
Weighted average shares outstanding:			
Basic	6,942	6,944	

Total real estate revenue for Fiscal 2010 increased 3.8% to $44,053,000 compared to $42,422,000 for Fiscal 2009. Net Income-Common Equity for Fiscal 2010 was $4,411,000 ($0.64 per share basic) compared to $5,552,000 ($0.80 per share basic) for Fiscal 2009. Included in interest expense for Fiscal 2010 was a $2.1 million prepayment penalty related to the early extinguishment of debt and the subsequent debt refinancing at FREIT's Westwood Hills property. The impact of the prepayment penalty on Net Income-Common Equity for Fiscal 2010 is $840,000 ($0.12 per share basic). The refinancing increased FREIT's cash reserves by $2.2 million, reduces interest expense on the new loan from 6.6% (weighted-average) to 4.62%, and extends the maturity of the loan 7 years. (Refer to the segment disclosure below for a more detailed discussion on the financial performance of FREIT's commercial and residential segments.)

The schedule below provides a detailed analysis of the major changes that impacted revenue and net income-common equity for Fiscal 2010 and 2009:

NET INCOME COMPONENTS

	Years Ended October 31, 2010	2009	Change
	(thousands of dollars)		
Income from real estate operations:			
Commercial properties	$ 15,221	$ 14,114	$ 1,107
Residential properties	10,225	10,708	(483)
Total income from real estate operations	25,446	24,822	624
Financing costs:			
Fixed rate mortgages	(12,473)	(10,106)	(2,367)
Floating rate - Rotunda	(961)	(432)	(529)
Corporate interest-floating rate credit line	(383)	(310)	(73)
Total financing costs	(13,817)	(10,848)	(2,969)
Investment income	122	221	(99)
General & administrative expenses:			
Accounting fees	(582)	(573)	(9)
Legal & professional fees	(95)	(114)	19
Trustee fees	(530)	(510)	(20)
Corporate expenses	(360)	(455)	95
Total general & administrative expenses	(1,567)	(1,652)	85
Depreciation:			
Same properties (1)	(5,468)	(5,454)	(14)
Damascus center - Phase I becoming operational in Sept 2009	(585)	(416)	(169)
Total depreciation	(6,053)	(5,870)	(183)
Net income	4,131	6,673	(2,542)
Net loss (income) attributable to noncontrolling interests in subsidiaries	280	(1,121)	1,401
Net Income attributable to common equity	**$ 4,411**	**$ 5,552**	**$ (1,141)**

(1) Properties operated since the beginning of Fiscal 2009.

SEGMENT INFORMATION

The following table sets forth comparative operating data for FREIT's real estate segments:

	Commercial				Residential				Combined	
	Years Ended October 31,		Increase (Decrease)		Years Ended October 31,		Increase (Decrease)		Years Ended October 31,	
	2010	2009	$	%	2010	2009	$	%	2010	2009
	(in thousands)				(in thousands)				(in thousands)	
Rental income	$ 18,634	$ 17,687	$ 947	5.4%	$ 18,872	$ 18,781	$ 91	0.5%	$ 37,506	$ 36,468
Reimbursements	5,923	5,247	676	12.9%	-	-	-		5,923	5,247
Other	156	196	(40)	-20.4%	258	308	(50)	-16.2%	414	504
Total revenue	24,713	23,130	1,583	6.8%	19,130	19,089	41	0.2%	43,843	42,219
Operating expenses	9,702	9,219	483	5.2%	8,905	8,381	524	6.3%	18,607	17,600
Net operating income	$ 15,011	$ 13,911	$ 1,100	7.9%	$ 10,225	$ 10,708	$ (483)	-4.5%	25,236	24,619
Average Occupancy %	89.8%	89.3%		0.5%	94.3%	92.8%		1.5%		

Reconciliation to consolidated net income-common equity:	2010	2009
Deferred rents - straight lining	240	238
Amortization of acquired leases	(30)	(35)
Investment income	122	221
General and administrative expenses	(1,567)	(1,652)
Depreciation	(6,053)	(5,870)
Financing costs	(13,817)	(10,848)
Net income	4,131	6,673
Net loss (income) attributable to noncontrolling interests	280	(1,121)
Net income attributable to common equity	$ 4,411	$ 5,552

The above table details the comparative NOI for FREIT's Commercial and Residential Segments, and reconciles the combined NOI to consolidated Net Income-Common Equity. NOI is based on operating revenue and expenses directly associated with the operations of the real estate properties, but excludes deferred rents (straight lining), lease amortization, depreciation, financing costs and other items. FREIT assesses and measures segment operating results based on NOI. NOI is not a measure of operating results or cash flow as measured by generally accepted accounting principles, and is not necessarily indicative of cash available to fund cash needs and should not be considered an alternative to cash flows as a measure of liquidity.

COMMERCIAL SEGMENT

FREIT's commercial properties consist of ten (10) properties totaling approximately 1,139,000 sq. ft. of retail space and 138,000 sq. ft. of office space for Fiscal 2010. Seven (7) are multi-tenanted retail or office centers, and one is a single tenanted store. In addition, FREIT has two parcels of leased land, from which it receives rental income. One is from a tenant who has built and operates a bank branch on land FREIT owns in Rockaway, NJ. The other is from a tenant who has built and operates a bank branch on land FREIT owns in Rochelle Park, NJ.

As indicated in the table above under the caption Segment Information, total rental revenue and NOI from FREIT's commercial segment for Fiscal 2010 increased by 6.8% and 7.9%, respectively, over Fiscal 2009. The primary reasons for the increase in total revenue and NOI were higher base rental income, primarily at the Damascus Center, a $250,000 lease termination fee related to a tenant at the Rotunda shopping center, and a percentage rent payment of $123,000 relating to a tenant coming off of a percentage rent holiday.

The U.S. economy has recovered from the recession, but at a recovery rate much slower than anticipated. Retail sales over the past year have posted slight gains, although among retailers, results have been mixed. The biggest problem in our areas of operations continues to be unemployment, renewing consumers' concerns about their jobs, resulting in reluctance to increase spending. To date, our tenant fall-out has been minor, as average occupancy rates (exclusive of the Damascus Center, which is undergoing a major redevelopment project) for Fiscal 2010 was at 94.4%, compared to 95.4% for the prior year's period. As a result of the completion last year of Phases I and II of the renovation project at the Damascus Center, the average occupancy rate for the Damascus Center increased to 55.2% for Fiscal 2010, as compared to 44.2% for Fiscal 2009. However, we may experience additional fall-out if the pace of the economic recovery slows down any further, or stalls.

On July 7, 2010, FREIT's Board of Trustees authorized management to pursue a sale of Westridge located in Frederick, Maryland. The decision to sell the property (acquired in 1992) was based on the Board's desire to re-deploy the net proceeds or other consideration arising from the sale to real estate assets in other areas of FREIT's operations. It is the intention of the Board to structure the sale as a like-kind exchange (Code Sec.1031), in order to defer the taxable income on the expected gain. The property is being actively marketed for sale. Due to current conditions in the commercial real estate market, it is not possible for management to estimate when a sale of the property will occur.

RESIDENTIAL SEGMENT

FREIT operates nine (9) multi-family apartment communities totaling 1,075 apartment units. As indicated in the table above, total rental revenue from FREIT's residential segment for Fiscal 2010 reported a slight increase of 0.2% over Fiscal 2009, whereas NOI for Fiscal 2010 decreased by 4.5% from last year's comparable period. Despite the increase in total revenue, higher than normal unemployment in our areas of operation over the past year, compounded by losses approximating $260,000 resulting from storm damage costs at the Pierre Towers apartment complex, and overall higher operating costs, particularly utility costs caused by the colder winter this year were the primary reasons for the decrease in NOI. The increase in total rental revenue for Fiscal 2010 reflects the upward movement of occupancy and rents during the current fiscal year, as evidenced by average occupancy for Fiscal 2010 increasing by 1.5%, over last year's comparable period.

Our residential revenue is principally composed of monthly apartment rental income. Total rental income is a function of occupancy and monthly apartment rents. Monthly average residential rents at the end of Fiscal 2010 and Fiscal 2009 period were $1,551 and $1,526, respectively. A 1% decline in annual average occupancy, or a 1% decline in average rents from current levels, results in an annual revenue decline of approximately $200,000 and $187,000, respectively.

On October 20, 2010, Westwood Hills, LLC refinanced the mortgage loans secured by its Westwood Hills apartment property in Westwood, NJ, with a new mortgage for $23.5 million. The refinanced mortgages had outstanding principal balances that aggregated approximately $15.4 million at a weighted average interest rate of 6.6%, and were due December 31, 2013. The new mortgage bears interest at 4.62%, and is due November 1, 2020. Due to the early extinguishment of the original debt, prepayment penalties of $2.1 million were incurred, and reported as interest expense. After closing costs, FREIT netted approximately $5.6 million from this refinancing, of which $3.4 million was distributed to the noncontrolling interests of Westwood Hills, LLC. The refinancing increased FREIT's cash reserves by $2.2 million, extends the maturity of the loan 7 years, and despite the increase in loan amount, the monthly debt service will decrease slightly as a result of the lower interest rate on the new loan.

Capital expenditures: Since all of our apartment communities, with the exception of The Boulders, were constructed more than 25 years ago, we tend to spend more in any given year on maintenance and capital improvements than may be spent on newer properties. A major renovation program is ongoing at The Pierre. We have substantially completed modernizing, where required, all apartments and some of the buildings' mechanical services. This renovation is expected to cost approximately $4 - $6 million, and apartments were renovated as they became temporarily vacant. It is anticipated that this renovation will be completed within the next 12 months. These costs are being financed from operating cash flow and cash reserves. Through October 31, 2010, we expended approximately $4.2 million in capital improvements at The Pierre.

FINANCING COSTS

Financing costs are summarized as follows:

	Years Ended October 31, 2010		Years Ended October 31, 2009
	($ in thousands)		
Fixed rate mortgages:			
1st Mortgages			
Existing	$ 10,172	(2)	$ 9,133
New (1)	1,263		291
2nd Mortgages			
Existing	709	(2)	465
Variable rate mortgages:			
Acquisition loan-Rotunda	798		531
Construction loan-Damascus	163		147
Other	383		310
	13,488		10,877
Amortization of Mortgage Costs	329		239
Total Financing Costs	13,817		11,116
Less amount capitalized	-		(268)
Financing costs expensed	$ 13,817		$ 10,848

(1) Mortgages not in place at beginning of Fiscal 2009.

(2) Includes prepayment penalties of $1,727 and $378 incurred in connection with the refinancing of Westwood Hills' 1st and 2nd mortgages, respectively.

Total financing costs before capitalized amounts for Fiscal 2010 increased 24.3%, over the prior year's comparable period. This increase was primarily attributable to a $2.1 million prepayment penalty related to the early extinguishment of debt and the subsequent debt refinancing at the Company's Westwood Hills property.

INVESTMENT INCOME

Investment income for Fiscal 2010 decreased 44.8% to $122,000, as compared to the comparable prior year's period. Investment income is principally derived from interest earned from cash on deposit in institutional money market funds and interest earned from secured loans receivable (loans made to Hekemian employees, including certain members of the immediate family of Robert S. Hekemian, FREIT CEO and Chairman of the Board, and Robert S. Hekemian, Jr., a trustee of FREIT, for their equity investment in Grande Rotunda, a limited liability company in which FREIT owns a 60% equity interest, and Damascus Centre, LLC, a limited liability company in which FREIT owns a 70% equity interest). The decrease in investment income was primarily attributable to lower interest income on the Company's investments in cash and cash equivalents, and lower interest income relative to secured loans made to Hekemian employees in connection with the sale of equity interests in the Rotunda and the Damascus Center, due to lower interest rates.

GENERAL AND ADMINISTRATIVE EXPENSES ("G & A")

During Fiscal 2010, G & A was $1,567,000, as compared to $1,652,000 for the prior year's period. The decrease for Fiscal 2010 was primarily attributable to decreased office expense, as well as decreased legal and professional fees and expenditures incurred in Fiscal 2010, as compared to Fiscal 2009. In Fiscal 2009, FREIT settled certain litigation amounting to approximately $42,000.

DEPRECIATION

Depreciation expense for Fiscal 2010 was $6,053,000, as compared to $5,870,000 for the prior year's period. The increase was primarily attributable to current renovation and construction projects, specifically the Safeway portion of Phase II of construction at the Damascus Center, becoming operational in September 2009.

LIQUIDITY AND CAPITAL RESOURCES

Our financial condition remains strong. Net cash provided by operating activities was $14.8 million for Fiscal 2011 compared to $10.2 million for Fiscal 2010. We expect that cash provided by net operating income will be adequate to cover mandatory debt service payments, recurring capital improvements and dividends necessary to retain qualification as a REIT (90% of taxable income).

As at October 31, 2011, we had cash and marketable securities totaling $6.3 million compared to $6.8 million at October 31, 2010.

On October 20, 2010, Westwood Hills, LLC refinanced the mortgage loans secured by its Westwood Hills apartment property in Westwood, NJ, with a new mortgage for $23.5 million. The refinanced mortgages had outstanding principal balances that aggregated approximately $15.4 million at a weighted average interest rate of 6.6%, and were due December 31, 2013. The new mortgage bears interest at 4.62%, and is due November 1, 2020. Due to the early extinguishment of the original debt, prepayment penalties of $2.1 million were incurred. After closing costs, FREIT netted approximately $5.6 million from this refinancing, of which $3.4 million was distributed to the noncontrolling interests of Westwood Hills, LLC. This refinancing added $2.2 million to FREIT's cash reserves, extended the maturity of the loan 7 years, and despite the increase in loan amount, the monthly debt service will decrease slightly as a result of the lower interest rate on the new loan.

The modernization and expansion project at the Damascus Center was completed in November 2011. Total construction costs, inclusive of tenant improvement costs, approximate $22.7 million. On February 12, 2008, Damascus Centre, LLC closed on a $27.3 million construction loan that was used to fund construction costs. As a result of a reevaluation of the future funding needs for this project, on May 6, 2010, Damascus Centre, LLC reduced the amount of the construction loan facility to $21.3 million. This loan has a term of forty-eight (48) months, with one twelve (12) month extension option. It is FREIT's intent to exercise the option to extend the loan until February 12, 2013. FREIT has guaranteed 30% of the loan, and the minority interests, who have a 30% investment in Damascus Centre, LLC, have agreed to indemnify FREIT for their share of the guarantee. Draws against this loan bear interest at the BBA LIBOR daily floating rate plus 135 basis points. As of October 31, 2011, Damascus Centre, LLC drew down $11.8 million of this loan to cover construction costs. We expect this development project to add to revenues, income, cash flow, and shareholder value. (See discussion under Development Activities on page 25 for more detail regarding this redevelopment project.)

We are planning a major expansion at The Rotunda in Baltimore, MD that will require capital estimated at $200 million. We expect financing for the Rotunda expansion will be, for the most part, from mortgage financing. During Fiscal 2008, we substantially completed the planning and feasibility studies and expended approximately $7.5 million during this phase, which has been capitalized in CIP. Due to the difficult economic environment, that redevelopment activity was placed on hold by FREIT during the fourth quarter of Fiscal 2008. The delay notwithstanding, at this time, FREIT currently intends, upon improvement in the economic and financing climate, to resume the redevelopment of the Rotunda as planned. To that end, FREIT has had, from time to time, ongoing discussions with potential sources of financing and potential major national and local tenants.

As at October 31, 2011, FREIT's aggregate outstanding mortgage debt was $203.3 million. This debt bears a weighted average interest rate of 5.35%. The mortgages, which have an average life of approximately 4.3 years, are subject to repayment (amortization) schedules that are longer than the term of the mortgages. As such, balloon payments for all mortgage debt will be required as follows:

Year	$ in Millions
2012	$ 11.8
2013	$ 27.1
2014	$ 12.1
2016	$ 24.5
2017	$ 22.0
2018	$ 5.0
2019	$ 45.2
2021	$ 19.1
2022	$ 14.4

The $22.5 million mortgage loan entered into by Grande Rotunda, LLC for the acquisition of the Rotunda was scheduled to come due on July 19, 2009, and was extended by the bank until February 1, 2010. On February 1, 2010, a principal payment of $3 million was made reducing the original loan amount of $22.5 million to $19.5 million and the due date was extended until February 1, 2013. As part of the terms of the loan extension agreement, the loan is further collateralized by a first mortgage lien and the assignment of the ground lease on FREIT's Rochelle Park, NJ land parcel. Under the restructured terms, the interest rate is now 350 basis points above the BBA LIBOR with a floor of 4%, and monthly principal payments of $10,000 are required. An additional principal payment may be required on February 1, 2012 in an amount necessary to reduce the loan to achieve a stipulated debt service coverage ratio. FREIT believes that its debt service coverage ratio will meet the stipulated requirements, and, therefore, anticipates no additional principal payments will be required. Under the agreement with the equity owners of Grande Rotunda, LLC, FREIT would be responsible for 60% of any cash required by Grande Rotunda, LLC, and 40% would be the responsibility of the minority interest.

The following table shows the estimated fair value and carrying value of our long-term debt at October 31, 2011 and 2010:

(In Millions)	October 31, 2011	October 31, 2010
Fair Value	$ 213.9	$ 212.1
Carrying Value	$ 203.3	$ 204.6

Fair values are estimated based on market interest rates at the end of each fiscal year and on discounted cash flow analysis. Changes in assumptions or estimation methods may significantly affect these fair value estimates.

FREIT expects to re-finance the individual mortgages with new mortgages when their terms expire. To this extent we have exposure to interest rate risk on our fixed rate debt obligations. If interest rates, at the time any individual mortgage note is due, are higher than the current fixed interest rate, higher debt service may be required, and/or re-financing proceeds may be less than the amount of mortgage debt being retired. For example, a 1% interest rate increase would reduce the fair value of our debt by $9.4 million, and a 1% decrease would increase the fair value by $10.0 million.

We believe that the values of our properties will be adequate to command re-financing proceeds equal to, or higher than, the mortgage debt to be re-financed. We continually review our debt levels to determine if additional debt can prudently be utilized for property acquisition additions to our real estate portfolio that will increase income and cash flow to shareholders.

Credit Line: FREIT has an $18 million line of credit provided by the Provident Bank. The line of credit is for a two year term ending in January 2014, but can be cancelled by the bank, at its will, within 60 days before or after each anniversary date. The credit line will automatically be extended at the termination date of the current term and each subsequent term for an additional period of 24 months, provided there is no default and the credit line has not been cancelled. Draws against the credit line can be used for general corporate purposes, for property acquisitions, construction activities, and letters of credit. Draws against the credit line are secured by mortgages on FREIT's Franklin Crossing Shopping Center, Franklin Lakes, NJ, retail space in Glen Rock, NJ, Palisades Manor Apartments, Palisades Park, NJ, and Grandview Apartments, Hasbrouck Heights, NJ. Interest rates on draws will be set at the time of each draw for 30, 60, or 90-day periods, based on our choice of the prime rate or at 175 basis points over the 30, 60, or 90-day LIBOR rates at the time of the draws. The interest rate on the line of credit has a floor of 4%. As of October 31, 2011, $18 million is available under the line of credit, and no amount is outstanding.

FREIT's Board of Trustees has authorized management to pursue the sale of the Palisades Manor Apartments and the Grandview Apartments, which currently secure draws on FREIT's credit line. When or if an agreement for the sale of either or both of these properties is entered into, these properties will have to be released as collateral for the credit line, and substitute collateral may be required.

FREIT's total contractual obligations under its mortgage loan and construction contracts are as follows:

CONTRACTUAL OBLIGATIONS
(in thousands of dollars)

	Total	*Within One Year*	*2 - 3 Years*	*4 - 5 Years*	*After 5 Years*
Long-Term Debt					
Annual Amortization	**$ 22,053**	$ 3,132	$ 5,818	$ 5,408	$ 7,695
Balloon Payments	**169,465**	-	39,223	24,546	105,696
Total Long-Term Debt	**191,518**	3,132	45,041	29,954	113,391
Construction Loan (a)	**11,757**	11,757	-	-	-
Total Contractual Obligations	**$ 203,275**	$ 14,889	$ 45,041	$ 29,954	$ 113,391

(a) Represents draws on construction loan related to Damascus Center redevelopment project.

Funds From Operations ("FFO")

Many consider FFO as the standard measurement of a REIT's performance. We compute FFO as follows:

	For the Years Ended October 31,		
	2011	2010	2009
	($ in thousands, except per share amounts)		
Net income	$ 6,713	$ 4,131	$ 6,673
Depreciation	6,109	6,053	5,870
Amortization of deferred leasing costs	282	284	265
Deferred rents (Straight lining)	(242)	(240)	(238)
Amortization of acquired leases	25	30	35
Capital Improvements - Apartments	(474)	(363)	(204)
Distributions from operations to noncontrolling interests	(1,267)	(1,022) *	(926)
FFO	$ 11,146	$ 8,873	$ 11,475
Per Share - Basic	*$ 1.61*	*$ 1.28*	*$ 1.65*
Weighted Average Shares Outstanding:			
Basic	6,942	6,942	6,944

* Excludes $3,360,000 of distributions to noncontrolling interests arising from proceeds related to a mortgage refinancing.

FFO does not represent cash generated from operating activities in accordance with accounting principles generally accepted in the United States of America, and therefore should not be considered a substitute for net income as a measure of results of operations or for cash flow from operations as a measure of liquidity. Additionally, the application and calculation of FFO by certain other REITs may vary materially from that of FREIT's, and therefore FREIT's FFO and the FFO of other REITs may not be directly comparable.

Distributions to Shareholders

Since its inception in 1961, FREIT has elected to be treated as a REIT for Federal income tax purposes. In order to qualify as a REIT, we must satisfy a number of highly technical and complex operational requirements including that we must distribute to our shareholders at least 90% of our REIT taxable income. We anticipate making distributions to shareholders from operating cash flows, which are expected to increase from future growth in rental revenues. Although cash used to make distributions reduces amounts available for capital investment, we generally intend to distribute not less than the minimum of REIT taxable income necessary to satisfy the applicable REIT requirement as set forth in the Internal Revenue Code. With respect to the Jobs and Growth Tax Relief Reconciliation Act of 2003, the reduction of the tax rate on dividends does not apply to FREIT dividends. Since it is FREIT's policy to pass on at least 90% of its taxable income to shareholders, FREIT's taxable income is untaxed at the trust level. As a result, FREIT's dividends will be taxed as ordinary income.

It has been our policy to pay fixed quarterly dividends for the first three quarters of each fiscal year, and a final fourth quarter dividend based on the fiscal year's net income and taxable income. The following tables list the quarterly dividends declared for the three most recent fiscal years and the dividends as a percentage of taxable income for those periods.

	Fiscal Year Ended October 31,		
	2011	2010	2009
First Quarter	$ 0.30	$ 0.30	$ 0.30
Second Quarter	$ 0.30	$ 0.30	$ 0.30
Third Quarter	$ 0.30	$ 0.30	$ 0.30
Fourth Quarter	$ 0.30	$ 0.30	$ 0.30
Total For Year	**$ 1.20**	**$ 1.20**	**$ 1.20**

Fiscal Year	Per Share		(in thousands of dollars) Total Dividends		Ordinary Income		Taxable Income	Dividends as a % of Taxable Income
2011	$	1.20	$	8,330	$ 6,153	$	6,153	135.4%
2010	$	1.20	$	8,331	$ 5,128	$	5,128	162.5%
2009	$	1.20	$	8,331	$ 6,190	$	6,190	134.6%

INFLATION

Inflation can impact the financial performance of FREIT in various ways. Our commercial tenant leases normally provide that the tenants bear all or a portion of most operating expenses, which can reduce the impact of inflationary increases on FREIT. Apartment leases are normally for a one-year term, which may allow us to seek increased rents as leases renew or when new tenants are obtained.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See “Liquidity and Capital Resources” and “Segment Information” in Item 7 above.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and supplementary data of FREIT are submitted as a separate section of this Form 10-K. See "Index to Consolidated Financial Statements" on page 39 of this Form 10-K.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A CONTROLS AND PROCEDURES

At the end of the period covered by this report, we carried out an evaluation of the effectiveness of the design and operation of FREIT’s disclosure controls and procedures. This evaluation was carried out under the supervision and with participation of FREIT’s management, including FREIT’s Chairman and Chief Executive Officer and Chief Financial Officer, who concluded that FREIT’s disclosure controls and procedures are effective. There have been no significant changes in FREIT’s internal controls or in other factors, which could significantly affect internal controls subsequent to the date we carried out our evaluation.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in FREIT’s reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in FREIT’s reports filed under the Exchange Act is accumulated and communicated to management, including FREIT’s Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control Over Financial Reporting — FREIT’s management, under the supervision of FREIT’s Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act). Management evaluated the effectiveness of FREIT’s internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management has concluded that FREIT’s internal control over financial reporting was effective as of October 31, 2011. EisnerAmper LLP, FREIT’s independent registered public accounting firm for Fiscal 2011, audited FREIT’s financial statements contained in this Form 10-K, and has issued the attestation report on FREIT’s internal control over financial reporting provided on the following page.

Changes in Internal Control Over Financial Reporting — FREIT’s management, with the participation of FREIT’s Chief Executive Officer and Chief Financial Officer, has evaluated whether any change in FREIT’s internal control over financial reporting occurred during the fourth quarter of Fiscal 2011. Based on that evaluation, management concluded that there has been no change in FREIT’s internal control over financial reporting during the fourth quarter of Fiscal 2011 that has materially affected, or is reasonably likely to materially affect, FREIT’s internal control over financial reporting.

ITEM 9B OTHER INFORMATION

None.

Report of Independent Registered Public Accounting Firm

To the Trustees and Shareholders
First Real Estate Investment Trust of New Jersey and Subsidiaries

We have audited First Real Estate Investment Trust of New Jersey and Subsidiaries' ("FREIT") internal control over financial reporting as of October 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. FREIT's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on FREIT's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, FREIT maintained, in all material respects, effective internal control over financial reporting as of October 31, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of FREIT as of October 31, 2011 and 2010, and the related consolidated statements of income, equity and cash flows for each of the years in the three-year period ended October 31, 2011 and the financial statement schedule listed in the index at item 15(c), and our report dated January 13, 2012 expressed an unqualified opinion on those consolidated financial statements and the financial statement schedule.

/s/ EisnerAmper LLP
New York, New York

January 13, 2012

PART III

Certain information required by Part III is incorporated by reference to FREIT's definitive proxy statement (the "Proxy Statement") to be filed with the Securities and Exchange Commission no later than 120 days after the end of FREIT's fiscal year covered by this Annual Report. Only those sections of the Proxy Statement that specifically address the items set forth in this Annual Report are incorporated by reference from the Proxy Statement into this Annual Report.

ITEM 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated herein by reference to the sections titled "Election of Trustees" and “Section 16(a) Beneficial Ownership Reporting Compliance" in FREIT's Proxy Statement for its Annual Meeting to be held in April 2012.

ITEM 11 EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the section titled “Executive Compensation" in FREIT's Proxy Statement for its Annual Meeting to be held in April 2012.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item is incorporated herein by reference to the section titled "Security Ownership of Certain Beneficial Owners and Management" in FREIT's Proxy Statement for its Annual Meeting to be held in April 2012.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated herein by reference to the section titled "Certain Relationships and Related Party Transactions; Director Independence" in FREIT's Proxy Statement for its Annual Meeting to be held in April 2012.

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the sections titled “Audit Fees,” “Audit-Related Fees,” “Tax Fees” and “All Other Fees” contained in FREIT’s Proxy Statement for its Annual Meeting to be held in April 2012.

PART IV

ITEM 15: EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, FREIT has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

First Real Estate Investment Trust of New Jersey

Dated: January 13, 2012

By: /s/ Robert S. Hekemian
Robert S. Hekemian, Chairman of the Board and Chief Executive Officer

By: /s/ Donald W. Barney
Donald W. Barney, President, Treasurer and Chief Financial Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints each of Robert S. Hekemian and Donald W. Barney his true and lawful attorney-in-fact and agent for him and in his name, place an stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent may lawfully do or cause to be done by virtue hereof.

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant has caused this report to be signed by the following persons in the capacities and on the dates stated.

Signatures	Title	Date
/s/ Robert S. Hekemian Robert S. Hekemian	Chairman of the Board and Chief Executive Officer (Principal Executive Officer) and Trustee	January 13, 2012
/s/ Donald W. Barney Donald W. Barney	President, Treasurer, Chief Financial Officer (Principal Financial / Accounting Officer) and Trustee	January 13, 2012
/s/ Herbert C. Klein Herbert C. Klein	Trustee	January 13, 2012
/s/ Ronald J. Artinian Ronald J. Artinian	Trustee	January 13, 2012
/s/ Alan L. Aufzien Alan L. Aufzien	Trustee	January 13, 2012
/s/ Robert S. Hekemian, Jr. Robert S. Hekemian, Jr.	Trustee	January 13, 2012
/s/ David F. McBride David F. McBride	Trustee	January 13, 2012

Report of Independent Registered Public Accounting Firm

To the Trustees and Shareholders
First Real Estate Investment Trust of New Jersey and Subsidiaries

We have audited the accompanying consolidated balance sheets of First Real Estate Investment Trust of New Jersey and Subsidiaries ("FREIT") as of October 31, 2011 and 2010, and the related consolidated statements of income, equity and cash flows for each of the years in the three-year period ended October 31, 2011. Our audits also included the financial statement schedule listed in the index at item 15(c). The consolidated financial statements and schedule are the responsibility of FREIT's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FREIT as of October 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended October 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the referred financial statement schedule, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information stated therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), FREIT's internal control over financial reporting as of October 31, 2011, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated January 13, 2012 expressed an unqualified opinion thereon.

/s/ EisnerAmper LLP
New York, New York

January 13, 2012

FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	October 31, 2011	October 31, 2010
	(In Thousands of Dollars)	
ASSETS		
Real estate, at cost, net of accumulated depreciation	$ 211,393	$ 210,745
Construction in progress and pre-development costs	8,768	9,760
Cash and cash equivalents	6,317	6,769
Tenants' security accounts	1,860	2,005
Receivables arising from straight-lining of rents	4,255	4,014
Accounts receivable, net of allowance for doubtful accounts	1,029	1,858
Secured loans receivable	3,323	3,326
Prepaid expenses and other assets	3,501	3,264
Acquired over market leases and in-place lease costs	388	523
Deferred charges, net	2,386	2,864
Total Assets	$ 243,220	$ 245,128
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable	$ 203,275	$ 204,604
Deferred trustee compensation plan	5,667	4,733
Accounts payable and accrued expenses	4,000	2,187
Dividends payable	2,083	2,083
Tenants' security deposits	2,509	2,668
Acquired below market value leases and deferred revenue	3,036	3,319
Total Liabilities	220,570	219,594
Commitments and contingencies (Note 5)		
Equity:		
Common equity:		
Shares of beneficial interest without par value:		
8,000,000 shares authorized; 6,993,152 shares issued	24,969	24,969
Treasury stock, at cost: 51,009 shares	(1,135)	(1,135)
Dividends in excess of net income	(9,984)	(7,032)
Total Common Equity	13,850	16,802
Noncontrolling interests in subsidiaries	8,800	8,732
Total Equity	22,650	25,534
Total Liabilities and Equity	$ 243,220	$ 245,128

See Notes to Consolidated Financial Statements.

FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended October 31,		
	2011	2010	2009
	(In Thousands of Dollars, Except Per Share Amounts)		
Revenue:			
Rental income	$ 38,175	$ 37,716	$ 36,671
Reimbursements	5,374	5,923	5,247
Sundry income	508	414	504
Totals	44,057	44,053	42,422
Expenses:			
Operating expenses	10,818	11,613	10,984
Management fees	1,950	1,941	1,870
Real estate taxes	6,913	6,620	6,398
Depreciation	6,109	6,053	5,870
Totals	25,790	26,227	25,122
Operating income	18,267	17,826	17,300
Investment income	101	122	221
Interest expense including amortization of deferred financing costs, and in 2010, a prepayment penalty of $2.1 million	(11,655)	(13,817)	(10,848)
Net income	6,713	4,131	6,673
Net (income) loss attributable to noncontrolling interests in subsidiaries	(1,335)	280	(1,121)
Net income attributable to common equity	$ 5,378	$ 4,411	$ 5,552
Earnings per share (attributable to common equity):			
Basic	$ 0.77	$ 0.64	$ 0.80
Weighted average shares outstanding	6,942	6,942	6,944

See Notes to Consolidated Financial Statements.

FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

	Common Equity					
	Shares of Beneficial Interest	Treasury Shares at Cost	Dividends in Excess of Net Income	Total Common Equity	Noncontrolling Interests	Total Equity
	(In Thousands of Dollars, Except Per Share Amounts)					
Balance at October 31, 2008	$ 24,969	$ (1,075)	$ (333)	$ 23,561	$ 13,199	$ 36,760
Treasury Shares		(60)		(60)		(60)
Distributions to noncontrolling interests				-	(926)	(926)
Net income			5,552	5,552	1,121	6,673
Dividends declared ($1.20 per share)			(8,331)	(8,331)		(8,331)
Balance at October 31, 2009	24,969	(1,135)	(3,112)	20,722	13,394	34,116
Distributions to noncontrolling interests				-	(4,382)	(4,382)
Net income (loss)			4,411	4,411	(280)	4,131
Dividends declared ($1.20 per share)			(8,331)	(8,331)		(8,331)
Balance at October 31, 2010	24,969	(1,135)	(7,032)	16,802	8,732	25,534
Distributions to noncontrolling interests				-	(1,267)	(1,267)
Net income			5,378	5,378	1,335	6,713
Dividends declared ($1.20 per share)			(8,330)	(8,330)		(8,330)
Balance at October 31, 2011	$ 24,969	$ (1,135)	$ (9,984)	$ 13,850	$ 8,800	$ 22,650

See Notes to Consolidated Financial Statements.

FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended October 31,		
	2011	2010	2009
	(In Thousands of Dollars)		
Operating activities:			
Net income	$ 6,713	$ 4,131	$ 6,673
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	6,109	6,053	5,870
Amortization	592	613	504
Net amortization of acquired leases	25	30	35
Changes in operating assets and liabilities:			
Tenants' security accounts	145	142	230
Accounts and straight-line rents receivable, prepaid expenses and other assets	296	(1,657)	(670)
Accounts payable, accrued expenses and deferred trustee compensation plan	1,299	720	1,276
Tenants' security deposits	(159)	(179)	(214)
Deferred revenue	(219)	338	(344)
Net cash provided by operating activities	14,801	10,191	13,360
Investing activities:			
Capital improvements - existing properties	(1,343)	(1,855)	(2,411)
Construction and pre-development costs	(2,781) *	(1,828)	(7,914)
Redemption of (investment in) US Treasury Bills	-	4,549	(4,549)
Net cash (used in) provided by investing activities	(4,124)	866	(14,874)
Financing activities:			
Repayment of mortgages	(3,066)	(21,319)	(14,873)
Proceeds from mortgages and construction loans	1,574	23,500	24,522
Deferred financing costs	(40)	(507)	(259)
Repurchase of Company stock-Treasury shares	-	-	(60)
Dividends paid	(8,330)	(8,331)	(8,331)
Distributions from operations to noncontrolling interests	(1,267)	(1,022)	(926)
Distributions from loan refinancing to noncontrolling interests	-	(3,360)	-
Net cash (used in) provided by financing activities	(11,129)	(11,039)	73
Net (decrease) increase in cash and cash equivalents	(452)	18	(1,441)
Cash and cash equivalents, beginning of year	6,769	6,751	8,192
Cash and cash equivalents, end of year	$ 6,317	$ 6,769	$ 6,751
Supplemental disclosure of cash flow data:			
Interest paid, including capitalized construction period interest of $268 in fiscal 2009. Included in interest for fiscal 2010 is $2,105 in prepayment penalties related to early extinguishment of debt.	$ 10,721	$ 12,943	$ 10,421
Income taxes paid	$ 2	$ -	$ 5
Supplemental schedule of non cash activities:			
Investing activities:			
Accrued capital expenditures, construction costs, pre-development costs and interest	$ 2,651	$ 40	$ 2,465
Financing activities:			
Dividends declared but not paid	$ 2,083	$ 2,083	$ 2,083

* Includes $1,000 that was incurred and accrued in fiscal 2009.

See Notes to Consolidated Financial Statements.

Note 1 - Organization and significant accounting policies:

Organization:

First Real Estate Investment Trust of New Jersey ("FREIT" or the “Company”) was organized on November 1, 1961 as a New Jersey Business Trust. FREIT is engaged in owning residential and commercial income producing properties located primarily in New Jersey, Maryland and New York.

FREIT has elected to be taxed as a Real Estate Investment Trust under the provisions of Sections 856-860 of the Internal Revenue Code, as amended. Accordingly, FREIT does not pay federal income tax on income whenever income distributed to shareholders is equal to at least 90% of real estate investment trust taxable income. Further, FREIT pays no federal income tax on capital gains distributed to shareholders.

FREIT is subject to federal income tax on undistributed taxable income and capital gains. FREIT may make an annual election under Section 858 of the Internal Revenue Code to apply part of the regular dividends paid in each respective subsequent year as a distribution for the immediately preceding year.

Adopted and recently issued accounting standards:

In December 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2011-10, “Property, Plant, and Equipment (Topic 360): Derecognition of in Substance Real Estate-a Scope Clarification”. The purpose of this update is to resolve the diversity in practice about whether the guidance under FASB Accounting Standards Codification (“ASC”) Subtopic 360-20, “Property, Plant, and Equipment-Real Estate Sales”, applies to a parent that ceases to have a controlling financial interest in a subsidiary, as specified under ASC Subtopic 810-10, “Non-Controlling Interests in Consolidated Financial Statements – an amendment of ARB No. 51”, that is in substance real estate as a result of default on the subsidiary’s nonrecourse debt. The new guidance is intended to emphasize that accounting for such transactions “is based on their substance rather than their form”, specifically that the parent should only deconsolidate the real estate subsidiary when legal title to the real estate is transferred to the lender and the related nonrecourse debt has been extinguished. The standard takes effect for public companies during the annual and interim periods beginning on or after June 15, 2012. The adoption of this guidance is not expected to have a material impact on our financial statements.

In June 2011, the FASB issued ASU 2011-05, “Presentation of Comprehensive Income”, which supersedes the presentation options in ASC Topic 220, “Reporting of Comprehensive Income”. The new standard provides guidance for the presentation of other comprehensive income (“OCI”) and its components in the financial statements. The new guidance only affects the presentation of OCI, and not the components that must be reported in OCI. The standard takes effect for public companies during the interim and annual periods beginning after December 15, 2011. The adoption of this guidance is not expected to have a material impact on our financial statements.

FREIT adopted ASC 810-10 Non-Controlling Interests in Consolidated Financial Statements – an amendment of ARB No. 51” effective November 1, 2009, and as required, has retrospectively applied the presentation and disclosure requirements to prior years presented in this Form 10-K.

- The objective of ASC 810 is to improve the relevance, comparability and transparency of financial information provided to investors by: (i) requiring all entities to report non-controlling interests (minority interests) as equity in the consolidated financial statements and separate from the parent’s equity; (ii) requiring that the amount of net income attributable to the parent and non-controlling interest be clearly identified and presented on the face of the consolidated statement of income; and (iii) expanding the disclosure requirements with respect to the parent and its non-controlling interests.

  (a) Prior to the adoption of ASC 810, FREIT could not record a negative minority interest in its consolidated financial statements if the minority members had no obligation to restore their negative capital accounts. As a result, FREIT was accounting for the minority members’ capital deficit of its Westwood Hills subsidiary as a charge to income and a reduction to undistributed earnings. As of November 1, 2009, the amount of the minority members’ capital deficit that was booked as a reduction to FREIT’s undistributed earnings was approximately $2.3 million.

(b) In accordance with the provisions of ASC 810, FREIT is required to disclose the pro forma impact on its consolidated net income and earnings per share, had the requirements of ASC 810 not been applied for the current year. As such, FREIT's pro forma consolidated net income attributable to common equity for the year-ended October 31, 2011 would have been $5,689,000 ($0.82 per share basic), due to the amendment of the Westwood Hills operating agreement, requiring the noncontrolling members to restore their negative capital accounts.

Principles of consolidation:

The Company is subject to ASC 810-10, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51", issued in December 2003, as amended, which requires that a variable interest entity ("VIE") be consolidated by the company that has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

Accordingly, the consolidated financial statements include the accounts of FREIT and its following significant subsidiaries:

Subsidiary	Owning Entity	% Ownership	Year Acquired/Organized
S and A Commercial Associates Limited Partnership ("S and A")	FREIT	65%	2000
Westwood Hills, LLC	FREIT	40%	1994
Damascus Centre, LLC	FREIT	70%	2003
Damascus Second, LLC	FREIT	70%	2008
Wayne PSC, LLC	FREIT	40%	2002
Pierre Towers, LLC	S and A	100%	2004
Grande Rotunda, LLC	FREIT	60%	2005
WestFREIT Corp	FREIT	100%	2007
WestFredic LLC	FREIT	100%	2007

The consolidated financial statements include 100% of each subsidiary's assets, liabilities, operations and cash flows, with the interests not owned by FREIT reflected as "noncontrolling interests in subsidiaries". All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents:

Financial instruments that potentially subject FREIT to concentrations of credit risk consist primarily of cash and cash equivalents. FREIT considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. FREIT maintains its cash and cash equivalents in bank and other accounts, the balances of which, at times, may exceed federally insured limits of $250,000.

Real estate development costs:

It is FREIT's policy to capitalize pre-development costs, which generally include legal and professional fees and other directly related third-party costs. Real estate taxes and interest costs incurred during the development and construction phases are also capitalized. FREIT ceases capitalization of these costs, when the project or portion thereof becomes operational, or when construction has been postponed. Capitalization of these costs will recommence once construction on the project resumes.

Depreciation:

Real estate and equipment are depreciated on the straight-line method by annual charges to operations calculated to absorb costs of assets over their estimated useful lives.

Impairment of long-lived assets:

Impairment losses on long-lived assets, such as real estate and equipment, are recognized when events or changes in circumstances indicate that the undiscounted cash flows estimated to be generated by such assets are less than their carrying value and, accordingly, all or a portion of such carrying value may not be recoverable. Impairment losses are then measured by comparing the fair value of assets to their carrying amounts. For the fiscal years ended October 31, 2011, 2010 and 2009, there were no impairments of long-lived assets.

Deferred charges:

Deferred charges consist of mortgage costs and leasing commissions. Deferred mortgage costs are amortized on the straight-line method by annual charges to operations over the terms of the mortgages. Amortization of such costs is included in interest expense and approximated $310,000, $329,000 and $239,000 in 2011, 2010 and 2009, respectively. Deferred leasing commissions are amortized on the straight-line method over the terms of the applicable leases.

Revenue recognition:

Income from leases is recognized on a straight-line basis regardless of when payment is due. Lease agreements between FREIT and commercial tenants generally provide for additional rentals and reimbursements based on such factors as percentage of tenants' sales in excess of specified volumes, increases in real estate taxes, Consumer Price Indices and common area maintenance charges. These additional rentals are generally included in income when reported to FREIT, when earned, or ratably over the appropriate period.

Advertising:

FREIT expenses the cost of advertising and promotions as incurred. Advertising costs charged to operations amounted to approximately $123,000, $163,000 and $156,000 in 2011, 2010 and 2009, respectively.

Stock-based compensation:

At October 31, 2011, FREIT has a stock-based employee compensation plan that was approved by the Board of Trustees, and is accounted for based on the grant-date fair value estimated in accordance with the provisions of ASC 718, which is described more fully in Note 8.

All issuances of shares of beneficial interest, options or other equity instruments to nonemployees as the consideration for goods or services received by FREIT are accounted for based on the fair value of the equity instruments issued (unless the fair value of the consideration received can be more reliably measured). The fair value of any options or similar equity instruments issued is estimated based on option pricing models and the assumption that all of the options or other equity instruments will ultimately vest.

Acquired Over Market and Below Market Value Leases and In-Place Leases:

Capitalized above-market lease values are being amortized as a reduction of base rental revenue over the remaining term of the leases, and the capitalized below-market lease values are being amortized as an increase to base rental revenue over the remaining terms of the leases, including renewal options. The value ascribed to leases in place is being amortized over the weighted average remaining lease terms.

Comprehensive income:

Comprehensive income for the fiscal years ended October 31, 2011, 2010 and 2009 was $5,378,000, $4,411,000 and $5,552,000, respectively.

Reclassifications:

Certain accounts in the 2010 and 2009 consolidated financial statements and schedules have been reclassified to conform to the current presentation.

Note 2 – Planned dispositions:

On July 7, 2010, FREIT's Board of Trustees authorized management to pursue a sale of the 256,620 sq. ft. Westridge Square Shopping Center ("Westridge") located in Frederick, Maryland. The decision to sell the property (acquired in 1992) was based on the Board's desire to re-deploy the net proceeds or other consideration arising from the sale to real estate assets in other areas of FREIT's operations.

On April 15, 2011, FREIT was notified by Giant of Maryland LLC ("Giant"), the tenant and operator of the 55,330 sq. ft. Giant Supermarket at Westridge that it would not extend the term of its lease, which expired on October 31, 2011. FREIT will reevaluate its decision to market Westridge for sale in light of the Giant lease expiration.

On June 3, 2011, FREIT's Board of Trustees authorized management to pursue the sale of the Palisades Manor Apartments, in Palisades Park, NJ, the Grandview Apartments in Hasbrouck Heights, NJ, and the Heights Manor Apartments in Spring Lake Heights, NJ. The decision to pursue the sale of these properties was based on the Board's desire to re-deploy the net proceeds arising from the sale to real estate assets in other areas of FREIT's operations. It is not possible for management to estimate when a sale of any of these properties will occur, and therefore, the properties are classified as held for use as of October 31, 2011.

Note 3 - Real estate and equipment:

Real estate and equipment consists of the following:

	Range of Estimated Useful Lives	October 31, 2011	2010
		(In Thousands of Dollars)	
Land		$ 76,745	$ 76,684
Unimproved land		865	910
Apartment buildings	7-40 years	82,275	81,606
Commercial buildings/shopping centers	15-50 years	113,707	107,792
Equipment/Furniture	3-15 years	2,777	2,666
		276,369	269,658
Less accumulated depreciation		64,976	58,913
Totals		$ 211,393	$ 210,745

Note 4 – Mortgages, notes payable and credit line:

	October 31, 2011	2010
	(In Thousands of Dollars)	
Frederick, MD (A)	$ 22,000	$ 22,000
Rockaway, NJ (B)	19,197	19,546
Westwood, NJ (C)	8,307	8,563
Spring Lake Heights, NJ (D)	2,911	2,999
Patchogue, NY (E)	5,713	5,798
Wayne, NJ (F)	19,501	19,739
River Edge, NJ (G):		
First mortgage	4,235	4,363
Second mortgage	1,617	1,674
Maywood, NJ (H):		
First mortgage	3,073	3,165
Second mortgage	1,147	1,187
Westwood, NJ (I)	23,144	23,500
Wayne, NJ (J)	28,482	29,220
Hackensack, NJ (K)	32,901	33,410
Total fixed rate mortgage loans	172,228	175,164
Baltimore, MD (L)	19,290	19,420
Damascus, MD - Construction Loan (M)	11,757	10,020
Total mortgages and notes payable	$ 203,275	$ 204,604

(A) Payable in monthly installments of interest only computed over the actual number of days in the elapsed monthly interest period at the rate of 5.55% through May 2017 at which time the outstanding balance is due. The mortgage is secured by a retail building in Frederick, Maryland having a net book value of approximately $18,190,000 as of October 31, 2011.

(B) Payable in monthly installments of $115,850 including interest at 5.37% through February 2022 at which time the outstanding balance is due. The mortgage is secured by a residential building in Rockaway, New Jersey having a net book value of approximately $18,444,000 as of October 31, 2011.

(C) Payable in monthly installments of $73,248 including interest at 7.38% through February 2013 at which time the outstanding balance is due. The mortgage is secured by a retail building in Westwood, New Jersey having a net book value of approximately $9,299,000 as of October 31, 2011.

(D) Payable in monthly installments of $23,875 including interest at 6.70% through December 2013 at which time the outstanding balance is due. The mortgage is secured by an apartment building in Spring Lake Heights, New Jersey having a net book value of approximately $424,000 as of October 31, 2011.

(E) Payable in monthly installments of $36,457 including interest at 6.125%, through March 2018 at which time the outstanding balance is due. Under the terms of the mortgage loan agreement, FREIT can request, during the term of the loan, additional fundings that will bring the outstanding principal balance up to 75% of loan-to-value (percentage of mortgage loan to total appraised value of property securing the loan). The mortgage is secured by a retail building in Patchogue, New York having a net book value of approximately $7,823,000 as of October 31, 2011.

(F) Payable in monthly installments of $121,100 including interest at 6.09%, through September 1, 2019 at which time the outstanding balance is due. The mortgage is secured by an apartment building in Wayne, New Jersey having a net book value of approximately $1,345,000 as of October 31, 2011.

(G) The first mortgage is payable in monthly installments of $34,862 including interest at 6.75% through December 2013 at which time the outstanding balance is due. The second mortgage is payable in monthly installments of $12,318 including interest at 5.53% through December 2013 at which time the outstanding balance is due. The mortgages are secured by an apartment building in River Edge, New Jersey having a net book value of approximately $1,092,000 as of October 31, 2011.

(H) The first mortgage is payable in monthly installments of $25,295 including interest at 6.75% through December 2013 at which time the outstanding balance is due. The second mortgage is payable in monthly installments of $8,739 including interest at 5.53% through December 2013 at which time the outstanding balance is due. The mortgages are secured by an apartment building in Maywood, New Jersey having a net book value of approximately $678,000 as of October 31, 2011.

(I) On October 20, 2010, Westwood Hills, LLC refinanced the mortgage loans secured by its Westwood Hills apartment property in Westwood, NJ, with a new mortgage for $23.5 million. The refinanced mortgages had outstanding principal balances that aggregated approximately $15.4 million at a weighted average interest rate of 6.6%, and were due December 31, 2013. A $2.1 million prepayment penalty was incurred in connection with such refinancing. The new mortgage is payable in monthly installments of $120,752 including interest of 4.62%, through November 1, 2020, at which time the outstanding balance is due. The mortgage is secured by an apartment building in Westwood, New Jersey having a net book value of approximately $11,052,000 as of October 31, 2011.

(J) Payable in monthly installments of interest only of $161,067 at the rate of 6.04% through June 2006, thereafter payable in monthly installments of $206,960 including interest until June 2016 at which time the unpaid balance is due. The mortgage is secured by a shopping center in Wayne, NJ having a net book value of approximately $28,893,000 as of October 31, 2011.

(K) Payable in monthly installments of interest only of $152,994 at the rate of 5.38% through May 2009, thereafter payable in monthly installments of $191,197 including interest until May 2019 at which time the unpaid balance is due. The mortgage is secured by an apartment building in Hackensack, NJ having a net book value of approximately $41,914,000 as of October 31, 2011.

(L) On February 1, 2010, a principal payment of $3 million was made reducing the original loan amount of $22.5 million to $19.5 million and the due date was extended until February 1, 2013. Under the restructured terms, the interest rate is now 350 basis points above the BBA LIBOR with a floor of 4%, and monthly principal payments of $10,000 are required. An additional principal payment may be required on February 1, 2012 in an amount necessary to reduce the loan to achieve a stipulated debt service coverage ratio. FREIT believes that its debt service coverage ratio will meet the stipulated requirements, and, therefore, anticipates no additional principal payments will be required. The loan represents the acquisition loan to Grande Rotunda, LLC; which was payable in monthly installments of interest only prior to the loan's restructuring on February 1, 2010. The interest rate on the original loan varied from time-to-time based on the borrower's election of 150 basis points over the various LIBOR, or the Lender's prime rate. FREIT guarantees payment of up to 35% of the outstanding principal amount of the loan plus accrued interest if borrower defaults, however, Rotunda 100, LLC (a 40% joint venture partner in Grande Rotunda, LLC) has indemnified FREIT for up to 40% of any losses under its guaranty. The loan is secured by a mixed-use property in Baltimore, MD (FREIT's Rotunda property), which has a net book value of approximately $39,605,000 as of October 31, 2011. As part of the restructured terms of the loan extension agreement, the loan is further collateralized by a first mortgage lien and the assignment of the ground lease on FREIT's Rochelle Park, NJ land parcel.

(M) On February 12, 2008, Damascus Second, LLC closed on a $27.3 million construction loan, secured by the Damascus Center owned by Damascus Centre, LLC located in Damascus, MD. This loan has a term of forty-eight (48) months, with one twelve (12) month extension option. It is the Company's intent to exercise the option to extend the loan until February 12, 2013. Draws against this loan bear interest at a floating rate equal to 135 basis points over the BBA LIBOR daily floating rate. As a result of a revaluation of future funding needs of the redevelopment project, on May 6, 2010, Damascus Centre, LLC entered into a modification of its construction loan agreement, which reduced the amount of the construction loan facility from $27.3 million to $21.3 million. In addition, the construction completion due date was extended until November 1, 2011. All other terms of the construction loan remain unchanged. As of October 31, 2011, $11.8 million of this loan, which includes accrued interest, was drawn down to cover construction costs, and all construction was substantially completed as of this date. FREIT guarantees 30% of the outstanding principal amount of the loan plus other costs, if borrower defaults, however, Damascus 100, LLC (a 30% joint venture partner in Damascus Centre, LLC) has indemnified FREIT for up to 30% of any losses under its guaranty. The shopping center securing the loan has a net book value of approximately $29,222,000 as of October 31, 2011.

Fair Value of Long-Term Debt:

The following table shows the estimated fair value and carrying value of FREIT's long-term debt at October 31, 2011 and 2010:

($ in Millions)	October 31, 2011	October 31, 2010
Fair Value	$213.9	$212.1
Carrying Value	$203.3	$204.6

Fair values are estimated based on market interest rates at October 31, 2011 and October 31, 2010 and on discounted cash flow analysis. Changes in assumptions or estimation methods may significantly affect these fair value estimates.

Principal amounts (in thousands of dollars) due under the above obligations (assuming no additional principal payment for the Rotunda) in each of the five years subsequent to October 31, 2011 are as follows:

Year Ending October 31,	Amount
2012	$ 14,889
2013	$ 30,231
2014	$ 14,810
2015	$ 2,836
2016	$ 27,118

Credit Line:

FREIT has an $18 million line of credit provided by the Provident Bank. The line of credit is for a two year term ending in January 2014, but can be cancelled by the bank, at its will, within 60 days before or after each anniversary date. The credit line will automatically be extended at the termination date of the current term and each subsequent term for an additional period of 24 months, provided there is no default and the credit line has not been cancelled. Draws against the credit line can be used for general corporate purposes, for property acquisitions, construction activities, and letters of credit. Draws against the credit line are secured by mortgages on FREIT's Franklin Crossing Shopping Center, Franklin Lakes, NJ, retail space in Glen Rock, NJ, Palisades Manor Apartments, Palisades Park, NJ, and Grandview Apartments, Hasbrouck Heights, NJ. Interest rates on draws will be set at the time of each draw for 30, 60, or 90-day periods, based on our choice of the prime rate or at 175 basis points over the 30, 60, or 90-day LIBOR at the time of the draws. The interest rate on the line of credit has a floor of 4%. As of October 31, 2011, $18 million is available under the line of credit, and no amount is outstanding.

FREIT's Board of Trustees has authorized management to pursue the sale of the Palisades Manor Apartments and the Grandview Apartments, which currently secure draws on FREIT's credit line. When or if an agreement for the sale of either or both of these properties is entered into, these properties will have to be released as collateral for the credit line, and substitute collateral may be required.

Certain of the Company's mortgage loans and the Credit Line contain financial covenants. The Company was in compliance with all of its financial covenants as of October 31, 2011.

Note 5 - Commitments and contingencies:

Leases:

Commercial tenants:

FREIT leases commercial space having a net book value of approximately $144 million at October 31, 2011 to tenants for periods of up to twenty-five years. Most of the leases contain clauses for reimbursement of real estate taxes, maintenance, insurance and certain other operating expenses of the properties.

Minimum rental income (in thousands of dollars) to be received from non-cancelable operating leases in years subsequent to October 31, 2011 is as follows:

Year Ending October 31,	Amount
2012	$ 15,954
2013	14,161
2014	12,717
2015	10,515
2016	9,138
Thereafter	43,222
Total	$ 105,707

The above amounts assume that all leases which expire are not renewed and, accordingly, neither minimal rentals nor rentals from replacement tenants are included.

Minimum future rentals do not include contingent rentals, which may be received under certain leases on the basis of percentage of reported tenants' sales volume or increases in Consumer Price Indices. Rental income that is contingent on future events is not included in income until the contingency is resolved. Contingent rentals included in income for each of the three years for the period ended October 31, 2011 were not material.

Residential tenants:

Lease terms for residential tenants are usually one year or less.

Environmental concerns:

The Westwood Plaza Shopping Center property is in a Flood Hazard Zone. FREIT maintains flood insurance in the amount of $500,000 for the subject property, which is the maximum available under the Flood Program for the property. Any reconstruction of that portion of the property situated in the flood hazard zone is subject to regulations promulgated by the New Jersey Department of Environmental Protection ("NJDEP"), which could require extraordinary construction methods.

In accordance with applicable regulations, FREIT reported to the NJDEP that a historical discharge of hazardous material was discovered in 1997 at the renovated Franklin Lakes shopping center (the "Center").

In November 1999, FREIT received a no further action letter from the NJDEP concerning the historical discharge at the Center. However, FREIT is required to continue monitoring such discharge, the cost of which will not be material.

Prior to its purchase by Wayne PSC, LLC, a 40% owned affiliate of FREIT ("Wayne PSC"), a Phase I and Phase II Environmental Assessment of the Preakness shopping center revealed soil and ground water contamination with Percloroethylene (Dry Cleaning Fluid) caused by the mishandling of this chemical by a former dry cleaner tenant.

The seller of the Preakness shopping center to Wayne PSC is in the process of performing the remedial work in accordance with the requirements of the NJDEP. Additionally, the seller has escrowed the estimated cost of the remediation and has purchased a cap-cost insurance policy covering any expenses over and above the estimated cost.

In performing the remedial work, possible contamination of this property by groundwater migrating from an offsite source was discovered. The NJDEP has not made any determination with respect to responsibility for remediation of this possible condition, and it is not possible to determine whether or to what extent Wayne PSC will have potential liability with respect to this condition or whether or to what extent insurance coverage may be available.

FREIT has conducted environmental audits for all of its properties except for its undeveloped land; retail properties in Franklin Lakes (Franklin Crossing) and Glen Rock, New Jersey; and residential apartment properties located in Palisades Park and Hasbrouck Heights, New Jersey. Except as noted above, the environmental reports secured by FREIT have not revealed any environmental conditions on its properties, which require remediation pursuant to any applicable federal or state law or regulation.

FREIT has determined that several of its properties contain lead based paint ("LBP"). FREIT believes that it complies with all federal, state and local requirements as they pertain to LBP.

FREIT does not believe that the environmental conditions described above will have a materially adverse effect upon the capital expenditures, revenues, earnings, financial condition or competitive position of FREIT.

Construction activities:

A modernization and expansion has been completed at the Damascus Center. Total construction costs, inclusive of tenant improvement costs, approximate $22.7 million. The building plans incorporated an expansion of retail space from 140,000 sq. ft. to approximately 150,000 sq. ft., anchored by a modern 58,000 sq. ft. Safeway supermarket. Construction was completed in three phases. Phase I began in June 2007, and was completed in June 2008, at a cost of approximately $6.2 million, of which $1.1 million related to tenant improvements. Phase II, which comprised a new Safeway supermarket, began in December 2008, and was completed in September 2009, at a cost of approximately $9.8 million. Phase III construction which began in June 2011, was substantially complete as of October 31, 2011, and was completed in November 2011, at a cost of approximately $6.4 million. Additional tenant fit-up costs are expected, once the new space is leased and occupied. Total construction costs were funded from a $27.3 million construction loan entered into on February 12, 2008. As a result of a reevaluation of the future funding needs for this project, on May 6, 2010, Damascus Centre, LLC reduced the amount of the construction loan facility to $21.3 million. The construction loan is secured by the Damascus Center owned by Damascus Centre, LLC. This loan was drawn upon as needed to fund already expended construction costs at the Damascus Center. Because of this expansion, leases for certain tenants were allowed to expire and were not renewed. This has caused occupancy to decline, on a temporary basis, during the construction phase. However, with the completion of each of the three phases, certain tenant leases have been renewed and occupancy is beginning to increase.

We also have plans to redevelop our property referred to as the Rotunda redevelopment project. Due to the difficult economic environment, that redevelopment activity was placed on hold by FREIT during the fourth quarter of Fiscal 2008. The delay notwithstanding, at this time, FREIT currently intends, upon improvement in the economic and financing climate, to resume the redevelopment of the Rotunda as planned. To that end, FREIT has had, from time to time, ongoing discussions with potential sources of financing and potential major national and local tenants.

Note 6 - Management agreement, fees and transactions with related party:

On April 10, 2002, FREIT and Hekemian & Co., Inc. ("Hekemian") executed a Management Agreement whereby Hekemian would continue as Managing Agent for FREIT. The term of the Management Agreement renewed on November 1, 2011 for a two-year term which will expire on October 31, 2013. The Management Agreement automatically renews for successive periods of two years unless either party gives not less than six (6) months prior notice to the other of non-renewal.

Pursuant to the terms of the Management Agreement: FREIT retains Hekemian as the exclusive management and leasing agent for properties which FREIT owned as of April 2002 and for the Preakness Shopping Center acquired on November 1, 2002 by Wayne PSC. However, FREIT may retain other managing agents to manage certain other properties acquired after April 10, 2002 and to perform various other duties such as sales, acquisitions, and development with respect to any or all properties. Hekemian does not serve as the exclusive advisor for FREIT to locate and recommend to FREIT investments, which Hekemian deems suitable for FREIT, and is not required to offer potential acquisition properties exclusively to FREIT before acquiring those properties for its own account. The Management Agreement includes a detailed schedule of fees for those services, which Hekemian may be called upon to perform. The Management Agreement provides for a termination fee in the event of a termination or non-renewal of the Management Agreement under certain circumstances.

Hekemian currently manages all the properties owned by FREIT, except for the Rotunda, a mixed-use office and retail facility located in Baltimore, Maryland, which is managed by an independent third party management company. The management agreement with Hekemian, effective November 1, 2001, requires the payment of management fees equal to a percentage of rents collected. Such fees were approximately $1,802,000, $1,791,000 and $1,723,000 in 2011, 2010 and 2009, respectively. In addition, the management agreement provides for the payment to Hekemian of leasing commissions, as well as the reimbursement of operating expenses incurred on behalf of FREIT. Such fees amounted to approximately $326,000, $352,000 and $427,000 in 2011, 2010 and 2009, respectively.

Total Hekemian management fees that were unpaid at October 31, 2011 and 2010 were $145,000 and $146,000, respectively. FREIT also uses the resources of the Hekemian insurance department to secure various insurance coverages for its properties and subsidiaries. Hekemian is paid a commission for these services. Such commissions amounted to approximately $97,000, $102,000 and $110,000 in fiscal 2011, 2010 and 2009, respectively.

Grande Rotunda, LLC ("Grande Rotunda") owns and operates the Rotunda. FREIT owns a 60% equity interest in Grande Rotunda, and Rotunda 100, LLC owns a 40% equity interest.

Damascus Centre, LLC owns and operates the Damascus Center. During fiscal 2005, FREIT's Board of Trustees authorized an investor group, Damascus 100, LLC, to acquire a 30% equity interest in Damascus Centre, LLC. The sale price, based on the fair market value of the shopping center, reduced FREIT's equity interest to 70%. The sale was completed on October 31, 2006, at a sales price of $3,224,000, of which FREIT financed approximately $1,451,000. The sale price was equivalent to the book value of the interest sold.

The equity owners of Rotunda 100, LLC, and Damascus 100, LLC are principally employees of Hekemian. To incentivize the employees of Hekemian, FREIT has agreed to advance, only to employees of Hekemian, up to 50% of the amount of the equity contributions that the Hekemian employees were required to invest in Rotunda 100, LLC and Damascus 100, LLC. These advances are in the form of secured loans that bear interest that will float at 225 basis points over the ninety (90) day LIBOR, as adjusted each November 1, February 1, May 1 and August 1. These loans are secured by the Hekemian employees' interests in Rotunda 100, LLC and Damascus 100, LLC, and are full recourse loans. Interest only payments are required to be made quarterly. No principal payments are required during the term of the notes, except that the borrowers are required to pay to FREIT all refinancing proceeds and other cash flow they receive from their interests in Damascus Centre, LLC and Grande Rotunda. These payments shall be applied first to accrued and unpaid interest and then any outstanding principal. The notes mature at the earlier of (a) ten (10) years after issue (Grande Rotunda – 6/19/2015, Damascus Centre, LLC – 9/30/2016), or, (b) at the election of FREIT, ninety (90) days after the borrower terminates employment with Hekemian, at which time all outstanding unpaid principal is due. The aggregate outstanding principal balance of the notes at October 31, 2011 and 2010 was $3,323,000. The accrued but unpaid interest related to these notes for Fiscal 2011 and Fiscal 2010 amounted to approximately $310,000 and $221,000, respectively. On May 8, 2008, FREIT's Board of Trustees approved amendments to the existing loan agreements with the Hekemian employees, relative to their interests in Rotunda 100, LLC, to increase the aggregate amount that FREIT may advance to such employees from $2 million to $4 million. No other terms of the loan agreements were amended.

From time to time, FREIT engages Hekemian to provide certain additional services, such as consulting services related to development and financing activities of FREIT. Separate fee arrangements are negotiated between Hekemian and FREIT with respect to such additional services. During the 4th quarter of Fiscal 2007, FREIT's Board of Trustees approved development fee arrangements for the Rotunda and Damascus Center redevelopment projects, as well as the South Brunswick development project. In connection with the development activities at the Rotunda and the redevelopment activities at the Damascus Center, definitive contract agreements for the development services to be provided by Hekemian Development Resources LLC ("Resources"), a wholly-owned subsidiary of Hekemian, have been approved and executed. The development fee arrangement for the Rotunda provides for Resources to receive a fee equal to 6.375% of the total development costs of up to $136 million (as may be modified), and the fee for the redevelopment of the Damascus Center will be an amount equal to 7% of the redevelopment costs of up to approximately $17.3 million (as may be modified). During Fiscal 2011and Fiscal 2010, FREIT paid $1,000,000 in each year to Resources, relating to fees incurred in Fiscal 2009 for development activities at the Rotunda. Also during Fiscal 2011, FREIT incurred fees payable to Resources of $236,190 for development activities at the Damascus Center. During Fiscal 2009, FREIT incurred fees payable to Resources of $2,000,000 for development activities at the Rotunda, and incurred and paid $226,769 for development activities at the Damascus Center. During Fiscal 2008, FREIT incurred and paid fees to Resources of $1,000,000 and $750,066 for development activities at the Rotunda and Damascus Center, respectively. These fees have been capitalized and accordingly are included in Construction in Progress or Real Estate on FREIT's Consolidated Balance Sheet as of October 31, 2011 and 2010. Resources, Rotunda 100, LLC, and Damascus 100, LLC are principally owned by employees of Hekemian, including certain members of the immediate family of Robert S. Hekemian and Robert S. Hekemian, Jr. Robert S. Hekemian, Chairman of the Board, Chief Executive Officer and a Trustee of FREIT, is the Chairman of the Board and Chief Executive Officer of Hekemian. Robert S. Hekemian, Jr, a Trustee of FREIT, is the President of Hekemian. Trustee fee expense (including interest) incurred by FREIT for Fiscal 2011, 2010 and 2009 was approximately $494,000, $455,000 and $414,000, respectively, for Robert S. Hekemian, and $36,000, $34,000 and $29,000, respectively, for Robert S. Hekemian, Jr. The members of the Hekemian family have majority management control of these entities. In connection with the development activities at South Brunswick, the fees with respect to this project are 7% of development costs of up to $21,000,000 (as may be modified). A definitive contract regarding the specific services to be provided at the South Brunswick project (a contemplated development site owned by FREIT) has not yet been finalized and approved. Development and acquisition fees and commissions charged to FREIT for various mortgage refinancings, amounted to approximately $0, $118,000 and $100,000 in Fiscal 2011, 2010 and 2009, respectively.

Note 7- Dividends and earnings per share:

FREIT declared dividends of $8,330,000 ($1.20 per share), $8,331,000 ($1.20 per share) and $8,331,000 ($1.20 per share) to shareholders of record during Fiscal 2011, 2010 and 2009, respectively.

Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during each period. The calculation of diluted earnings per share is similar to that of basic earnings per share, except that the denominator is increased to include the number of additional shares which would have been outstanding if all potentially dilutive shares, such as those issuable upon the exercise of stock options and warrants had been issued during the period.

Since FREIT does not have any dilutive securities, only basic earnings per share is presented for the fiscal years ended October 31, 2011, 2010 and 2009.

Note 8- Equity incentive plan:

On September 10, 1998, the Board of Trustees approved FREIT's Equity Incentive Plan (the "Plan") which was ratified by FREIT's shareholders on April 7, 1999, whereby up to 920,000 of FREIT's shares of beneficial interest (adjusted for stock splits) may be granted to key personnel in the form of stock options, restricted share awards and other share-based awards. In connection therewith, the Board of Trustees approved an increase of 920,000 shares in FREIT's number of authorized shares of beneficial interest. Key personnel eligible for these awards include trustees, executive officers and other persons or entities including, without limitation, employees, consultants and employees of consultants, who are in a position to make significant contributions to the success of FREIT. Under the Plan, the exercise price of all options will be the fair market value of the shares on the date of grant. The consideration to be paid for restricted share and other share-based awards shall be determined by the Board of Trustees, with the amount not to exceed the fair market value of the shares on the date of grant. The maximum term of any award granted may not exceed ten years. The Board of Trustees will determine the actual terms of each award.

Upon ratification of the Plan on April 7, 1999, FREIT issued 754,000 stock options (adjusted for stock splits), which it had previously granted to key personnel on September 10, 1998. The fair value of the options on the date of grant was $7.50 per share.

On April 4, 2007, FREIT shareholders approved amendments to FREIT’s Equity Incentive Plan as follows: (a) reserving an additional 300,000 shares for issuance under the Plan; and (b) extending the term of the Plan until September 10, 2018. As of October 31, 2011, 466,000 shares are available for issuance under the Plan.

The following table summarizes stock option activities:

	Years Ended October 31,					
	2011		2010		2009	
	No. of Options Outstanding	Average Exercise Price	No. of Options Outstanding	Average Exercise Price	No. of Options Outstanding	Average Exercise Price
Balance beginning of period	0	$ -	0	$ -	0	$ -
Options exercised	-	-	-	-	-	-
Options cancelled	-		-		-	
Balance at end of period	0	$ -	0	$ -	0	$ -

There were no options outstanding at October 31, 2011 and October 31, 2010, since all previously granted options expired in September 2008 or were exercised prior to that date. The total intrinsic value of options exercised during Fiscal 2008 was $3,650,000.

Note 9- Deferred fee plan:

During fiscal 2001, the Board of Trustees adopted a deferred fee plan for its officers and trustees, which was amended and restated in fiscal 2009 to make the deferred fee plan compliant with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder (the "Deferred Fee Plan"). Pursuant to the Deferred Fee Plan, any officer or trustee may elect to defer receipt of any fees that would be due them. These fees include annual retainer and meeting attendance fees as determined by the full Board of Trustees. FREIT has agreed to pay any participant (the "Participant") in the Deferred Fee Plan interest on any deferred fee at 9% per annum, compounded quarterly. Any such deferred fee is to be paid to the Participants at the later of: (i) the retirement age specified in the deferral election; (ii) actual retirement; or (iii) upon cessation of a Participant's duties as an officer or trustee. The Deferred Fee Plan provides that any such deferral fee will be paid in a lump sum or in annual installments over a period not to exceed 10 years, at the election of the Participant. Trustee fee expense (including interest) for each of the years ended October 31, 2011, 2010 and 2009 was $978,000, $911,000, and $820,000, respectively. As of October 31, 2011 and 2010, approximately $3,749,000 and $3,333,000, respectively, of fees have been deferred together with accrued interest of approximately $1,918,000 and $1,457,000, respectively.

Note 10- Segment information:

ASC 280-10, "Disclosures about Segments of an Enterprise and Related Information", established standards for reporting financial information about operating segments in interim and annual financial reports and provides for a "management approach" in identifying the reportable segments.

FREIT has determined that it has two reportable segments: commercial properties and residential properties. These reportable segments offer different types of space, have different types of tenants and are managed separately because each requires different operating strategies and management expertise.

The commercial and residential segments were comprised of ten and nine properties, respectively, during the three fiscal years ended October 31, 2011, 2010 and 2009.

The accounting policies of the segments are the same as those described in Note 1.

The chief operating decision-making group of FREIT's commercial segment, residential segment and corporate/other is comprised of FREIT's Board of Trustees.

FREIT assesses and measures segment operating results based on net operating income ("NOI"). NOI is based on operating revenue and expenses directly associated with the operations of the real estate properties, but excludes deferred rents (straight lining), depreciation, financing costs, amortization of acquired lease values and other items. NOI is not a measure of operating results or cash flows from operating activities as measured by accounting principles generally accepted in the United States of America, and is not necessarily indicative of cash available to fund cash needs and should not be considered an alternative to cash flows as a measure of liquidity.

Continuing real estate rental revenue, operating expenses, NOI and recurring capital improvements for the reportable segments are summarized below and reconciled to consolidated net income for each of the years in the three-year period ended October 31, 2011. Asset information is not reported since FREIT does not use this measure to assess performance.

	October 31, 2011	2010	2009
	(In Thousands of Dollars)		
Real estate rental revenue:			
Commercial	$ 24,116	$ 24,713	$ 23,130
Residential	19,724	19,130	19,089
Totals	43,840	43,843	42,219
Real estate operating expenses:			
Commercial	9,561	9,702	9,219
Residential	8,577	8,905	8,381
Totals	18,138	18,607	17,600
Net operating income:			
Commercial	14,555	15,011	13,911
Residential	11,147	10,225	10,708
Totals	$ 25,702	$ 25,236	$ 24,619
Recurring capital improvements-residential	$ 474	$ 363	$ 204
Reconciliation to consolidated net income-common equity:			
Segment NOI	$ 25,702	$ 25,236	$ 24,619
Deferred rents - straight lining	242	240	238
Amortization of acquired above and below market value leases	(25)	(30)	(35)
Net investment income	101	122	221
General and administrative expenses	(1,543)	(1,567)	(1,652)
Depreciation	(6,109)	(6,053)	(5,870)
Financing costs	(11,655)	(13,817)	(10,848)
Net income	6,713	4,131	6,673
Net (income) loss attributable to noncontrolling interests in subsidiaries	(1,335)	280	(1,121)
Net income attributable to common equity	$ 5,378	$ 4,411	$ 5,552

Note 11- Selected quarterly financial data (unaudited):

The following summary represents the results of operations for each quarter for the years ended October 31, 2011 and 2010 (in thousands, except per share amounts):

2011:	Quarter Ended Jan 31,	Apr 30,	Jul 31,	Oct 31,
Revenue	$ 10,890	10,989	10,960	11,319
Expenses	9,530	9,296	9,126	9,493
Net income	1,360	1,693	1,834	1,826
Net (income) loss attributable to noncontrolling interests in subsidiaries	(341)	(373)	(329)	(292)
Net income attributable to common equity	$ 1,019	$ 1,320	$ 1,505	$ 1,534
Basic earnings per share	$ 0.15	$ 0.19	$ 0.22	$ 0.22
Dividends declared per share	$ 0.30	$ 0.30	$ 0.30	$ 0.30

2010:	Quarter Ended Jan 31,	Apr 30,	Jul 31,	Oct 31,
Revenue	$ 10,885	11,390	10,876	11,024
Expenses	9,432	9,960	9,338	11,314
Net income (loss)	1,453	1,430	1,538	(290)
Net income attributable to noncontrolling interests in subsidiaries	(281)	(300)	(162)	1,023*
Net income attributable to common equity	$ 1,172	$ 1,130	$ 1,376	$ 733
Basic earnings per share	$ 0.17	$ 0.16	$ 0.20	$ 0.11
Dividends declared per share	$ 0.30	$ 0.30	$ 0.30	$ 0.30

* Includes a prepayment penalty of $1.3 million allocated to the noncontrolling interest.

Note: Due to rounding, total of quarterly per share amounts may not agree to amounts reported for the full fiscal year.

FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES

SCHEDULE XI – REAL ESTATE AND ACCUMULATED DEPRECIATION
OCTOBER 31, 2011
(In Thousands of Dollars)

Column A	Column B	Column C Initial Cost to Company		Column D Costs Capitalized Subsequent to Acquisition			Column E Gross Amount at Which Carried at Close of Period			Column F	Column G	Column H	Column I
Description	Encum-brances	Land	Buildings and Improvements	Land	Improve-ments	Carrying Costs	Land	Buildings and Improvements	Total (1)	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which De-preciation is Computed
Residential Properties:													
Grandview Apts., Hasbrouck Heights, NJ	-	$ 22	$ 180	$ -	$ 346		$ 22	$ 526	$ 548	$ 427	1925	1964	7-40 years
Hammel Gardens, Maywood, NJ	$ 4,220	312	728	-	1,063		312	1,791	2,103	1,425	1949	1972	7-40 years
Palisades Manor, Palisades Park, NJ	-	12	81	-	138		12	219	231	178	1935/70	1962	7-40 years
Steuben Arms, River Edge, NJ	5,852	364	1,773	-	1,392		364	3,165	3,529	2,437	1966	1975	7-40 years
Heights Manor, Spring Lake Heights, NJ	2,911	109	974	-	872		109	1,846	1,955	1,531	1967	1971	7-40 years
Berdan Court, Wayne, NJ	19,501	250	2,206	-	3,411		250	5,617	5,867	4,522	1964	1965	7-40 years
Westwood Hills, Westwood, NJ	23,144	3,849	11,546	-	2,089		3,849	13,635	17,484	6,431	1965-70	1994	7-40 years
Pierre Towers, Hackensack, NJ	32,901	8,390	37,486	19	4,613		8,409	42,099	50,508	8,594	1970	2004	7-40 years
Boulders - Rockaway, NJ	19,197	1,683		3,335	16,189		5,018	16,189	21,207	2,764	2005-2006	1963/1964	7-40 years
Retail Properties:													
Damascus Shopping Center, Damascus, MD	11,757	2,950	6,987	6,296	14,633		9,246	21,620	30,866	1,644	1960's	2003	15-39 years
Franklin Crossing, Franklin Lakes, NJ	-	29		3,382	7,799		3,411	7,799	11,210	3,016	1963/75/97	1966	10-50 years
Glen Rock, NJ	-	12	36	-	213		12	249	261	172	1940	1962	10-31.5 years
Pathmark Super Center, Patchogue, NY	5,713	2,128	8,818	-	(21)		2,128	8,797	10,925	3,102	1997	1997	39 years
Westridge Square S/C, Frederick, MD	22,000	9,135	19,159	(1)	2,719		9,134	21,878	31,012	12,822	1986	1992	15-31.5 years
Westwood Plaza, Westwood, NJ	8,307	6,889	6,416	-	2,417		6,889	8,833	15,722	6,423	1981	1988	15-31.5 years
Preakness S/C, Wayne, NJ	28,482	9,280	24,217	-	1,480		9,280	25,697	34,977	6,370	1955/89/00	2002	15-31.5 years
The Rotunda, Baltimore, MD	19,290	16,263	14,634	232	11,457		16,495	26,091	42,586	2,981	1920	2005	40 years
Land Leased:													
Rockaway, NJ		114		51	-		165		165	-		1963/1964	
Rochelle Park, NJ		1,640	905	-	-		1,640	905	2,545	137		2007	
Vacant Land:													
Franklin Lakes, NJ		224		(156)	-		68		68	-		1966/93	
Wayne, NJ		286			-		286		286	-		2002	
South Brunswick, NJ		80		1,002	-		1,082 *		1,082	-		1964	
	$ 203,275	$ 64,021	$ 136,146	$ 14,160	$ 70,810	$ -	$ 78,181	$ 206,956	$ 285,137	$ 64,976			

* Included in land balances are improvements classified under construction in progress.

(1) Total cost for each property is the same for Federal income tax purposes, with the exception of Pierre Towers, Preakness S/C and The Rotunda, whose cost for Federal income tax purposes is approximately $38.0 million, $35.2 million and $33.1 million, respectively.

FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES
SCHEDULE XI - REAL ESTATE AND ACCUMULATED DEPRECIATION
(In Thousands of Dollars)

Reconciliation of Real Estate and Accumulated Depreciation:

	2011	2010	2009
Real estate:			
Balance, Beginning of year	$ 279,418	$ 276,869	$ 265,040
Additions:			
Buildings and improvements	5,719	2,549	12,789
Adjustments/Deletions - buildings & improvements	-	-	(960)
Balance, end of year	$ 285,137	$ 279,418	$ 276,869
Accumulated depreciation:			
Balance, beginning of year	$ 58,913	$ 52,892	$ 48,027
Additions - Charged to operating expenses	6,109	6,053	5,870
Adjustments/Deletions	(46)	(32)	(1,005)
Balance, end of year	$ 64,976	$ 58,913	$ 52,892

FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY ("FREIT")

EXHIBIT INDEX

Exhibit No.	
3	Amended and Restated Declaration of Trust of FREIT, as further amended on January 21, 2004, May 15, 2007, and March 4, 2008. (Incorporated by reference to Exhibit 3.1 to FREIT's Form 8-K filed with the SEC on March 10, 2008)
4	Form of Specimen Share Certificate, Beneficial Interest in FREIT. (Incorporated by reference to Exhibit 4 to FREIT's Annual Report on Form 10-K for the fiscal year ended October 31, 1998)
10.1	Management Agreement dated April 10, 2002, by and between FREIT and Hekemian & Co., Inc. (Incorporated by reference to Exhibit 10.1 to FREIT's Form 10-K for the fiscal year ended October 31, 2009 and filed with the SEC on January 14, 2010)
10.2	Indemnification Agreements by Damascus 100, LLC and Rotunda 100, LLC to FREIT. (Incorporated by reference to Exhibits 10.1 and 10.2, respectively, to FREIT's 10-Q for the quarter ended April 30, 2008 and filed with the SEC on June 9, 2008)
10.3	Notes to Hekemian employees relative to their investments in each of Grande Rotunda, LLC and Damascus Centre, LLC and the related documents (pledge and security agreements and amendments). (Incorporated by reference to Exhibits 10.3 and 10.4, respectively, to FREIT's 10-Q for the quarter ended April 30, 2008 and filed with the SEC on June 9, 2008)
10.4	Agency Agreement dated August 13, 2008 between Damascus Centre, LLC and Hekemian Development Resources, LLC. (Incorporated by reference to Exhibit 10.1 to FREIT's 10-Q for the quarter ended July 31, 2008 and filed with the SEC on September 9, 2008)
10.5	Agency Agreement dated November 10, 2009 between Grande Rotunda, LLC and Hekemian Development Resources, LLC. (Incorporated by reference to Exhibit 10.1 to FREIT's Form 10-Q for the quarter ended April 30, 2010 and filed with the SEC on June 9, 2010)
10.6	Line of Credit Note in the principal amount of $18 million executed by FREIT as Borrower, and delivered to The Provident Bank, as Lender, in connection with the Credit Facility provided by The Provident Bank to FREIT. (Incorporated by reference to Exhibit 10.6 to FREIT's Form 10-K for the fiscal year ended October 31, 2009 and filed with the SEC on January 14, 2010)
21	Subsidiaries of FREIT
22	Consent of EisnerAmper LLP
31.1	Rule 13a-14(a) - Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) - Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer.
101	The following materials from FREIT's annual report on Form 10-K for the fiscal year ended October 31, 2011, formatted in Extensible Business Reporting Language ("XBRL"): (i) consolidated balance sheets; (ii) consolidated statements of income; (iii) consolidated statements of equity; (iv) consolidated statements of cash flows; and (v) notes to consolidated financial statements

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

Name	State of Formation and Organization	Trade Name
S And A Commercial Associates Limited Partnership	Maryland	None
Pierre Towers, LLC *	New Jersey	Pierre Towers
Damascus Centre, LLC	New Jersey	Damascus Center
Damascus Second, LLC	Maryland	None
Westwood Hills, LLC	New Jersey	Westwood Hills
Wayne PSC, LLC	New Jersey	Preakness S/C
Grande Rotunda, LLC	New Jersey	The Rotunda
WestFREIT Corp	Maryland	Westridge Square
WestFredic LLC	Maryland	None

* Owned 100% by S And A Commercial Associates

EXHIBIT 22

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of First Real Estate Investment Trust of New Jersey and Subsidiaries ("FREIT") on Form S-8 (No. 333-79555 and No. 333-142675) of our reports dated January 13, 2012, on our audits of the consolidated financial statements as of October 31, 2011 and 2010 and for each of the years in the three-year period ended October 31, 2011, the financial statement schedule listed in index item 15(c), and the effectiveness of internal control over financial reporting as of October 31, 2011, which reports are included in this Annual Report on Form 10-K.

/s/ EisnerAmper LLP
New York, New York
January 13, 2012

EXHIBIT 31.1

CERTIFICATION

I, Robert S. Hekemian, certify that:

1. I have reviewed this report on Form 10-K of First Real Estate Investment Trust of New Jersey;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 13, 2012

/s/ Robert S. Hekemian
Robert S. Hekemian
Chairman of the Board and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Donald W. Barney, certify that:

1. I have reviewed this report on Form 10-K of First Real Estate Investment Trust of New Jersey;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 13, 2012

/s/ Donald W. Barney
Donald W. Barney
President, Treasurer and Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of First Real Estate Investment Trust of New Jersey (the "Company") on Form 10-K for the year ended October 31, 2011 (the "Report"), I, Robert S. Hekemian, Chairman of the Board and Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. § 78m(a) or 78o(d), and,

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 13, 2012

/s/ Robert S. Hekemian
Robert S. Hekemian
Chairman of the Board and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of First Real Estate Investment Trust of New Jersey (the "Company") on Form 10-K for the year ended October 31, 2011 (the "Report"), I, Donald W. Barney, President, Treasurer and Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. § 78m(a) or 78o(d), and,

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 13, 2012

/s/ Donald W. Barney
Donald W. Barney
President, Treasurer and Chief Financial Officer

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