FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY

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

FORM 10-K

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

For the Fiscal Year Ended October 31, 2012

£ **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 $99 million. Computation is based on the closing sales price of such shares as quoted on the over-the-counter-market on April 30, 2012, the last business day of the registrant's most recently completed second quarter.

As of January 14, 2013, 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 2013 Annual Meeting of Shareholders to be held on April 4, 2013 are incorporated by reference in Part III of this Annual Report.

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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 2012 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, approximated $22.7 million. Total construction and development costs were funded, in part, from a $21.3 million (as modified) construction loan facility, of which approximately $15 million was drawn, and advances by FREIT in the aggregate amount of approximately $3.2 million. The construction loan, including the exercise of a one twelve (12) month extension option, was scheduled to mature on February 12, 2013. On December 26, 2012, Damascus Centre, LLC refinanced the construction loan with long-term financing provided by People's United Bank. The amount of the new loan is $25 million, of which $20 million has been drawn. The balance, up to an additional $5 million, will be available as a one-time draw over the next 36 month period, and the amount available will depend on future leasing at the shopping center. The new loan will mature on January 3, 2023. The loan bears a floating interest rate equal to 210 basis points over the BBA LIBOR. In order to minimize interest rate volatility during the term of the loan, Damascus Centre, LLC entered into an interest rate swap agreement that in effect, converted the floating interest rate to a fixed interest rate of 3.81%

over the term of the loan. The interest rate swap is considered a derivative financial instrument that will be used only to reduce interest rate risk, and not held or used for trading purposes.

(b) The $19.1 million mortgage loan (as amended) on FREIT's Rotunda property matures on February 1, 2013. It is the Company's intent to negotiate an extension of this loan, until construction financing for the development of the Rotunda property can be put in place (see below). This extension may require an additional principal payment in an amount necessary to reduce the loan to achieve a stipulated debt service coverage ratio. As part of the terms of a prior extension of the maturity date of this loan, the loan was further collateralized by a first mortgage lien and the assignment of the ground lease on FREIT's Rochelle Park, NJ land parcel. The terms of this loan were restructured when the maturity date of the loan was extended. 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. In order to meet the bank's annual debt service coverage ratio requirement, a principal payment of $110,000 was made in February 2012. As of October 31, 2012, a balance of approximately $19.1 million was outstanding. 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 5 and 8 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 on July 29, 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 3.5%. As of October 31, 2012, $18 million was available under the line of credit, and no amount is outstanding. FREIT is in the process of actively marketing for sale the Palisades Manor Apartments and the Grandview Apartments. Since these properties are being used as collateral for the $18 million line of credit, their ultimate sale would reduce FREIT's line of credit with Provident Bank to $13 million. FREIT does not anticipate that the reduction in the line of credit will affect its ability to cover mandatory debt service payments, make capital improvements, and pay dividends required to maintain its status as a REIT.

CONSTRUCTION

The modernization and expansion project at the Damascus Center was completed in November 2011. Total construction costs, inclusive of tenant improvement costs, approximated $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, with the final phase being completed in November 2011. 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 and advances by FREIT (see above). 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.

(ii) 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, 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 original building plans incorporated 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 were expected to approximate $200 million. Due to the difficult economic environment, that redevelopment activity was placed on hold by FREIT during the fourth quarter of Fiscal 2008. As of October 31, 2012, the Company has incurred approximately $8.0 million of pre-development costs, of which $3.7 million was written-off in Fiscal 2012 as a result of revisions to the scope of the redevelopment project (see discussion below). During Fiscal 2012, the original plans for the Rotunda redevelopment project were revised, primarily attributable to the Giant lease termination and related termination agreement. (See Competitive Condition: (C) Renewal of Leases and Reletting of Space for more details.) As a result, we will not be required to construct a lower level Giant supermarket as part of the redevelopment plans at the Rotunda, which represented a costly component to the project. In addition, the Giant lease contained significant restrictions on Grande's ability to make modifications to the property. This development clears the way for Grande to move forward with the redevelopment planning for this property.

As a result of Giant terminating its lease and vacating its space at the Grande Rotunda shopping center, the results for Fiscal 2012, include income of $2.95 million relating to the Giant early lease termination, offset by a $1.49 million deferred project cost write-off relating to a change in the future development plans for the Rotunda shopping center, specifically the impact that the Giant portion of the project had on the design fees incurred to date and included in Construction in Progress ("CIP"). The early lease termination fee is comprised of the net present value of the monthly rent in accordance with the terms of the terminated lease, projected common area maintenance charges and real estate taxes from April 1, 2012 through March 31, 2015. In addition, included in the $2.95 million lease termination fee are the write-off of the balances in Below Market Value Acquisition Costs, and In-Place Lease Costs relating to the Giant lease. In light of the Giant lease termination and its potential impact on the scope of the development plans for the Rotunda site, management proposed further revisions to the scope of the Rotunda development project. On July 24, 2012, the Board approved the revisions to the scope of the project, thereby further reducing the complexity and projected cost of the project. The revised building plans incorporate an expansion of approximately 115,000 square feet of retail space, approximately 350 residential rental apartments, and structured parking. As a result of the Board's decision to move forward with the revised development plans, an additional $2.2 million of certain deferred project costs relating to planning and feasibility costs that had been included in CIP were no longer deemed to have any utility, and were written-off in the 3rd Quarter of Fiscal 2012. Due to the revised scope of the development and the improved economic and financing climate, FREIT intends to resume the redevelopment of the Rotunda as revised. 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 251,991 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 has been actively pursuing the re-leasing of the space vacated by Giant. On July 27, 2012, FREIT signed a lease agreement with G-Mart Frederick, Inc. ("G-Mart") for a significant portion (40,000 square feet) of the space previously occupied by Giant. We anticipate that G-Mart will begin operating at the center during the 1st calendar quarter of 2013. (See Note 2 for more details.) FREIT will reevaluate its decision to market Westridge for sale in light of the Giant lease expiration, and the subsequent releasing of the space to G-Mart. 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. On August 29, 2012, the Heights Manor Apartments in Spring Lake Heights, NJ was sold, and FREIT recognized a net after-tax gain of approximately $7.5 million. (See Note 3 for more details.) It is not possible for management to estimate when a sale of any of the remaining two properties will occur, and therefore, the properties continue to be classified as held for use as of October 31, 2012.

On May 2, 2012, FREIT's Board authorized management to pursue the sale of its South Brunswick, NJ property. The decision to sell this property 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. However, it is still not possible for management to estimate when a sale of the South Brunswick property will occur, and therefore, it is classified as held for use as of October 31, 2012.

(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, 2012 is included in Note 12 "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, 2012, FREIT's real estate holdings included (i) eight (8) apartment buildings or complexes containing 996 rentable units, (ii) ten (10) commercial properties (retail and office) containing approximately 1,270,000 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 252,000 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, 2012 FREIT and its subsidiaries had twenty (20) 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 seven percent (7%) 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 and 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 ("Board") approved, in general, development fee arrangements for the development services to be performed at the Rotunda (owned by Grande Rotunda, LLC), and the Damascus Center (owned by Damascus Centre, LLC). 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 $84.6 million (as may be modified, and less the amount of $3 million previously paid to Hekemian for the Rotunda project). In addition, the Board approved the payment of a fee to Resources in the amount of $1.4 million, subject to the revision to the scope of the Rotunda development project. The fee will be paid to Resources upon the following terms: (i) $500,000 of the $1.4 million will be paid on a monthly basis during the design phase; and (ii) $900,000 of the $1.4 million will be paid upon the issuance of a certificate of occupancy for the multi-family portion of the project. 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. (See Note 8 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, 2012, FREIT's aggregate outstanding mortgage debt was $200.4 million with an average interest cost on a weighted average basis of 5.37%. 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, 2012 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, 2012 the following table lists the ten (10) largest commercial tenants, which account for approximately 53.6% of FREIT’s leased commercial rental space and 36.7% 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
TJ MAXX	Westwood Plaza	28,480
T-Bowl Inc.	Preakness	27,195
Fitness World Golden Mile	Westridge Square	20,680

(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.

On February 3, 2012, Grande Rotunda, LLC (“Grande”), a 60% owned affiliate of FREIT entered into a lease termination agreement (“Agreement”) with Giant, the tenant and operator of the 35,994 sq. ft. Giant supermarket at Grande’s property located in Baltimore, Maryland. Giant, under the terms of the Agreement, agreed to (i) waive its right to extend the term of the lease through March 31, 2035, (ii) terminate the lease and surrender the premises to Grande no later than the earlier of commencement of the redevelopment of the property or March 31, 2015, and (iii) notwithstanding any earlier termination date, continue to pay monthly fixed rent payments plus its share of common area maintenance charges and taxes for the Rotunda property through March 31, 2015. Grande has agreed (i) not to lease more than 20,000 sq. ft. of any space in the property for use as a food supermarket through March 31, 2035, and (ii) if Grande decides to lease such space for use as a food supermarket, it must first offer the space for the same use under the terms acceptable to Grande, to Giant, which will have thirty days to accept the offer before the space may be leased to a third party.

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. On July 27, 2012, FREIT signed a lease agreement with G-Mart Frederick, Inc. (“G-Mart”) for a significant portion (40,000 square feet) of the space previously occupied by Giant. We anticipate that G-Mart will begin operating at the center during the 1^{st} calendar quarter of 2013.

There were no other material lease expirations during Fiscal 2012 and Fiscal 2011.

There are no material lease expirations expected during Fiscal 2013.

(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 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 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.

(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.

(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. Despite projected weak European economic growth, the economies of China and other emerging markets are expected to gain momentum, and should positively affect the U.S. economy. The following U.S. developments and factors are also positive: (a) the housing market is expected to improve and drag along ancillary services; (b) inflation is expected to remain in check; (c) consumer spending should be modestly higher in 2013; (d) private sector employment is expected to grow steadily; and (e) credit availability has improved. These factors should slowly aid economic growth in the United States.

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 The Rotunda that was vacated by Giant as of April 2012, and has re-leased a portion of the space (40,000 of 55,330 square feet of available space) that was vacated by Giant at its Westridge Square property to G-Mart, an international grocery chain. G-Mart is scheduled to begin operations at the center during the 1st calendar quarter of 2013.

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. 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.

As of October 31, 2012, FREIT had approximately $166.3 million of non-recourse mortgage debt subject to fixed interest rates, and $34.1 million of partial recourse mortgage debt subject to variable interest rates ($19.1 million relates to the acquisition of the Rotunda property, and $15.0 million relates to the Damascus Center redevelopment project; See Part 1; Item 1(a)(i) Financing). 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. In order to meet the bank's annual debt service coverage ratio requirement, a principal payment of $110,000 was made on the loan in February 2012. It is the Company's intent to negotiate another one year extension of this loan, which would extend the loan until February 1, 2014. This extension may require an additional principal payment in an amount necessary to reduce the loan to achieve a stipulated debt service coverage ratio. 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. 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, 2012), and our Grande Rotunda acquisition mortgage 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, and letters of credit. 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 a FREIT 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.

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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, 2012:

Property & Location	*Year Acquired*	*No. of Units*	*Average Annual Occupancy Rate for the Year Ended 10/31/12*	*Average Monthly Rent per Unit @ 10/31/12*	*Average Monthly Rent per Unit @ 10/31/11*	*Mortgage Balance ($000)*	*Depreciated Cost of Land, Buildings & Equipment ($000)*
Palisades Manor (1) Palisades Park, NJ	1962	12	96.8%	$1,143	$1,141	None	$70
Grandview Apts. (1) Hasbrouck Heights, NJ	1964	20	96.9%	$1,143	$1,136	None	$115
Berdan Court Wayne, NJ	1965	176	95.3%	$1,455	$1,412	$19,248	$1,552
Hammel Gardens Maywood, NJ	1972	80	93.6%	$1,265	$1,234	$4,079	$675
Steuben Arms River Edge, NJ	1975	100	97.4%	$1,284	$1,261	$5,655	$1,021
Westwood Hills (2) Westwood Hills, NJ	1994	210	96.4%	$1,489	$1,467	$22,774	$10,898
Pierre Towers (3) Hackensack, NJ	2004	269	93.9%	$1,909	$1,867	$32,364	$41,377
Boulders (4) Rockaway, NJ	2006	129	94.5%	$1,744	$1,732	$18,828	$17,922

(1) Security for draws against FREIT's Credit Line.
(2) FREIT owns a 40% equity interest in Westwood Hills. See "Investment in Subsidiaries".
(3) Pierre Towers is 100% owned by S And A Commercial Associates LP, which is 65% owned by FREIT.
(4) Construction completed in August 2006 on land acquired in 1963 / 1964.

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Commercial Properties as of October 31, 2012:

Property & Location	*Year Acquired*	*Leasable Space-Approximate Sq.Ft.*	*Average Annual Occupancy Rate for the Year Ended 10/31/12*	*Average Annualized Rent per Sq. Ft. @ 10/31/12*	*Average Annualized Rent per Sq. Ft. @ 10/31/11*	*Mortgage Balance ($000)*	*Depreciated Cost of Land, Buildings & Equipment ($000)*
Glen Rock, NJ	1962	4,800	100.0%	$23.20	$23.20	None (1)	$76
Franklin Crossing Franklin Lakes, NJ	1966 (2)	87,041	98.3%	$24.61	$23.18	None (1)	$7,958
Westwood Plaza Westwood, NJ	1988	173,854	99.0%	$13.46	$13.15	$8,032	$8,969
Westridge Square (3) Frederick, MD	1992	251,991 (10)	72.2%	$13.65	$13.00	$22,000	$17,432
Pathmark Super Store Patchogue, NY	1997	63,962	100.0%	$20.62	$19.99	$5,623 (7)	$7,599
Preakness Center (4) Wayne, NJ	2002	322,136	93.3%	$13.73	$13.11	$27,697	$28,184
Damascus Center (5) Damascus, MD	2003	150,000	61.0%	$18.45	$19.25	$15,050 (8)	$30,073
The Rotunda (6) Baltimore, MD	2005	216,645 (11)	74.3%	. $19.40	. $18.69	$19,070	$36,489
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)	$2,375

(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. Major renovation and expansion project completed November 1, 2011.
(6) FREIT owns a 60% equity interest in Grande Rotunda, LLC, that owns the center.
(7) Effective January 1, 2013, interest rate on loan was renegotiated to a fixed rate of 4.5%. All other terms of the loan remain unchanged.
(8) On December 26, 2012, Damascus Centre, LLC refinanced the construction loan with a new mortgage loan in the amount of $20 million, bearing a floating rate equal to 210 basis points over the BBA LIBOR, and will mature on January 3, 2023.
(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.
(11) Giant supermarket, which leases 35,994 sq ft, vacated their space in April 2012, and mutually agreed to continue to make payments under the terms of their lease through March 15, 2015.

Supplemental Segment Information:

Commercial lease expirations at October 31, 2012 assuming none of the tenants exercise renewal options:					
				Annual Rent of Expiring Leases	
Year Ending	*Number of*	*Expiring Leases*	*Percent of*		

October 31,	*Expiring Leases*	*Sq. Ft.*	*Commercial Sq. Ft.*	*Total*	*Per Sq. Ft.*
Month to month	46	192,066	*18.4%*	$ 2,510,386	$ 13.07
2013	29	99,199	*9.5%*	$ 1,905,315	$ 19.21
2014	25	56,136	*5.4%*	$ 723,319	$ 12.89
2015	18	76,759	*7.4%*	$ 1,523,719	$ 19.85
2016	20	117,464	*11.3%*	$ 2,079,566	$ 17.70
2017	15	142,750	*13.7%*	$ 1,884,085	$ 13.20
2018	14	38,875	*3.7%*	$ 901,571	$ 23.19
2019	5	88,509	*8.5%*	$ 428,100	$ 4.84
2020	3	8,996	*0.9%*	$ 185,551	$ 20.63
2021	10	24,827	*2.4%*	$ 595,502	$ 23.99
2022	1	63,932	*6.1%*	$ 1,278,640	$ 20.00

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Land Under Development and Vacant Land as of October 31, 2012:

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	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.

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 sixteen (16) anchor/major tenants, which account for approximately 57.5% of the space leased. The balance of the space is leased to one hundred and sixty nine (169) 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	(SC)	251,991	Burlington Coat Factory	25
Frederick, MD (1)				
Franklin Crossing	(SC)	87,041	Stop & Shop	21
Franklin, Lakes, NJ				
Westwood Plaza	(SC)	173,854	Kmart Corp	21
Westwood, NJ			TJMaxx	
Preakness Center (2)	(SC)	322,136	Stop & Shop	38
Wayne, NJ			Macy's	
			CVS	
			Annie Sez	
			Clearview Theaters	
Damascus Center (3)	(SC)	150,000	Safeway Stores	13
Damascus, MD				
The Rotunda (4)	(O)	138,276	Clear Channel Broadcasting	44
Baltimore, MD			US Social Security Office	
	(SC)	78,369	Horizon Cinema	6

			Rite Aid Corporation	
Patchogue, NY	(SC)	63,962	Pathmark	—
Glen Rock, NJ	(SC)	4,800	Chase Bank	1

(1) Giant Food of Maryland vacated in May 2011, but continued to pay rent through 10/31/2011.

(2) FREIT has a 40% interest in this property.

(3) FREIT has a 70% interest in this property.

(4) FREIT has a 60% interest in this property. Giant Food of Maryland vacated in April 2012, but mutually agreed to continue to pay rent in accordance with lease terms through 5/31/2015.

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 83.7%, which represents the actual "physical" occupancy rate (based upon possession and use of leased space). For Fiscal 2011, the "economic" occupancy rate (based upon the payment of rent for leased space) was 89.6%, while the actual physical occupancy rate 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. On July 27, 2012, FREIT signed a lease agreement with G-Mart Frederick, Inc. ("G-Mart"), an international grocery chain, for a significant portion of the space (40,000 of 55,330 square feet of available space) that was vacated by Giant at its Westridge Square property. G-Mart is scheduled to begin operations at the center during the 1st calendar quarter of 2013.

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 95.03% 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. Except for the environmental conditions involving remediation 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 MINE SAFETY DISCLOSURES

Not applicable.

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 14, 2013, 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, 2012		
First Quarter	$ 21.00	$ 21.00
Second Quarter	$ 18.60	$ 19.40
Third Quarter	$ 16.90	$ 16.90
Fourth Quarter	$ 18.00	$ 17.25

	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

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 2012 and Fiscal 2011, FREIT paid or declared aggregate total dividends of $1.10 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, 2012 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,	2012	2011	2010	2009	2008
	(In thousands of dollars)				
Total Assets	$ 242,300	$ 243,220	$ 245,128	$ 251,851	$ 241,756
Mortgage Loans	$ 200,420	$ 203,275	$ 204,604	$ 202,260	$ 192,352
Common Equity	$ 17,564	$ 13,850	$ 16,802	$ 20,722	$ 23,561
Weighted average shares outstanding:					
Basic	6,942	6,942	6,942	6,944	6,835

INCOME STATEMENT DATA:

Year Ended October 31,	2012	2011	2010	2009	2008
	(In thousands of dollars, except per share amounts)				
Revenue:					
Revenue from real estate operations	$ 42,524	$ 43,046	$ 43,115	$ 41,487	$ 41,340
Income relating to early lease termination	2,950	—	—	—	—
Total revenue	45,474	43,046	43,115	41,487	41,340
Expenses:					
Real estate operations	18,192	17,652	18,158	17,150	16,587
General and administrative expenses	1,624	1,543	1,567	1,652	1,542
Deferred project cost write-off	3,726	—	—	—	—
Depreciation	6,186	6,070	5,996	5,813	5,563
Totals	29,728	25,265	25,721	24,615	23,692
Operating income	15,746	17,781	17,394	16,872	17,648
Investment income	173	101	122	221	554
Interest expense including amortization of deferred financing costs *	(11,704)	(11,452)	(13,608)	(10,634)	(11,338)
Income from continuing operations	4,215	6,430	3,908	6,459	6,864
Discontinued operations:					
Income from discontinued operation	253	283	223	214	313
Gain on sale of discontinued operation, net of tax	7,528	—	—	—	—
Net income	11,996	6,713	4,131	6,673	7,177
Net (income) loss attributable to noncontrolling interests of subsidiaries	(645)	(1,335)	280	(1,121)	(1,138)
Net income attributable to common equity	$ 11,351	$ 5,378	$ 4,411	$ 5,552	$ 6,039

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

	2012	2011	2010	2009	2008
Basic earnings per share:					
Continuing operations	$ 0.52	$ 0.73	$ 0.61	$ 0.77	$ 0.83
Discontinued operations	1.12	0.04	0.03	0.03	0.05
Net income	$ 1.64	$ 0.77	$ 0.64	$ 0.80	$ 0.88
Cash Dividends Declared Per Common Share	$ 1.10	$ 1.20	$ 1.20	$ 1.20	$ 1.20

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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: Despite projected weak European economic growth, the economies of China and other emerging markets are expected to gain momentum, and should positively affect the U.S. economy. The following U.S. developments and factors are also positive: (a) the housing market is expected to improve and drag along ancillary services; (b) inflation is expected to remain in check; (c) consumer spending should be modestly higher in 2013; (d) private sector employment is expected to grow steadily; and (e) credit availability has improved. These factors should slowly aid economic growth in the United States.

Residential Properties: Occupancy and rental rates in our areas of operation are on the up swing, 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 in consumer spending over the past year and this improvement is expected to continue into 2013 and mirror increased discretionary spending. This should bode well for the commercial segment.

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. On July 24, 2012, the FREIT Board of Trustees approved revisions to the scope of the Rotunda redevelopment project, thereby reducing the complexity and projected cost of the project. It is expected that development and construction at the Rotunda will commence during calendar 2013.

Debt Financing Availability: The dislocations in the credit markets seemed to have abated. Financing for development projects has become more available. As a result, FREIT intends to resume the redevelopment of the Rotunda project.

Operating Cash Flow and Dividend Distributions: We expect that cash provided by net operating income will be adequate to cover mandatory debt service payments (excluding balloon payments), necessary capital improvements and dividends necessary to retain qualification as a REIT (90% of taxable income). Until the economic climate indicates that a change is appropriate, it is FREIT's intention to maintain its quarterly dividend at level not less than that 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, 2012 and October 31, 2011, and for the years ended October 31, 2012, 2011 and 2010. 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 for fiscal years, and interim periods within those years beginning on or after June 15, 2012. The adoption of this guidance is not expected to have any 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 comprehensive income and its components in the financial statements. The new guidance only affects the presentation of comprehensive income, and not the components that must be reported therein. The standard takes effect for public companies effective for fiscal years and interim periods within those years beginning after December 15, 2011. The adoption of this guidance is not expected to have any impact on our financial statements.

Results of Operations:

Fiscal Years Ended October 31, 2012 and 2011

Summary revenues and net income for the fiscal years ended October 31, 2012 ("Fiscal 2012") and October 31, 2011 ("Fiscal 2011") are as follows:

	Years Ended October 31,		
	2012	**2011**	**Change**
	(in thousands, except per share amounts)		
Real estate revenues:			
Commercial properties	**$ 23,398**	$ 24,334	$ (936)
Residential properties	**19,126**	18,712	414
Total real estate revenues	**42,524**	43,046	(522)
Operating expenses:			
Real estate operations	**18,192**	17,652	540
General and administrative	**1,624**	1,543	81
Deferred project cost write-off, net of income relating to early lease termination	**776**	—	776
Depreciation	**6,186**	6,070	116
Total operating expenses	**26,778**	25,265	1,513
Operating income	**15,746**	17,781	(2,035)
Investment income	**173**	101	72
Financing costs	**(11,704)**	(11,452)	(252)
Income from continuing operations	**4,215**	6,430	(2,215)
Income from discontinued operation	**253**	283	(30)
Gain on sale of discontinued operation, net of tax	**7,528**	—	7,528
Net income	**11,996**	6,713	5,283
Net income attributable to noncontrolling interests in subsidiaries	**(645)**	(1,335)	690
Net income attributable to common equity	**$ 11,351**	$ 5,378	$ 5,973
Earnings per share:			
Continuing operations	**$ 0.52**	$ 0.73	$ (0.21)
Discontinued operations	**1.12**	0.04	1.08
Net income attributable to common equity	**$ 1.64**	$ 0.77	$ 0.87
Weighted average shares outstanding:			
Basic	6,942	6,942	

Net Income attributable to common equity ("net income common equity") for the year ended October 31, 2012 ("Fiscal 2012") was $11,351,000, or $1.64 per share, compared to $5,378,000, or $0.77 per share for the year ended October 31, 2011 ("Fiscal 2011"). Net income common equity for Fiscal 2012 included $7,528,000 of net after-tax gains from the sale of real estate. Additionally, Fiscal 2012 included certain other items that affect comparability, which are listed in the schedule above. Adjusting net income for the net gains from the sale of real estate and the other comparability items, net income for Fiscal 2012 was $4,346,000, or $0.63 per share, compared to $5,095,000 or $0.73 per share for Fiscal 2011. (Refer to the segment disclosure below for a more detailed discussion on the financial performance of FREIT's commercial and residential segments.)

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The schedule below provides a detailed analysis of the major changes that impacted revenue and net income-common equity for Fiscal 2012 and 2011:

NET INCOME COMPONENTS

	Years Ended October 31,		
	2012	**2011**	**Change**
	(thousands of dollars)		
Income from real estate operations:			
Commercial properties	**$ 13,872**	$ 14,773	$ (901)
Residential properties	**10,460**	10,621	(161)
Total income from real estate operations	**24,332**	25,394	(1,062)
Financing costs:			
Fixed rate mortgages	**(9,954)**	(10,053)	99
Floating rate - Rotunda & Damascus	**(1,176)**	(938)	(238)
Corporate interest	**(574)**	(461)	(113)
Total financing costs	**(11,704)**	(11,452)	(252)
Investment income	**173**	101	72
General & administrative expenses:			
Accounting fees	**(482)**	(478)	(4)
Legal & professional fees	**(105)**	(87)	(18)
Trustee fees	**(542)**	(517)	(25)
Corporate expenses	**(495)**	(461)	(34)
Total general & administrative expenses	**(1,624)**	(1,543)	(81)
Deferred project cost write-off, net of income relating to early lease termination	**(776)**	—	(776)
Depreciation	**(6,186)**	(6,070)	(116)
Income from continuing operations	**4,215**	6,430	(2,215)
Income from discontinued operation	**253**	283	(30)
Gain on sale of discontinued operation, net of tax	**7,528**	—	7,528
Net income	**11,996**	6,713	5,283
Net income attributable to noncontrolling interests in subsidiaries	**(645)**	(1,335)	690
Net income attributable to common equity	**$ 11,351**	$ 5,378	$ 5,973

SEGMENT INFORMATION

The following table sets forth comparative operating data related to continuing operations 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,	
	2012	2011	$	%	2012	2011	$	%	2012	2011
	(in thousands)				(in thousands)				(in thousands)	
Rental income	$18,090	$18,560	$ (470)	*-2.5%*	$18,772	$18,398	$ 374	*2.0%*	$36,862	$36,958
Reimbursements	4,843	5,374	(531)	*-9.9%*	—	—	—		4,843	5,374
Other	450	183	267	*145.9%*	354	314	40	*12.7%*	804	497
Total revenue	23,383	24,117	(734)	*-3.0%*	19,126	18,712	414	*2.2%*	42,509	42,829

Operating expenses	9,526	9,561	(35)	-0.4%	8,666	8,091	575	7.1%	18,192	17,652
Net operating income	$13,857	$14,556	$ (699)	-4.8%	$10,460	$10,621	$ (161)	-1.5%	24,317	25,177
Average										
Occupancy %	*83.7%*	*87.9%*		*-4.2%*	*95.2%*	*95.3%*		*-0.1%*		

Reconciliation to consolidated net income-common equity:		
Deferred rents - straight lining	17	242
Amortization of acquired leases	(2)	(25)
Investment income	173	101
General and administrative expenses	(1,624)	(1,543)
Depreciation	(6,186)	(6,070)
Deferred project cost write-off, net of income relating to early termination fee	(776)	—
Financing costs	(11,704)	(11,452)
Income from continuing operations	4,215	6,430
Income from discontinued operation	253	283
Gain on sale of discontinued operation, net of tax	7,528	—
Net income	11,996	6,713
Net income attributable to noncontrolling interests	(645)	(1,335)
Net income attributable to common equity	$ 11,351	$ 5,378

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 1,132,000 sq. ft. of retail space and 138,000 sq. ft. of office space for Fiscal 2012. 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 2012 decreased by 3.0% and 4.8%, respectively, as compared to Fiscal 2011. The primary reasons for the decrease in revenue for Fiscal 2012 were Giant vacating its space at the Westridge Square shopping center (see discussion below), and higher real estate taxes at the Damascus Center, a portion of which could not be billed back to the tenants, since the center is not fully occupied, offset in part by $300,000 in easement income recognized by the Franklin Crossing shopping center, in Franklin Lakes, NJ during the 4th quarter of Fiscal 2012.

The retail outlook, while still challenged, has shown improvement in consumer spending over the past year and this improvement is expected to continue into 2013 and mirror increased discretionary spending. This should bode well for the commercial segments.

On February 3, 2012, Grande Rotunda, LLC ("Grande"), a 60% owned affiliate of FREIT, entered into a lease termination agreement ("Agreement") with Giant, the tenant and operator of the 35,994 sq. ft. Giant supermarket at Grande's property located in Baltimore, Maryland. Giant, under the terms of the Agreement, agreed to (i) waive its right to extend the term of the lease through March 31, 2035, (ii) terminate the lease and surrender the premises to Grande no later than the earlier of commencement of the redevelopment of the property or March 31, 2015, and (iii) notwithstanding any earlier termination date, continue to pay monthly fixed rent payments plus its share of common area maintenance charges and taxes for the Rotunda property through March 31, 2015. Grande has agreed (i) not to lease more than 20,000 sq. ft. of any space in the property for use as a food supermarket through March 31, 2035, and (ii) if Grande decides to lease such space for use as a food supermarket, it must first offer the space for the same use under the terms acceptable to Grande, to Giant, which will have thirty days to accept the offer before the space may be leased to a third party. As a result of the Giant lease termination and the terms of the Agreement, Grande will not be required to construct a lower level Giant supermarket as part of the redevelopment project at the Rotunda, which represented a costly component of the project. In addition, the Giant lease contained significant restrictions on Grande's ability to make modifications to the property. This development clears the way for Grande to move forward with the redevelopment planning for this property. As a result of Giant terminating its lease and vacating its space at the Grande Rotunda shopping center in April 2012, the results for Fiscal 2012 include income of $2.95 million relating to the Giant early lease termination, offset by a $1.49 million deferred project cost write-off relating to a change in development plans for the Rotunda, specifically the write-off of the design fees relating to the Giant portion of the project incurred to date and included in CIP. The early lease termination fee is comprised of the net present value of the monthly rent in accordance with the terms of the terminated lease, projected common area maintenance charges, and real estate taxes from April 1, 2012 through March 31, 2015. In addition, included in the $2.95 million lease termination fee are the write-off of the balances in Below Market Value Lease Acquisition Costs, and In-Place Lease Costs relating to the Giant lease. In light of the Giant lease termination and its potential impact on the scope of the development plans for the Rotunda site, management proposed further revisions to the scope of the Rotunda development project. On July 24, 2012, the Board approved the revisions to the scope of the project, thereby further reducing the complexity and projected cost of the project. As a result of the Board's decision to move forward with the revised development plans, an additional $2.2 million of certain deferred project costs relating to planning and feasibility costs included in CIP were no longer deemed to have any utility, and were also written-off in the 3rd Quarter of Fiscal 2012.

At Westridge Square, a major tenant, Giant, elected not to extend its lease beyond October 31, 2011, and vacated its space at the center during May 2011. Since Giant vacated its space at Westridge Square, FREIT has been endeavoring to re-lease the space to a new tenant or tenants that would enhance the shopping experience at Westridge Square. However, no rent has been generated from the space since November 1, 2011. This vacancy has adversely affected Westridge Square's operating results, resulting in revenue reductions for the Westridge Square property of approximately 26% for Fiscal 2012. The impact on FREIT's per share earnings for Fiscal 2012 is approximately $0.09 per share. On July 27, 2012, FREIT signed a lease agreement with G-Mart Frederick, Inc. ("G-Mart") for a significant portion (40,000 square feet) of the space previously occupied by Giant. G-Mart manages an international grocery store chain, and the operation of a G-Mart International Foods store at Westridge Square is expected to complement other retailers in the center and be a welcome addition to the surrounding neighborhood. FREIT expects to incur leasing costs and tenant improvement costs associated with the lease to G-Mart. We anticipate that G-Mart will begin operating at the center during the 1st calendar quarter of 2013. Approximately 15,000 square feet of space previously occupied by Giant remains vacant.

On May 2, 2012, FREIT's Board authorized management to pursue the sale of its South Brunswick, NJ property. The decision to sell this property 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. However, it is still not possible for management to estimate when a sale of the South Brunswick property will occur, and therefore, it is classified as held for use as of October 31, 2012.

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. As of October 31, 2012, approximately 80% of the space at the Damascus Center is leased or under letters-of-intent, and 72% of the space is occupied.

DEVELOPMENT ACTIVITIES

The modernization and expansion project at the Damascus Center was completed in November 2011. Total construction costs, inclusive of tenant improvement costs, approximated $22.7 million. The redevelopment resulted in 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 completed as of 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. As of October 31, 2012, Damascus Centre, LLC drew down $15.0 million of this loan to cover construction costs. 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. As of October 31, 2012, approximately 80% of the space at the Damascus Center is leased or under letters-of-intent, and 72% of the space is occupied. On December 26, 2012, Damascus Centre, LLC refinanced its construction loan with a long-term financing provided by People's United Bank. The amount of the new loan is $25 million, of which $20 million has been drawn. The balance, up to an additional $5 million, will be available as a one-time draw over the next 36 month period, and the amount available will depend on future leasing at the shopping center. The new loan bears a floating interest rate equal to 210 basis points over the BBA LIBOR, and the loan will mature on January 3, 2023 (See Liquidity and Capital Resources for more detail).

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 original building plans incorporated 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 were expected to approximate $200 million. As of October 31, 2012, approximately $8.0 million has been incurred for planning and feasibility studies, of which $3.7 million was written-off in Fiscal 2012 as a result of revisions to the scope of the redevelopment project (see discussion under Commercial Segment above). Due to the difficult economic environment, FREIT placed the Rotunda redevelopment activity on hold during the fourth quarter of Fiscal 2008. During Fiscal 2012, the original plans for the Rotunda redevelopment project were revised, primarily attributable to the Giant lease termination and related termination agreement. (See discussion under Commercial Segment above.) As a result, we will not be required to construct a lower level Giant supermarket as part of the redevelopment plans at the Rotunda, which represented a costly component to the project. In addition, the Giant lease contained significant restrictions on Grande's ability to make modifications to the property. This development clears the way for Grande to move forward with the redevelopment planning for this property.

In light of the Giant lease termination and its potential impact on the scope of the development plans for the Rotunda site, management proposed further revisions to the scope of the Rotunda development project. On July 24, 2012, the Board approved the revisions to the scope of the project, thereby further reducing the complexity and projected cost of the project. The capital investment related to the revised redevelopment plans at the Rotunda is estimated at approximately $100 million, which is a significant reduction from the $200 million estimated for the original development plans. We expect financing for the Rotunda expansion will be, for the most part, from mortgage financing. Due to the revised scope of the development and the improved economic and financing climate, FREIT intends to resume the redevelopment of the Rotunda as revised.

RESIDENTIAL SEGMENT

FREIT operates nine (8) multi-family apartment communities totaling 996 apartment units. As indicated in the table above, total rental revenue from FREIT's residential segment for Fiscal 2012 reflected an increase of 2.2% over Fiscal 2011. The increase in total revenue for Fiscal 2012 is primarily attributable to higher base rental income at many of our residential properties. NOI for Fiscal 2012 decreased 1.5% from Fiscal 2011. The primary reasons for the decrease in NOI were higher real estate taxes at our residential properties for the current year, and a $235,000 insurance recovery relating to storm damages incurred and expensed during Fiscal 2011 at FREIT's Pierre Towers apartment complex. The insurance recovery has been recorded as an offset within operating expenses. The increases in real estate taxes along with last year's insurance recovery, more than offset the positive increase in rental revenue for Fiscal 2012. Average occupancy for Fiscal 2012 remained relatively level with occupancy levels for Fiscal 2011.

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 2012 and Fiscal 2011 period were $1,643 and $1,613, 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 $196,000 and $187,000, respectively.

On August 29, 2012, FREIT closed on its contract for the sale of the Heights Manor Apartments in Spring Lake Heights, NJ and recognized a gain of $9.5 million from the sale ($7.5 million after-tax). In addition, FREIT was required to pay off the related mortgage loan on the Heights Manor property in the amount of approximately $2.8 million from the proceeds of the sale. In compliance with current accounting guidance, the gain on the sale, as well as the earnings of the Heights Manor operation are classified as discontinued operations in the accompanying income statements for all periods presented.

FREIT continues to pursue the sale of the Palisades Manor Apartments, in Palisades Park, NJ, and the Grandview Apartments in Hasbrouck 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, 2012.

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, parking structure restoration, and air conditioning system replacement) are underway at The Pierre. We have substantially completed modernizing, where required, all apartments and some of the building's mechanical services. The remaining apartments will be renovated as they become temporarily vacant at an estimated cost of $1 - $1.5 million. The parking structure restoration project at The Pierre is expected to be completed within the next year, at a cost of approximately $600,000. In addition, we are in the planning stages of a major project to replace the current air conditioning system at The Pierre, which is expected to be completed within the next 2 years, at an estimated cost of $1.5 million. These costs are being financed from operating cash flow and cash reserves. Through October 31, 2012, approximately $5.3 million was expended at The Pierre for these capital improvements, of which approximately $698,000 related to Fiscal 2012.

FINANCING COSTS
Financing costs are summarized as follows:

	Years Ended October 31,	
	2012	2011
	($ in thousands)	
Fixed rate mortgages:		
1st Mortgages		
Existing	$ 9,436	$ 9,592
2nd Mortgages		
Existing	150	156
Variable rate mortgages:		
Acquisition loan-Rotunda	779	775
Construction loan-Damascus	397	163
Other	574	461
	11,336	11,147
Amortization of Mortgage Costs	368	305
Financing costs expensed	$ 11,704	$ 11,452

Total financing costs for Fiscal 2012 increased 2.2%, as compared to Fiscal 2011. The primary reason for the increase was an increase in the interest rate for the Damascus construction loan.

INVESTMENT INCOME
Investment income for Fiscal 2012 increased 71.3% to $173,000, as compared to the comparable prior year's period. The primary reason for the significant increase in investment income for the current year was the recognition of interest income related to the discounting of the Giant lease termination fee at the Rotunda. (See Commercial Segment disclosure above.) 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, LLC, 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).

GENERAL AND ADMINISTRATIVE EXPENSES ("G & A")
During Fiscal 2012, G & A was $1,624,000, as compared to $1,543,000 for the prior year's period. The primary components of G&A are accounting fees, legal & professional fees and Trustees' fees. The increase for Fiscal 2012 was primarily attributable to increases in Trustee fees, legal and professional fees, and an increase in office expenses.

DEPRECIATION
Depreciation expense for Fiscal 2012 was $6,186,000, as compared to $6,070,000 for the prior year's period. The increase was primarily attributable to the Damascus Center redevelopment project becoming operational, in addition to current renovation and capitalized tenant improvements becoming operational in Fiscal 2012.

Results of Operations:

Fiscal Years Ended October 31, 2011 and 2010

Summary revenues and net income for Fiscal 2011 and for the fiscal year ended 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	**$ 24,334**	$ 24,923	$ (589)
Residential properties	**18,712**	18,192	520
Total real estate revenues	**43,046**	43,115	(69)
Operating expenses:			
Real estate operations	**17,652**	18,158	(506)
General and administrative	**1,543**	1,567	(24)
Depreciation	**6,070**	5,996	74
Total operating expenses	**25,265**	25,721	(456)
Operating income	**17,781**	17,394	387
Investment income	**101**	122	(21)
Financing costs	**(11,452)**	(13,608)	2,156
Income from continuing operations	**6,430**	3,908	2,522
Income from discontinued operation	**283**	223	60
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:			
Continuing operations	**$ 0.73**	$ 0.61	$ 0.12
Discontinued operations	**0.04**	0.03	0.01
Net income attributable to common equity	**$ 0.77**	$ 0.64	$ 0.13
Weighted average shares outstanding:			
Basic	6,942	6,942	

Total real estate revenue for Fiscal 2011 increased slightly to $43,046,000 compared to $43,115,000 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	**$ 14,773**	$ 15,221	$ (448)
Residential properties	**10,621**	9,736	885
Total income from real estate operations	**25,394**	24,957	437
Financing costs:			
Fixed rate mortgages	**(10,053)**	(12,264)	2,211
Floating rate - Rotunda & Damascus	**(938)**	(961)	23
Corporate interest	**(461)**	(383)	(78)
Total financing costs	**(11,452)**	(13,608)	2,156
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	**(6,070)**	(5,996)	(74)
Income from continuing operations	**6,430**	3,908	2,522
Income from discontinued operation	**283**	223	60
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 related to continuing operations 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%*	$18,398	$17,949	$ 449	*2.5%*	$36,958	$36,583
Reimbursements	5,374	5,923	(549)	*-9.3%*	—	—	—		5,374	5,923
Other	183	156	27	*17.3%*	314	243	71	*29.2%*	497	399
Total revenue	24,117	24,713	(596)	*-2.4%*	18,712	18,192	520	*2.9%*	42,829	42,905
Operating expenses	9,561	9,702	(141)	*-1.5%*	8,091	8,456	(365)	*-4.3%*	17,652	18,158

Net operating income	$14,556	$15,011	$ (455)	*-3.0%*	$10,621	$ 9,736	$ 885	*9.1%*	25,177	24,747
Average Occupancy %	*89.6% (1)*	*89.8%*		*-0.2%*	*95.3%*	*94.6%*		*0.7%*		

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	(6,070)	(5,996)
Financing costs	(11,452)	(13,608)
Income from continuing operations	6,430	3,908
Income from discontinued operation	283	223
Net income	6,713	4,131
Net loss (income) 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 1,132,000 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.

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 2.9% and 9.1%, 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 0.7% 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 $1,613 and $1,587, 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 $192,000 and $183,000, 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	2010
	($ in thousands)	
Fixed rate mortgages:		
1st Mortgages		
Existing	$ 8,499	$ 11,195 (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
	11,147	13,284
Amortization of Mortgage Costs	305	324
Financing costs expensed	$ 11,452	$ 13,608

(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 15.8%, 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 LLC, 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 $6,070,000, as compared to $5,996,000 for the prior year's period. The increase was primarily attributable to current renovation and capitalized tenant improvements becoming operational in Fiscal 2011.

LIQUIDITY AND CAPITAL RESOURCES

Our financial condition remains strong. Net cash provided by operating activities was $13.1 million for Fiscal 2012 compared to $14.8 million for Fiscal 2011. We expect that cash provided by net operating income will be adequate to cover mandatory debt service payments (excluding balloon payments), recurring capital improvements and dividends necessary to retain qualification as a REIT (90% of taxable income).

Included in cash provided by investing activities for Fiscal 2012 is approximately $9.9 million in net proceeds related to the sale of FREIT's Heights Manor Apartments. (See discussion under Residential Segment.)

As at October 31, 2012, we had cash and marketable securities totaling $10.6 million compared to $6.3 million at October 31, 2011.

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. Total construction and development costs were funded, in part, from a $21.3 million (as modified) construction loan facility, of which approximately $15 million was drawn and advances by FREIT in the approximate aggregate amount of $3.2 million. The construction loan, including the exercise of a one twelve (12) month extension option, was scheduled to mature on February 12, 2013. On December 26, 2012, Damascus Centre, LLC refinanced the construction loan with long-term financing provided by People's United Bank. The amount of the new loan is for $25 million of which $20 million has been drawn. The balance, up to an additional $5 million, will be available as a one-time draw over the next 36 month period, and the amount available will depend on future leasing at the shopping center. The new loan will mature on January 3, 2023. The loan bears a floating interest rate equal to 210 basis points over the BBA LIBOR. In order to minimize interest rate volatility during the term of the loan, Damascus Centre, LLC entered into an interest rate swap agreement that in effect, converted the floating interest rate to a fixed interest rate of 3.81% over the term of the loan. The interest rate swap is considered a derivative financial instrument that will be used only to reduce interest rate risk, and not held or used for trading purposes.

We are planning a major expansion at The Rotunda in Baltimore, MD. During Fiscal 2008, we substantially completed the planning and feasibility studies and expended approximately $8.0 million during this phase. Due to the difficult economic environment, that redevelopment activity was placed on hold by FREIT during the fourth quarter of Fiscal 2008. During Fiscal 2012, the original plans for the Rotunda redevelopment project were revised, primarily attributable to the Giant lease termination and related termination agreement. As a result, we will not be required to construct a lower level Giant supermarket as part of the redevelopment project at the Rotunda, which represented a costly component to the project. In addition, the Giant lease contained significant restrictions on Grande Rotunda, LLC's ability to make modifications to the property. This development clears the way for Grande Rotunda, LLC to move forward with the redevelopment planning for this property. In light of the Giant lease termination and its potential impact on the scope of the development plans for the Rotunda site, management proposed further revisions to the scope of the Rotunda development project. On July 24, 2012, the Board approved the revisions to the scope of the project, thereby further reducing the complexity and projected cost of the project. The capital investment related to the revised redevelopment plan at the Rotunda is estimated at approximately $100 million, which is a significant reduction from the $200 million estimated for the original development plans. As a result of the Giant lease termination and the resulting change in project scope, and the Board's decision to move forward with the revised development plans, $3.7 million of certain deferred project costs relating to planning and feasibility costs included in CIP were no longer deemed to have any utility, and were written-off in Fiscal 2012. We expect financing for the Rotunda expansion will be, for the most part, from mortgage financing.

As at October 31, 2012, FREIT's aggregate outstanding mortgage debt was $200.4 million. This debt bears a weighted average interest rate of 5.37%. The mortgages, which have an average life of approximately 3.5 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	
2013	$	27.1*
2014	$	9.4
2016	$	24.5
2017	$	22.0
2018	$	5.0
2019	$	45.2
2021	$	19.1
2022	$	14.4

* Exclusive of $15.0 million related to the October 31, 2012 balance of the Damascus construction loan, due February 2013. On December 26, 2012, Damascus Centre, LLC refinanced its $15.0 million construction loan with a new mortgage loan. The amount of the new loan is $20 million and matures on January 3, 2023.

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. It is the Company's intent to negotiate another one year extension of this loan, which would extend the loan until February 1, 2014. This extension may require an additional principal payment in an amount necessary to reduce the loan to achieve a stipulated debt service coverage ratio. 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. In order to meet the bank's annual debt service coverage ratio requirement, a principal payment of $110,000 was made in February 2012. 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, 2012 and 2011:

(In Millions)	October 31, 2012	October 31, 2011
Fair Value	$ 213.2	$ 213.9
Carrying Value	$ 200.4	$ 203.3

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 $8.4 million, and a 1% decrease would increase the fair value by $8.9 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 on July 29, 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 3.5%. As of October 31, 2012, $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. Since these properties are being used as collateral for the $18 million line of credit, their ultimate sale would reduce FREIT's line of credit with Provident Bank to $13 million. FREIT's total contractual obligations under its mortgage loan and construction contracts are as follows:

CONTRACTUAL OBLIGATIONS
(in thousands of dollars)

		Within	*2 - 3*	*4 - 5*	*After 5*
	Total	*One Year*	*Years*	*Years*	*Years*
Long-Term Debt					
Annual Amortization	**$ 18,700**	$ 2,966	$ 5,548	$ 4,688	$ 5,498
Balloon Payments	**166,670**	27,054	9,374	46,546	83,696
Total Long-Term Debt	**185,370**	30,020	14,922	51,234	89,194
Construction Loan (a)	**15,050**	15,050	—	—	—

Total Contractual Obligations	**$**	**200,420**	$	45,070	$	14,922	$	51,234	$	89,194

(a) Represents draws on construction loan related to Damascus Center redevelopment project. On December 26, 2012, the construction loan was refinanced with a new long-term mortgage loan. The amount of the new loan is $20 million at a floating interest rate equal to 210 basis points over BBA LIBOR. The new loan will mature on January 3, 2023.

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,		
	2012	2011	2010
	($ in thousands, except per share amounts)		
Net income	$ 11,996	$ 6,713	$ 4,131
Depreciation	6,186	6,070	5,996
Amortization of deferred leasing costs	291	282	284
Deferred rents (Straight lining)	(17)	(242)	(240)
Amortization of acquired leases	2	25	30
Under market lease amortization re:Giant lease termination	(1,344)	—	—
Project abandonment costs	3,726	—	—
Discontinued operation	(253)	(283)	(223)
Gain on sale of discontinued operation, net of tax	(7,528)	—	—
Capital Improvements - Apartments	(723)	(433)	(334)
Distributions from operations to noncontrolling interests	(834)	(1,267)	(1,022)*
FFO	$ 11,502	$ 10,865	$ 8,622
Per Share - Basic	*$ 1.66*	*$ 1.57*	*$ 1.24*
Weighted Average Shares Outstanding:			
Basic	6,942	6,942	6,942

* 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 other than capital gains dividends, which are subject to capital gains rates. FREIT's policy is to pass on at least 90% of its ordinary taxable income to shareholders. FREIT's taxable income is untaxed at the trust level to the extent distributed to shareholders. FREIT's dividends of ordinary taxable income will be taxed as ordinary income to its shareholders and FREIT's capital gains dividends will be taxed as capital gains to its shareholders.

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,		
	2012	2011	2010
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	$ 0.20	$ 0.30	$ 0.30
Total For Year	**$ 1.10**	**$ 1.20**	**$ 1.20**

Fiscal Year	Per Share	(In thousands of dollars) Total Dividends	Ordinary Income	Capital Gain Income	Taxable Income	Dividends as a % of Taxable Income
2012	$ 1.10	$ 7,637	$ 2,939	$ 9,493	$ 12,432	61.4%
2011	$ 1.20	$ 8,330	$ 6,153	$ —	$ 6,153	135.4%
2010	$ 1.20	$ 8,331	$ 5,128	$ —	$ 5,128	162.5%

As indicated in the table above, FREIT realized capital gain income of $9.5 million in Fiscal 2012, which relates to the sale of its Heights Manor Apartments in Fiscal 2012. FREIT distributed as dividends to its shareholders approximately $5 million of the capital gain. The remaining $4.5 million capital gain was undistributed.

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, 2012. EisnerAmper LLP, FREIT’s independent registered public accounting firm for Fiscal 2012, 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 2012. 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 2012 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

We have audited First Real Estate Investment Trust of New Jersey and Subsidiaries' ("FREIT") internal control over financial reporting as of October 31, 2012, 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 the effectiveness of 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, 2012, 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 financial statements and financial statement schedule of FREIT as of and for the year ended October 31, 2012, and our report dated January 14, 2013 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ EisnerAmper LLP
New York, New York

January 14, 2013

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 2013.

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 2013.

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 2013.

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 2013.

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 2013.

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 14, 2013

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 14, 2013
/s/ Donald W. Barney Donald W. Barney	President, Treasurer, Chief Financial Officer (Principal Financial / Accounting Officer) and Trustee	January 14, 2013
/s/ Herbert C. Klein Herbert C. Klein	Trustee	January 14, 2013
/s/ Ronald J. Artinian Ronald J. Artinian	Trustee	January 14, 2013
/s/ Alan L. Aufzien Alan L. Aufzien	Trustee	January 14, 2013
/s/ Robert S. Hekemian, Jr. Robert S. Hekemian, Jr.	Trustee	January 14, 2013
/s/ David F. McBride David F. McBride	Trustee	January 14, 2013

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of First Real Estate Investment Trust of New Jersey and Subsidiaries ("FREIT") as of October 31, 2012 and 2011, and the related consolidated statements of income, equity and cash flows for each of the years in the three-year period ended October 31, 2012. Our audits also included the financial statement schedule listed in the index at item 15(c). These financial statements and schedule are the responsibility of FREIT's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of First Real Estate Investment Trust of New Jersey and Subsidiaries as of October 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the years in the three-year period ended October 31, 2012 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth 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, 2012, 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 14, 2013 expressed an unqualified opinion thereon.

/s/ EisnerAmper LLP
New York, New York

January 14, 2013

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

	October 31, 2012	October 31, 2011
	(In Thousands of Dollars)	
ASSETS		
Real estate, at cost, net of accumulated depreciation	$ 207,982	$ 211,393
Construction in progress	6,102	8,768
Cash and cash equivalents	10,610	6,317
Tenants' security accounts	1,659	1,860
Receivables arising from straight-lining of rents	4,272	4,255
Accounts receivable, net of allowance for doubtful accounts	2,675	1,029
Secured loans receivable	3,323	3,323
Prepaid expenses and other assets	3,464	3,501
Acquired over market leases and in-place lease costs	60	388
Deferred charges, net	2,153	2,386
Total Assets	$ 242,300	$ 243,220
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable	$ 200,420	$ 203,275
Deferred trustee compensation plan	6,712	5,667
Accounts payable and accrued expenses, including taxes payable of $1,965 at October 31, 2012	4,136	4,000
Dividends payable	1,389	2,083
Tenants' security deposits	2,325	2,509
Deferred revenue and acquired below market value leases	1,143	3,036
Total Liabilities	216,125	220,570
Commitments and contingencies (Note 6)		
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	(6,270)	(9,984)
Total Common Equity	17,564	13,850
Noncontrolling interests in subsidiaries	8,611	8,800
Total Equity	26,175	22,650
Total Liabilities and Equity	$ 242,300	$ 243,220

See Notes to Consolidated Financial Statements.

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

	Years Ended October 31,		
	2012	2011	2010
	(In Thousands of Dollars, Except Per Share Amounts)		
Revenue:			
Rental income	$ 36,877	$ 37,175	$ 36,793
Reimbursements	4,843	5,374	5,923
Income relating to early lease termination	2,950	—	—
Sundry income	804	497	399
	45,474	43,046	43,115
Expenses:			
Operating expenses	10,250	10,475	11,302
Management fees	1,885	1,900	1,895
Real estate taxes	7,681	6,820	6,528
Depreciation	6,186	6,070	5,996
Deferred project cost write-off	3,726	—	—
	29,728	25,265	25,721
Operating income	15,746	17,781	17,394
Investment income	173	101	122
Interest expense including amortization of deferred financing costs, and in 2010 a prepayment penalty of $2.1 million	(11,704)	(11,452)	(13,608)
Income from continuing operations	4,215	6,430	3,908
Income from discontinued operations	253	283	223
Gain on sale of discontinued operations (net of tax of $1,965)	7,528	—	—
Net income	11,996	6,713	4,131
Net (income) loss attributable to noncontrolling interest in subsidiaries	(645)	(1,335)	280
Net income attributable to common equity	$ 11,351	$ 5,378	$ 4,411
Earnings per share - basic:			
Continuing operations	$ 0.52	$ 0.73	$ 0.61
Discontinued operations	1.12	0.04	0.03
Net income attributable to common equity	$ 1.64	$ 0.77	$ 0.64
Weighted average shares outstanding-basic	6,942	6,942	6,942
Amounts attributable to common equity:			
Income from continuing operations	$ 3,570	$ 5,095	$ 4,188
Income related to discontinued operations	7,781	283	223
Net income attributable to common equity	$ 11,351	$ 5,378	$ 4,411

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, 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
Distributions to noncontrolling interests				—	(834)	(834)
Net income			11,351	11,351	645	11,996
Dividends declared ($1.10 per share)			(7,637)	(7,637)		(7,637)
Balance at October 31, 2012	$ 24,969	$ (1,135)	$ (6,270)	$ 17,564	$ 8,611	$ 26,175

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,		
	2012	2011	2010
	(In Thousands of Dollars)		
Operating activities:			
Net income	$ 11,996	$ 6,713	$ 4,131
Adjustments to reconcile net income to net cash provided by operating activities (including discontinued operations):			
Depreciation	6,215	6,109	6,053
Amortization	669	592	613
Net amortization of acquired leases	2	25	30
Income from early lease termination	(2,950)	—	—
Deferred project cost write-off	3,726	—	—
Gain on sale of discontinued operation, net of tax	(7,528)	—	—
Changes in operating assets and liabilities:			
Tenants' security accounts	201	145	142
Accounts and straight-line rents receivable, prepaid expenses and other assets	(324)	296	(1,657)
Accounts payable, accrued expenses, accrued taxes and deferred trustee compensation plan	1,541	1,299	720
Tenants' security deposits	(184)	(159)	(179)
Deferred revenue	(239)	(219)	338
Net cash provided by operating activities	13,125	14,801	10,191
Investing activities:			
Capital improvements - existing properties	(2,114)	(1,343)	(1,855)
Construction and pre-development costs	(3,999)(a)	(2,781)(b)	(1,828)
Proceeds from sale of discontinued operation	9,908	—	—
Redemption of US Treasury Bills	—	—	4,549
Net cash provided by (used in) investing activities	3,795	(4,124)	866
Financing activities:			
Repayment of mortgages	(6,337)	(3,066)	(21,319)
Proceeds from mortgages and construction loans	3,085	1,574	23,500
Deferred financing costs	(210)	(40)	(507)
Dividends paid	(8,331)	(8,330)	(8,331)
Distributions from operations to noncontrolling interests	(834)	(1,267)	(1,022)
Distributions from loan refinancing to noncontrolling interests	—	—	(3,360)
Net cash used in financing activities	(12,627)	(11,129)	(11,039)
Net increase (decrease) in cash and cash equivalents	4,293	(452)	18
Cash and cash equivalents, beginning of year	6,317	6,769	6,751
Cash and cash equivalents, end of year	$ 10,610	$ 6,317	$ 6,769
Supplemental disclosure of cash flow data:			
Interest paid. Included in interest for fiscal 2010 is $2,105 in prepayment penalties related to early extinguishment of debt.	$ 10,526	$ 10,721	$ 12,943
Income taxes paid	$ —	$ 2	$ —
Supplemental schedule of non cash activities:			
Investing activities:			
Accrued capital expenditures, construction costs, pre-development costs and interest	$ 747	$ 2,651	$ 40
Financing activities:			
Dividends declared but not paid	$ 1,389	$ 2,083	$ 2,083

(a) Includes $2,256 that was incurred and accrued in fiscal 2011; paid in fiscal 2012.

(b) Includes $1,000 that was incurred and accrued in fiscal 2009; paid in fiscal 2011.

See Notes to Consolidated Financial Statements.

FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES
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 for fiscal years and interim periods within those years beginning on or after June 15, 2012. The adoption of this guidance is not expected to have any 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 for fiscal years and interim periods within those years beginning after December 15, 2011. The adoption of this guidance is not expected to have any 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.

- 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.

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. Subsequently, in accordance with the revised standard, future losses were attributed to the non-controlling members. Effective June 1, 2007, the Westwood Hills operating agreement was amended to require the non-controlling members to restore their negative capital accounts.

Principles of consolidation:

The consolidated financial statements include the accounts of FREIT and the following subsidiaries in which FREIT has a controlling financial interest, including two LLCs in which FREIT is the managing member with a 40% ownership interest:

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 other 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, 2012, 2011 and 2010, 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 $368,000, $305,000 and $324,000 in 2012, 2011 and 2010, 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 $127,000, $110,000 and $148,000 in 2012, 2011 and 2010, respectively.

Stock-based compensation:

FREIT has a stock-based employee compensation plan that was approved by the Board of Trustees, and ratified by FREIT's shareholders. Stock based awards under the plan are accounted for based on their grant-date fair value. (See Note 10.)

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).

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, 2012, 2011 and 2010 was equivalent to net income attributable to common equity.

Reclassifications:

Certain revenue and expense accounts in the 2011 and 2010 consolidated financial statements and footnotes related to property sold in Fiscal 2012 have been reclassified to discontinued operations to conform to the 2012 presentation. (See Note 3.)

Note 2 – Planned asset dispositions:

On July 7, 2010, FREIT's Board of Trustees ("Board") 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. As a result, FREIT halted its efforts to sell Westridge and will reconsider its decision to market Westridge for sale when the space is re-leased. On July 27, 2012, FREIT signed a lease agreement with G-Mart Frederick, Inc. ("G-Mart") for the leasing of a significant portion of the space vacated by Giant (40,000 square feet). FREIT expects to incur tenant improvement costs associated with the lease to G-Mart. FREIT anticipates that G-Mart will begin its operations at the center sometime in the 1st calendar quarter of 2013. No decision has been made as of the filing date of this report, to resume FREIT's efforts to market the Westridge Square property for sale.

On June 3, 2011, FREIT's Board 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. On August 29, 2012, the Heights Manor property was sold (See Note 3 for more details). However, it is still not possible for management to estimate when a sale of the other two properties will occur, and therefore, the Grandview and Palisades Manor properties are classified as held for use as of October 31, 2012.

On May 2, 2012, FREIT's Board authorized management to pursue the sale of its South Brunswick, NJ property. The decision to sell this property 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. However, as management is unable to estimate when a sale of the South Brunswick property will occur, it is classified as held for use as of October 31, 2012.

Note 3 – Discontinued operations:

On August 29, 2012, FREIT sold its Heights Manor Apartments in Spring Lake Heights, New Jersey and recognized a gain of $9.5 million from the sale ($7.5 million after-tax, see Note 9). In addition, FREIT paid off the related mortgage loan on the Heights Manor property in the amount of approximately $2.8 million from the proceeds of the sale. In compliance with current accounting guidance, the gain on the sale, as well as the earnings of the Heights Manor operation are classified as discontinued operations in the accompanying income statements for all periods presented. Revenue attributable to discontinued operations was $853,000, $1,011,000 and $938,000 for Fiscal 2012, 2011 and 2010, respectively.

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Note 4 - Real estate and equipment:

Real estate and equipment consists of the following:

	Range of Estimated Useful Lives	October 31, 2012	October 31, 2011
		(In Thousands of Dollars)	
Land		$ 76,637	$ 76,745
Unimproved land		874	865
Apartment buildings	7-40 years	81,784	82,275
Commercial buildings/shopping centers	15-50 years	115,492	113,707
Equipment/Furniture	3-15 years	2,814	2,777
		277,601	276,369
Less accumulated depreciation		69,619	64,976
Totals		$ 207,982	$ 211,393

Note 5 – Mortgages, notes payable and credit line:

	October 31, 2012	October 31, 2011
	(In Thousands of Dollars)	
Frederick, MD (A)	$ 22,000	$ 22,000
Rockaway, NJ (B)	18,828	19,197
Westwood, NJ (C)	8,032	8,307
Spring Lake Heights, NJ (D)	—	2,911
Patchogue, NY (E)	5,623	5,713
Wayne, NJ (F)	19,248	19,501
River Edge, NJ (G):		
First mortgage	4,098	4,235
Second mortgage	1,557	1,617
Maywood, NJ (H):		
First mortgage	2,974	3,073
Second mortgage	1,105	1,147
Westwood, NJ (I)	22,774	23,144
Wayne, NJ (J)	27,697	28,482
Hackensack, NJ (K)	32,364	32,901
Total fixed rate mortgage loans	166,300	172,228
Baltimore, MD (L)	19,070	19,290
Damascus, MD - Construction Loan (M)	15,050	11,757
Total mortgages and notes payable	$ 200,420	$ 203,275

(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 $17,432,000 as of October 31, 2012.

(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 $17,922,000 as of October 31, 2012.

(C) Payable in monthly installments of $73,248 including interest at 7.38% through February 2013 at which time the outstanding balance is due. FREIT is in the process of refinancing the mortgage loan with another lending institution.

The amount of the new loan is estimated to be $22.8 million at a rate and terms to be determined. The mortgage is secured by a retail building in Westwood, New Jersey having a net book value of approximately $8,969,000 as of October 31, 2012.

(D) Payable in monthly installments of $23,875 including interest at 6.70% through December 2013 at which time the outstanding balance was due. The mortgage was secured by an apartment building in Spring Lake Heights, New Jersey, which was sold on August 29, 2012. A portion of the proceeds from the sale were used to pay-off the $2.8 million outstanding balance plus accrued interest and fees.

(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). FREIT has renegotiated the interest rate on this loan to a fixed rate of 4.5% from January 1, 2013 until maturity at March 1, 2018. The mortgage is secured by a retail building in Patchogue, New York having a net book value of approximately $7,599,000 as of October 31, 2012.

(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 $1,552,000 as of October 31, 2012.

(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 $1,021,000 as of October 31, 2012.

(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 $675,000 as of October 31, 2012.

(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 $10,898,000 as of October 31, 2012.

(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 $28,184,000 as of October 31, 2012.

(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 $41,377,000 as of October 31, 2012.

(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. In order to meet the bank's annual debt service coverage ratio requirement, a principal payment of $110,000 was made on the loan in February 2012. 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. 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 $36,489,000 as of October 31, 2012. 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. It is the Company's intent to negotiate another one year extension of this loan, which would extend the loan until February 1, 2014. This extension may require an additional principal payment in an amount necessary to reduce the loan to achieve a stipulated debt service coverage ratio.

(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 which was exercised. 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, 2012, $15.0 million of this loan, which includes accrued interest, was drawn down to cover construction costs, and all construction was completed as of this date. Additional tenant fit-up costs are expected, once the new space is leased and occupied. 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. On December 26, 2012, Damascus Centre, LLC refinanced its construction loan with long-term financing provided by People's United Bank. The amount of the new loan is $25 million, of which $20 million has been drawn. The balance, up to an additional $5 million, will be available as a one-time draw over the next 36 month period, and the amount available will depend on future leasing at the shopping center. The new loan bears a floating interest rate equal to 210 basis points over the BBA LIBOR and the loan will mature on January 3, 2023. The shopping center securing the loan has a net book value of approximately $30,073,000 as of October 31, 2012.

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, 2012 and 2011:

($ in Millions)	October 31, 2012	October 31, 2011
Fair Value	$ 213.2	$ 213.9
Carrying Value	$ 200.4	$ 203.3

Fair values are estimated based on market interest rates at October 31, 2012 and October 31, 2011 and on discounted cash flow analysis. Changes in assumptions or estimation methods may significantly affect these fair value estimates. The fair value, which is based on observable inputs, has been characterized as level 2 in the fair value hierarchy as provided by authoritative guidance.

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, 2012 are as follows:

Year Ending October 31,	Amount
2013	$ 30,020*
2014	$ 12,086
2015	$ 2,836
2016	$ 27,118
2017	$ 24,116

** Exclusive of $15.0 million related to the October 31, 2012 balance of the Damascus construction loan, due February 2013. On December 26, 2012, Damascus Centre, LLC refinanced its $15.0 million construction loan with a new mortgage loan. The amount of the new loan is $20 million and matures on January 3, 2023.*

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 On July 29, 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 3.5%. As of October 31, 2012, $18 million is available under the line of credit, and no amount is outstanding.

FREIT's Board 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. Provident Bank indicated that the ultimate sale of these properties would reduce FREIT's line of credit to $13 million.

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, 2012.

Note 6 - Commitments and contingencies:

Leases:

Commercial tenants:

FREIT leases commercial space having a net book value of approximately $139 million at October 31, 2012 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, 2012 is as follows:

Year Ending October 31,		Amount
2013	$	16,715
2014		15,313
2015		13,857
2016		12,395
2017		9,386
Thereafter		38,397
Total	$	106,063

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, 2012 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.

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 and redevelopment activities:

The modernization and expansion project at the Damascus Center was completed in November 2011. Total construction costs, inclusive of tenant improvement costs, approximated $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, with the final phase being completed in November 2011. 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.

Included in the accompanying consolidated balance sheets at October 31, 2012 and 2011, are $4.7 million and $8.1 million, respectively, of construction in progress related to 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. On July 24, 2012, the Board approved the revisions to the scope of the project, thereby further reducing the complexity and projected cost of the project. (See Note 7 for more details.) However, no date has been determined for the commencement of construction at the Rotunda project. 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 7 - Giant lease termination; Rotunda project cost write-off:

On February 3, 2012, Grande Rotunda, LLC ("Grande"), a 60% owned affiliate of FREIT, entered into a lease termination agreement ("Agreement") with Giant of Maryland LLC ("Giant"), the tenant and operator of the 35,994 sq. ft. Giant supermarket at Grande's Rotunda property located in Baltimore, Maryland. Giant, under the terms of the Agreement, agreed to (i) waive its right to extend the term of the lease through March 31, 2035, (ii) terminate the lease and surrender the premises to Grande no later than the earlier of commencement of the redevelopment of the property or March 31, 2015, and (iii) notwithstanding any earlier termination date, continue to pay monthly fixed rent payments plus its share of common area maintenance charges and taxes for the Rotunda property through March 31, 2015. Grande has agreed (i) not to lease more than 20,000 sq. ft. of any space in the property for use as a food supermarket through March 31, 2035, and (ii) if Grande decides to lease such space for use as a food supermarket, it must first offer the space for the same use under the terms acceptable to Grande, to Giant, which will have thirty days to accept the offer before the space may be leased to a third party. As a result of the Giant lease termination and the terms of the Agreement, Grande will not be required to construct a lower level Giant supermarket as part of the redevelopment project at the Rotunda, which represented a costly component to the project. In addition, the Giant lease contained significant restrictions on Grande's ability to make modifications to the property. This development clears the way for Grande to move forward with the redevelopment planning for this property. As a result of Giant terminating its lease and vacating its space at the Grande Rotunda shopping center, the results for Fiscal 2012, include income of $2.95 million relating to the Giant early lease termination, offset by a $1.49 million deferred project cost write-off relating to a change in the future development plans for the Rotunda shopping center, specifically the impact that the Giant portion of the project had on the design fees incurred to date and included in Construction in Progress ("CIP"). The early lease termination fee is comprised of the net present value of the monthly rent in accordance with the terms of the terminated lease, projected common area maintenance charges and real estate taxes from April 1, 2012 through March 31, 2015. In addition, included in the $2.95 million lease termination fee are the write-off of balances in Below Market Value Acquisition Costs, and In-Place Lease Costs relating to the Giant lease.

In light of the Giant lease termination and its potential impact on the scope of the development plans for the Rotunda site, management proposed further revisions to the scope of the Rotunda development project. On July 24, 2012, the Board approved the revisions to the scope of the project, thereby further reducing the complexity and projected cost of the project. As a result of the Board's decision to move forward with the revised development plans, an additional $2.2 million of certain deferred project costs relating to planning and feasibility costs included in CIP were no longer deemed to have any utility, and were written-off in Fiscal 2012.

Note 8 - 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 $1,792,000, $1,802,000 and $1,791,000 in 2012, 2011 and 2010, respectively. In addition, the management agreement provides for the payment to Hekemian of leasing commissions, sales commissions, as well as the reimbursement of operating expenses incurred on behalf of FREIT. Such fees amounted to approximately $718,000, $326,000 and $352,000 in 2012, 2011 and 2010, respectively. Included in the fees paid to Hekemian in Fiscal 2012 is a payment of $316,500, which represents the sales commission paid to Hekemian relating to the sale of the Heights Manor property.

Total Hekemian management fees outstanding at October 31, 2012 and 2011 were $145,000 and $145,000, respectively, and included in Accounts Payable on the accompanying Consolidated Balance Sheets. 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 $122,000, $97,000 and $102,000 in fiscal 2012, 2011 and 2010, 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 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, 2012 and 2011was $3,323,000. The accrued but unpaid interest related to these notes for Fiscal 2012 and Fiscal 2011 amounted to approximately $401,000 and $310,000, respectively, and is included in Accounts Receivable on the accompanying Consolidated Balance Sheets. On May 8, 2008, FREIT's Board 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 ("Board") approved development fee arrangements for the Rotunda and Damascus Center redevelopment projects. 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 $84.6 million (as may be modified, and less the amount of $3 million previously paid to Hekemian for the Rotunda project). In addition, the Board approved the payment of a fee to Resources in the amount of $1.4 million, subject to the revision to the scope of the Rotunda development project. The fee will be paid to Resources upon the following terms: (i) $500,000 of the $1.4 million will be paid on a monthly basis during the design phase; and (ii) $900,000 of the $1.4 million will be paid upon the issuance of a certificate of occupancy for the multi-family portion of the project. 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). In Fiscal 2011 and Fiscal 2010, FREIT paid $1,236,190 and $1,000,000, respectively, to Resources, relating to fees incurred in Fiscal 2009; $2,000,000 for development activities at the Rotunda, and $236,190 for development activities at the Damascus Center. All such fees were capitalized. 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 2012, 2011 and 2010 was approximately $546,000, $494,000 and $455,000, respectively, for Robert S. Hekemian, and $43,000, $36,000 and $34,000, respectively, for Robert S. Hekemian, Jr. The members of the Hekemian family have majority management control of these entities. Development and acquisition fees and commissions charged to FREIT for various mortgage refinancings, amounted to approximately $0, $0 and $118,000 in Fiscal 2012, 2011 and 2010, respectively.

Note 9 – Income taxes:

FREIT distributed as dividends to its shareholders 100% of its ordinary taxable income for each of the fiscal years ended October 31, 2012, 2011 and 2010. In addition, FREIT distributed approximately $5 million of the $9.5 million capital gain realized in Fiscal 2012 from the sale of its Heights Manor Apartments (see Note 3). Accordingly, no provision for federal or state income taxes related to such ordinary and capital gain income was recorded on the Company's financial statements. Since FREIT does not intend to distribute to its shareholders the remaining $4.5 million of capital gain realized on the Heights Manor sale, FREIT provided approximately $1.5 million federal and $400,000 state income taxes on such undistributed gain, which has been charged to discontinued operations in the fiscal year ended October 31, 2012.

Note 10- 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, 2012, 466,000 shares are available for issuance under the Plan.

During Fiscal 2012, 2011 and 2010, no options or other stock awards were granted under the Plan. There were no options outstanding at October 31, 2012 and October 31, 2011, since all previously granted options expired in September 2008 or were exercised prior to that date.

Note 11- 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, 2012, 2011 and 2010 was $1,092,000, $978,000, and $911,000, respectively. As of October 31, 2012 and 2011, approximately $4,244,000 and $3,749,000, respectively, of fees have been deferred together with accrued interest of approximately $2,468,000 and $1,918,000, respectively.

Note 12- 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 are comprised of ten and eight properties, respectively, during the three fiscal years ended October 31, 2012, 2011 and 2010, exclusive of the residential property sold in Fiscal 2012 which has been classified as a discontinued operation.

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.

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 attributable to common equity for each of the years in the three-year period ended October 31, 2012. Asset information is not reported since FREIT does not use this measure to assess performance.

	October 31, 2012	October 31, 2011	October 31, 2010
	(In Thousands of Dollars)		
Real estate rental revenue:			
Commercial	$ 23,383	$ 24,117	$ 24,713
Residential	19,126	18,712	18,192
Totals	42,509	42,829	42,905
Real estate operating expenses:			
Commercial	9,526	9,561	9,702
Residential	8,666	8,091	8,456
Totals	18,192	17,652	18,158
Net operating income:			
Commercial	13,857	14,556	15,011
Residential	10,460	10,621	9,736
Totals	$ 24,317	$ 25,177	$ 24,747
Recurring capital improvements-residential	$ 723	$ 433	$ 334
Reconciliation to consolidated net income-common equity:			
Segment NOI	$ 24,317	$ 25,177	$ 24,747
Deferred rents - straight lining	17	242	240
Amortization of acquired above and below market value leases	(2)	(25)	(30)
Net investment income	173	101	122
General and administrative expenses	(1,624)	(1,543)	(1,567)
Depreciation	(6,186)	(6,070)	(5,996)
Deferred project cost write-off, net of income relating to early lease termination	(776)	—	—
Financing costs	(11,704)	(11,452)	(13,608)*
Income from continuing operations	4,215	6,430	3,908
Income from discontinued operation	253	283	223
Gain on sale of discontinued operation, net of tax	7,528	—	—
Net income	11,996	6,713	4,131
Net (income) loss attributable to noncontrolling interests in subsidiaries	(645)	(1,335)	280
Net income attributable to common equity	$ 11,351	$ 5,378	$ 4,411

** Includes $2.1 million in prepayment penalties relating to the early debt extinguishment.*

Note 13- Dividends and earnings per share:

FREIT declared dividends of $7,637,000 ($1.10 per share), $8,330,000 ($1.20 per share) and $8,331,000 ($1.20 per share) to shareholders of record during Fiscal 2012, 2011 and 2010, respectively.

Basic earnings per share is calculated by dividing net income attributable to common equity 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 outstanding options or other dilutive securities, only basic earnings per share is presented for the fiscal years ended October 31, 2012, 2011 and 2010.

Note 14- Subsequent events:

On December 26, 2012, Damascus Centre, LLC ("Damascus") refinanced its $15.0 million construction loan with a new long-term mortgage loan with People's United Bank. The amount of the new loan is $25 million, of which $20 million has been drawn. The balance, up to an additional $5 million, will be available as a one-time draw over the next 36 month period, and the amount available will depend on future leasing at the shopping center. The loan bears a floating interest rate equal to 210 basis points over the BBA LIBOR and the loan will mature on January 3, 2023. In order to minimize interest rate volatility during the term of the loan, Damascus entered into an interest rate swap agreement with People's United Bank. In effect, the interest rate swap will convert the floating interest rate on the loan to a fixed interest rate over the term of the loan. The interest rate swap is considered a derivative financial instrument that will be used only to reduce interest rate risk, and not held or used for trading purposes.

FREIT renegotiated the interest rate on its Patchogue loan from a fixed rate of 6.125% to a fixed rate of 4.5%. The new rate will take effect on January 1, 2013. The loan will mature on March 1, 2018.

FREIT is in the process of refinancing its Westwood Plaza $8.0 million mortgage loan with a $22 million loan.

Note 15- Selected quarterly financial data (unaudited):

The following summary represents the results of operations for each quarter for the years ended October 31, 2012 and 2011 (in thousands, except per share amounts):

2012:

	Quarter Ended			
	January 31,	**April 30,**	**July 31,**	**October 31,**
Revenue	$ 10,820	$ 13,510 (a)	$ 10,668	$ 10,476
Expenses	9,335	10,818 (b)	11,682 (b)	9,424
Income from continuing operations	1,485	2,692	(1,014)	1,052
Income from discontinued operations	77	75	123	7,506 (c)
Net income	1,562	2,767	(891)	8,558
Net income attributable to noncontrolling interest in subsidiaries	(369)	(824)	668	(120)
Net income attributable to common equity	$ 1,193	$ 1,943	$ (223)	$ 8,438
Basic earnings per share:				
Continuing operations	$ 0.16	$ 0.27 (a),(b)	$ (0.05)(b)	$ 0.14
Discontinued operations	0.01	0.01	0.02	1.08 (c)
Net income attributable to common equity	$ 0.17	$ 0.28	$ (0.03)	$ 1.22
Dividends per share	$ 0.30	$ 0.30	$ 0.30	$ 0.20

(a) Includes income related to early lease termination of $2,950 ($0.42 per share)
(b) Includes deferred project cost write-off of $1,490 ($0.21 per share), and $2,236 ($0.32 per share) in the quarters ended April 30, and July 31, respectively.
(c) Includes gain on sale of discontinued operation, net of tax, of $7,528 ($1.08 per share)

2011:

	Quarter Ended			
	January 31,	**April 30,**	**July 31,**	**October 31,**
Revenue	$ 10,610	$ 10,726	$ 10,679	$ 11,031
Expenses	9,313	9,103	8,919	9,281
Income from continuing operations	1,297	1,623	1,760	1,750
Income from discontinued operations	63	70	74	76
Net income	1,360	1,693	1,834	1,826

Net income attributable to noncontrolling interest in subsidiaries	(341)	(373)	(329)	(292)
Net income attributable to common equity	$ 1,019	$ 1,320	$ 1,505	$ 1,534
Basic earnings per share:				
Continuing operations	$ 0.13	$ 0.18	$ 0.21	$ 0.21
Discontinued operations	0.01	0.01	0.01	0.01
Net income attributable to common equity	$ 0.14	$ 0.19	$ 0.22	$ 0.22
Dividends per share	$ 0.30	$ 0.30	$ 0.30	$ 0.30

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

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FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES

SCHEDULE XI - REAL ESTATE AND ACCUMULATED DEPRECIATION
October 31, 2012
(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
Description	Encum-brances	Land	Buildings and Improvements	Land	Improve-ments	Carrying Costs	Land	Buildings and Improvements	Total (1)	Accumulate Depreciatio
Residential Properties:										
Grandview Apts., Hasbrouck Heights, NJ	—	$ 22	$ 180	$ —	$ 350		$ 22	$ 530	$ 552	$ 43
Hammel Gardens, Maywood, NJ	$ 4,079	312	728	—	1,106		312	1,834	2,146	1,47
Palisades Manor, Palisades Park, NJ	—	12	81	—	160		12	241	253	18
Steuben Arms, River Edge, NJ	5,655	364	1,773	1	1,429		365	3,202	3,567	2,54
Berdan Court, Wayne, NJ	19,248	250	2,206	—	3,767		250	5,973	6,223	4,67
Westwood Hills, Westwood, NJ	22,774	3,849	11,546	—	2,341		3,849	13,887	17,736	6,83
Pierre Towers, Hackensack, NJ	32,364	8,390	37,486	19	5,311		8,409	42,797	51,206	9,82
Boulders - Rockaway, NJ	18,828	1,683		3,335	16,196		5,018	16,196	21,214	3,29
Retail Properties:										
Damascus Shopping Center, Damascus, MD	15,050	2,950	6,987	6,296	16,197		9,246	23,184	32,430	2,35
Franklin Crossing, Franklin Lakes, NJ	—	29		3,382	7,804		3,411	7,804	11,215	3,25
Glen Rock, NJ	—	12	36	—	213		12	249	261	18
Pathmark Super Center, Patchogue, NY	5,623	2,128	8,818	—	(21)		2,128	8,797	10,925	3,32
Westridge Square S/C, Frederick, MD	22,000	9,135	19,159	(1)	2,754		9,134	21,913	31,047	13,61
Westwood Plaza, Westwood, NJ	8,032	6,889	6,416	—	2,458		6,889	8,874	15,763	6,79
Preakness S/C, Wayne, NJ	27,697	9,280	24,217	—	1,491		9,280	25,708	34,988	7,09
The Rotunda, Baltimore, MD	19,070	16,263	14,634	232	8,916		16,495	23,550	40,045	3,55
Land Leased:										
Rockaway, NJ		114		51	—		165		165	-
Rochelle Park, NJ		1,640	905	—	—		1,640	905	2,545	17
Vacant Land:				`						
Franklin Lakes, NJ		224		(156)	—		68		68	-
Wayne, NJ		286			—		286		286	-
South Brunswick, NJ		80		988	—		1,068*		1,068	-
	$ 200,420	$63,912	$ 135,172	$14,147	$ 70,472	$ —	$78,059	$ 205,644	$283,703	$ 69,61

* 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 $38.7 million, $35.2 million and $30.5 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:

	2012	2011	2010
Real estate:			
Balance, Beginning of year	$ 285,137	$ 279,418	$ 276,869
Additions:			
Buildings and improvements	4,267	5,719	2,549
Deferred project cost write-off	(3,726)	—	—
Sale of discontinued operation	(1,975)	—	—
Adjustments/Deletions - buildings & improvements	—	—	—
Balance, end of year	$ 283,703	$ 285,137	$ 279,418
Accumulated depreciation:			
Balance, beginning of year	$ 64,976	$ 58,913	$ 52,892
Additions - Charged to operating expenses	6,215	6,109	6,053
Sale of discontinued operation	(1,561)	—	—
Adjustments/Deletions	(11)	(46)	(32)
Balance, end of year	$ 69,619	$ 64,976	$ 58,913

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, 2012, 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 on Form S-8 (No. 333-79555 and No. 333-142675) of our reports dated January 14, 2013, on our audits of the consolidated financial statements as of October 31, 2012 and 2011 and for each of the years in the three-year period ended October 31, 2012, the financial statement schedule listed in index item 15(c), and the effectiveness of internal control over financial reporting as of October 31, 2012, which reports are included in this Annual Report on Form 10-K.

/s/ EisnerAmper LLP
New York, New York
January 14, 2013

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 14, 2013

/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 14, 2013

/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, 2012 (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 14, 2013

/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, 2012 (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 14, 2013

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

Mortgages, notes payable and credit line (Details 2) (USD $) In Thousands, unless otherwise specified	Oct. 31, 2012	
Year Ending October 31,		
2013	$ 30,020	[1]
2014	12,086	
2015	2,836	
2016	27,118	
2017	$ 24,116	

[1] Exclusive of $15.0 million related to the October 31, 2012 balance of the Damascus construction loan, due February 2013. On December 26, 2012, Damascus Centre, LLC refinanced its $15.0 million construction loan with a new mortgage loan. The amount of the new loan is $20 million and matures on January 3, 2023.

Segment information (Details) (USD $) In Thousands, unless otherwise specified	3 Months Ended								12 Months Ended		
	Oct. 31, 2012	Jul. 31, 2012	Apr. 30, 2012	Jan. 31, 2012	Oct. 31, 2011	Jul. 31, 2011	Apr. 30, 2011	Jan. 31, 2011	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010
Segment Reporting Information [Line Items]											
Real estate rental revenue									$ 36,877	$ 37,175	$ 36,793
Real estate operating expenses	9,424	11,682 [1]	10,818 [1]	9,335	9,281	8,919	9,103	9,313	29,728	25,265	25,721
Net operating income									15,746	17,781	17,394
Recurring capital improvements									2,114	1,343	1,855
Amortization of acquired above and below market value leases									2	25	30
Investment income									173	101	122
Depreciation									6,186	6,070	5,996
Deferred project cost write-off, net of income relating to early lease termination									3,726		
Interest expense including amortization of deferred financing costs, and in 2010 a prepayment penalty of $2.1 million									(11,704)	(11,452)	(13,608)
Income from continuing operations	1,052	(1,014)	2,692	1,485	1,750	1,760	1,623	1,297	4,215	6,430	3,908
Income from discontinued operations	7,506 [2]	123	75	77	76	74	70	63	253	283	223
Gain on sale of discontinued operations (net of tax of $1,965)									7,528		
Net income	8,558	(891)	2,767	1,562	1,826	1,834	1,693	1,360	11,996	6,713	4,131
Net (income) loss attributable to noncontrolling interests in subsidiaries	(120)	668	(824)	(369)	(292)	(329)	(373)	(341)	(645)	(1,335)	280
Net income attributable to common equity	8,438	(223)	1,943	1,193	1,534	1,505	1,320	1,019	11,351	5,378	4,411
Commercial											
Segment Reporting Information [Line Items]											
Real estate rental revenue									23,383	24,117	24,713
Real estate operating expenses									9,526	9,561	9,702
Net operating income									13,857	14,556	15,011
Residential											

Segment Reporting Information [Line Items]			
Real estate rental revenue	19,126	18,172	18,192
Real estate operating expenses	8,666	8,091	8,456
Net operating income	10,460	10,621	9,736
Recurring capital improvements	723	433	334
Total Reportable Segments			
Segment Reporting Information [Line Items]			
Real estate rental revenue	42,509	42,829	42,905
Real estate operating expenses	18,192	17,652	18,158
Net operating income	24,317	25,177	24,747
Deferred rents - straight lining	(17)	(242)	(240)
Amortization of acquired above and below market value leases	2	25	30
Investment income	173	101	122
General and administrative expenses	1,624	1,543	1,567
Depreciation	6,186	6,070	5,996
Deferred project cost write-off, net of income relating to early lease termination	776		
Interest expense including amortization of deferred financing costs, and in 2010 a prepayment penalty of $2.1 million	(11,704)	(11,452)	(13,608)
Income from continuing operations	4,215	6,430	3,908
Income from discontinued operations	253	283	223
Gain on sale of discontinued operations (net of tax of $1,965)	7,528		
Net income	11,996	6,713	4,131
Net (income) loss attributable to noncontrolling interests in subsidiaries	(645)	(1,335)	280
Net income attributable to common equity	$ 11,351	$ 5,378	$ 4,411

[1] (b) Includes deferred project cost write-off of $1,490 ($0.21 per share), and $2,236 ($0.32 per share) in the quarters ended April 30, and July 31, respectively.

[2] (c) Includes gain on sale of discontinued operation, net of tax, of $7,528 ($1.08 per share)

Equity incentive plan (Details Narrative) (Equity Incentive Plan, USD $)	12 Months Ended		
	Oct. 31, 1999	Oct. 31, 2012	Sep. 10, 1998
Equity Incentive Plan			
Shares authorized to be issued under plan			920,000
Increase in number of authorized shares	920,000		
Shares available for issuance		466,000	
Shares issued upon ratification of the plan	754,000		
Fair value of options granted	$ 7.50		

Organization and Summary Significant Accounting Policies (Details Narrative) (USD $)	12 Months Ended			
	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010	Oct. 31, 2009
Accounting Policies [Abstract]				
Advertising costs	$ 127,000	$ 110,000	$ 148,000	
Managing member, ownership interest (percentage)	40.00%			
Amortization of mortgage costs and leasing commissions	368,000	305,000	324,000	
FDIC insured limits - cash	250,000			
Minority members capital deficit	$ 8,611,000	$ 8,800,000		$ (2,900,000)

Organization and Summary Significant Accounting Policies (Policies)	12 Months Ended
	Oct. 31, 2012

Accounting Policies [Abstract]

Adopted and recently issued accounting standards:

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 for fiscal years and interim periods within those years beginning on or after June 15, 2012. The adoption of this guidance is not expected to have any 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 for fiscal years and interim periods within those years beginning after December 15, 2011. The adoption of this guidance is not expected to have any 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.

- 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. Subsequently, in accordance with the revised standard, future losses were attributed to the non-controlling members. In the year ended October 31, 2011, the Westwood Hills operating agreement was amended to require the non-controlling members to restore their negative capital accounts.

Principles of consolidation:

Principles of consolidation:

The consolidated financial statements include the accounts of FREIT and the following subsidiaries in which FREIT has a controlling financial interest, including two LLCs in which FREIT is the managing member with a 40% ownership interest:

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:

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:

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:

Real estate development costs:

It is FREIT' s policy to capitalize pre-development costs, which generally include legal and other 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:

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 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, 2012, 2011 and 2010, there were no impairments of long-lived assets.

Deferred charges:

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 $368,000, $305,000 and $324,000 in 2012, 2011 and 2010, respectively. Deferred leasing commissions are amortized on the straight-line method over the terms of the applicable leases.

Revenue recognition:

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:

Advertising:

FREIT expenses the cost of advertising and promotions as incurred. Advertising costs charged to operations amounted to approximately $127,000, $110,000 and $148,000 in 2012, 2011 and 2010, respectively.

Stock-based compensation:

Stock-based compensation:

FREIT has a stock-based employee compensation plan that was approved by the Board of Trustees, and ratified by FREIT' s shareholders. Stock based awards under the plan are accounted for based on their grant-date fair value.(See Note 10.)

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).

Acquired over market and below market value leases and in-place leases

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:

Comprehensive income for the fiscal years ended October 31, 2012, 2011 and 2010 was equivalent to net income attributable to common equity.

Reclassifications:

Reclassifications:

Certain revenue and expense accounts in the 2011 and 2010 consolidated financial statements and schedules related to property sold in Fiscal 2012 have been reclassified to discontinued operations to conform to the 2012 presentation. (See Note 3.)

Subsequent events (Details Narrative) (USD $)	Oct. 31, 2012	Oct. 31, 2011	12 Months Ended Oct. 31, 2012 Patchogue, NY	Jan. 01, 2013 Patchogue, NY	2 Months Ended Dec. 31, 2012 Westwood, NJ	12 Months Ended Oct. 31, 2012 Westwood, NJ	2 Months Ended Dec. 31, 2012 Damascus Centre, LLC
Mortgages and notes payable	$ 200,420,000	$ 203,275,000					$ 20,000,000
Interest rate				4.50%			
Basis points of loan							2.10%
Maturity date			Mar. 01, 2018				Jan. 03, 2023
Refinanced amount					$ 22,000,000	$ 22,800,000	

Commitments and contigencies (Details Narrative) (USD $) In Thousands, unless otherwise specified	12 Months Ended	
	Oct. 31, 2012	Oct. 31, 2011
Commercial space leases, net book value	$ 139,000	
Lease terms for tenants, periods	25 years	
Total construction costs, including tenant improvements	277,601	276,369
Westwood Plaza Shopping Center		
Flood insurance, amount per incident	500	
Damascus Center		
Total construction costs, including tenant improvements	22,700	
Retail space, area (sq ft)	140,000	
Retail space, area after expansion (sq ft)	150,000	
Anchored retail space, area (sq ft)	58,000	
Damascus Center | Construction Loan Facility		
Construction loan facility	21,300	
Rotunda Redevelopment Project		
Construction in progress	$ 4,700	$ 8,100

Mortgages, notes payable and credit line (Details) (USD $) In Thousands, unless otherwise specified	Oct. 31, 2012	Oct. 31, 2011	Feb. 01, 2010
Fixed rate mortgage loans	$ 166,300	$ 172,228	
Mortgages and notes payable	200,420	203,275	
Construction Loan Facility			
Mortgages and notes payable	15,050	11,757	
Frederick, MD			
Fixed rate mortgage loans	22,000	22,000	
Rockaway, NJ			
Fixed rate mortgage loans	18,828	19,197	
Westwood, NJ			
Fixed rate mortgage loans	8,032	8,307	
Spring Lake Heights, NJ			
Fixed rate mortgage loans		2,911	
Patchogue, NY			
Fixed rate mortgage loans	5,623	5,713	
Wayne, NJ			
Fixed rate mortgage loans	19,248	19,501	
River Edge, NJ First Mortgage			
Fixed rate mortgage loans	4,098	4,235	
River Edge, NJ Second Mortgage			
Fixed rate mortgage loans	1,557	1,617	
Maywood, NJ First Mortgage			
Fixed rate mortgage loans	2,974	3,073	
Maywood, NJ Second Mortgage			
Fixed rate mortgage loans	1,105	1,147	
Mortgages7Member			
Fixed rate mortgage loans	22,774	23,144	
Mortgages8Member			
Fixed rate mortgage loans	27,697	28,482	
Hackensack, NJ			
Fixed rate mortgage loans	32,364	32,901	
Baltimore, MD			
Mortgages and notes payable	$ 19,070	$ 19,290	$ 19,500

Deferred fee plan (Details Narrative) (Deferred Fee Plan, USD $)	12 Months Ended		
	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010
Deferred Fee Plan			
Trustee fee expense	$ 1,092,000	$ 978,000	$ 911,000
Deferred trustee fee expense	4,244,000	3,749,000	
Deferred accrued interest	$ 2,468,000	$ 1,918,000	

CONSOLIDATED STATEMENTS OF CASH FLOWS (Parenthetical) (USD $) In Thousands, unless otherwise specified	12 Months Ended Oct. 31, 2010
Statement of Cash Flows [Abstract]	
Prepayment penalty	$ 2,105

Giant lease termination; Rotunda project cost write-off (Details Narrative) (USD $) In Thousands, unless otherwise specified	12 Months Ended					
	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010	Oct. 31, 2012 Lease termination agreement	Feb. 03, 2012 Lease termination agreement sqft	Apr. 15, 2011 Lease termination agreement sqft
Area of Giant Supermarket (in square feet)					35,994	55,330
Maximum ceiling on space that can be given on lease for use as a food supermarket (in square feet)					20,000	
Gain on early lease termination	$ 2,950			$ 2,950		
Deferred project cost write-off	3,726			1,490		
Lease termination fee				$ 2,950		

Commitments and contigencies (Tables)	12 Months Ended Oct. 31, 2012
Commitments and Contingencies Disclosure [Abstract]	
Schedule of minimum rental income to be received from non-cancelable operating leases	

Year Ending October 31,	Amount
2013	$ 16,715
2014	15,313
2015	13,857
2016	12,395
2017	9,386
Thereafter	38,397
Total	$ 106,063

Mortgages, notes payable and credit line (Tables)

12 Months Ended Oct. 31, 2012

Debt Disclosure [Abstract]

Schedule of debt

	October 31, 2012	October 31, 2011
	(In Thousands of Dollars)	
Frederick, MD (A)	$ 22,000	$ 22,000
Rockaway, NJ (B)	18,828	19,197
Westwood, NJ (C)	8,032	8,307
Spring Lake Heights, NJ (D)	–	2,911
Patchogue, NY (E)	5,623	5,713
Wayne, NJ (F)	19,248	19,501
River Edge, NJ (G):		
First mortgage	4,098	4,235
Second mortgage	1,557	1,617
Maywood, NJ (H):		
First mortgage	2,974	3,073
Second mortgage	1,105	1,147
Westwood, NJ (I)	22,774	23,144
Wayne, NJ (J)	27,697	28,482
Hackensack, NJ (K)	32,364	32,901
Total fixed rate mortgage loans	166,300	172,228
Baltimore, MD (L)	19,070	19,290
Damascus, MD - Construction Loan (M)	15,050	11,757
Total mortgages and notes payable	$ 200,420	$ 203,275

Schedule of estimated fair value and carrying 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, 2012 and 2011:

($ in Millions)	October 31, 2012	October 31, 2011
Fair Value	$ 213.2	$ 213.9
Carrying Value	$ 200.4	$ 203.3

Schedule of principal amounts of long-term debt

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, 2012 are as follows:

Year Ending October 31,	Amount
2013	$ 30,020*
2014	$ 12,086
2015	$ 2,836
2016	$ 27,118
2017	$ 24,116

** Exclusive of $15.0 million related to the October 31, 2012 balance of the Damascus construction loan, due February 2013. On December 26, 2012, Damascus Centre, LLC refinanced its $15.0 million construction loan with a new mortgage loan. The amount of the* *new loan is $20 million and matures on January 3, 2023.*

Management agreement with related party (Details Narrative) (USD $)	12 Months Ended												12 Months Ended										
	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010	Oct. 31, 2012 Grande Rotunda, LLC	Oct. 31, 2006 Damascus Centre, LLC	Oct. 31, 2012 Managing Agent "Hekemian"	Oct. 31, 2011 Managing Agent "Hekemian"	Oct. 31, 2010 Managing Agent "Hekemian"	Oct. 31, 2012 Managing Agent "Hekemian" Sales Commissions	Oct. 31, 2012 Resources - Rotunda Redevelopment Project	Oct. 31, 2011 Resources - Rotunda Redevelopment Project	Oct. 31, 2011 Resources	Oct. 31, 2012 Resources - Damascus Redevelopment Project	Oct. 31, 2011 Resources - Damascus Redevelopment Project	Oct. 31, 2012 Resources - South Brunswick Development Project	Oct. 31, 2011 Resources - South Brunswick Development Project	Oct. 31, 2010 Resources - South Brunswick Development Project	Oct. 31, 2012 Robert S. Hekemian	Oct. 31, 2011 Robert S. Hekemian	Oct. 31, 2010 Robert S. Hekemian	Oct. 31, 2012 Robert S. Hekemian, Jr.	Oct. 31, 2011 Robert S. Hekemian, Jr.	Oct. 31, 2010 Robert S. Hekemian, Jr.
Related Party Transaction [Line Items]																							
Asset management fees	$ 1,885,000	$ 1,900,000	$ 1,895,000			$ 1,792,000	$ 1,802,000	$ 1,791,000															
Leasing commissions and reimbursement of operating expenses						718,000	326,000	352,000															
Sales commission paid									316,500														
Insurance commissions paid						122,000	97,000	102,000															
Management fees outstanding						145,000	145,000																
Ownership percentage by noncontrolling interest				40.00%	30.00%																		
Sale of interest					3,224,000																		
Sale of interest, amount financed					1,451,000																		
Secured loans, outstanding principal						3,223,000	3,223,000																
Secured loans, accrued interest						401,000	310,000																
Secured loans, basis of interest rate						2.25%																	
Secured loans, description						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.																	
Development fee (as percentage)										6.375%													
Development costs, maximum amount										84,600,000													
Redevelopment fee (as percentage)													7.00%										
Redevelopment costs, maximum amount													17,300,000										
Fee amount										1,400,000													
Fee, monthly amount during design phase										500,000													
Fee, to be paid on issuance of certificate of occupancy										900,000													
Development fees paid										3,000,000	1,000,000	1,236,190		236,190									
Trustee fee expense																		546,000	494,000	455,000	43,000	36,000	34,000
Development and acquisition fees and commissions															$ 0	$ 0	$ 118,000						

Segment information (Tables)

Segment Information Tables

Schedule of segment and related information

12 Months Ended Oct. 31, 2012

	October 31, 2012	October 31, 2011	October 31, 2010
	(In Thousands of Dollars)		
Real estate rental revenue:			
Commercial	$ 23,383	$ 24,117	$ 24,713
Residential	19,126	18,712	18,192
Totals	42,509	42,829	42,905
Real estate operating expenses:			
Commercial	9,526	9,561	9,702
Residential	8,666	8,091	8,456
Totals	18,192	17,652	18,158
Net operating income:			
Commercial	13,857	14,556	15,011
Residential	10,460	10,621	9,736
Totals	$ 24,317	$ 25,177	$ 24,747
Recurring capital improvements-residential	$ 723	$ 433	$ 334
Reconciliation to consolidated net income-common equity:			
Segment NOI	$ 24,317	$ 25,177	$ 24,747
Deferred rents - straight lining	17	242	240
Amortization of acquired above and below market value leases	(2)	(25)	(30)
Net investment income	173	101	122
General and administrative expenses	(1,624)	(1,543)	(1,567)
Depreciation	(6,186)	(6,070)	(5,996)
Deferred project cost write-off, net of income relating to early lease termination	(776)	–	–
Financing costs	(11,704)	(11,452)	(13,608)*
Income from continuing operations	4,215	6,430	3,908
Income from discontinued operation	253	283	223
Gain on sale of discontinued operation, net of tax	7,528	–	–
Net income	11,996	6,713	4,131
Net (income) loss attributable to noncontrolling interests in subsidiaries	(645)	(1,335)	280
Net income attributable to common equity	$ 11,351	$ 5,378	$ 4,411

** Includes $2.1 million in prepayment penalties relating to the early debt extinguishment.*

Selected quarterly financial data (Tables)

12 Months Ended Oct. 31, 2012

Quarterly Financial Information Disclosure [Abstract]

Schedule of quarterly results of operation

The following summary represents the results of operations for each quarter for the years ended October 31, 2012 and 2011 (in thousands, except per share amounts):

2012:	Quarter Ended			
	January 31,	**April 30,**	**July 31,**	**October 31,**
Revenue	$ 10,820	$ 13,510 (a)	$ 10,668	$ 10,476
Expenses	9,335	10,818 (b)	11,682 (b)	9,424
Income from continuing operations	1,485	2,692	(1,014)	1,052
Income from discontinued operations	77	75	123	7,506 (c)
Net income	1,562	2,767	(891)	8,558
Net income attributable to noncontrolling interest in subsidiaries	(369)	(824)	668	(120)
Net income attributable to common equity	$ 1,193	$ 1,943	$ (223)	$ 8,438
Basic earnings per share:				
Continuing operations	$ 0.16	$ 0.27 (a),(b)	$ (0.05)(b)	$ 0.14
Discontinued operations	0.01	0.01	0.02	1.08 (c)
Net income attributable to common equity	$ 0.17	$ 0.28	$ (0.03)	$ 1.22
Dividends per share	$ 0.30	$ 0.30	$ 0.30	$ 0.20

(a) Includes income related to early lease termination of $2,950 ($0.42 per share)
(b) Includes deferred project cost write-off of $1,490 ($0.21 per share), and $2,236 ($0.32 per share) in the quarters ended April 30, and July 31, respectively.
(c) Includes gain on sale of discontinued operation, net of tax, of $7,528 ($1.08 per share)

2011:	Quarter Ended			
	January 31,	**April 30,**	**July 31,**	**October 31,**
Revenue	$ 10,610	$ 10,726	$ 10,679	$ 11,031

Expenses		9,313		9,103		8,919		9,281
Income from continuing operations		1,297		1,623		1,760		1,750
Income from discontinued operations		63		70		74		76
Net income		1,360		1,693		1,834		1,826
Net income attributable to noncontrolling interest in subsidiaries		(341)		(373)		(329)		(292)
Net income attributable to common equity	$	1,019	$	1,320	$	1,505	$	1,534
Basic earnings per share:								
Continuing operations	$	0.13	$	0.18	$	0.21	$	0.21
Discontinued operations		0.01		0.01		0.01		0.01
Net income attributable to common equity	$	0.14	$	0.19	$	0.22	$	0.22
Dividends per share	$	0.30	$	0.30	$	0.30	$	0.30

CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010
Operating activities:			
Net income	$ 11,996	$ 6,713	$ 4,131
Depreciation	6,215	6,109	6,053
Amortization	669	592	613
Net amortization of acquired leases	2	25	30
Income from early lease termination	(2,950)		
Deferred project cost write-off	3,726		
Gain on sale of discontinued operation, net of tax	(7,528)		
Changes in operating assets and liabilities:			
Tenants' security accounts	201	145	142
Accounts receivable and straight-line rents receivable, prepaid expenses and other assets	(324)	296	(1,657)
Accounts payable, accrued expenses and deferred trustee compensation	1,541	1,299	720
Tenants' security deposits	(184)	(159)	(179)
Deferred revenue	(239)	(219)	338
Net cash provided by operating activities	13,125	14,801	10,191
Investing activities:			
Capital improvements - existing properties	(2,114)	(1,343)	(1,855)
Construction and pre-development costs	(3,999) [1]	(2,781) [2]	(1,828)
Proceeds from sale of discontinued operation	9,908		
Redemption of US Treasury Bills			4,549
Net cash provided by (used in) investing activities	3,795	(4,124)	866
Financing activities:			
Repayment of mortgages	(6,337)	(3,066)	(21,319)
Proceeds from mortgages and construction loans	3,085	1,574	23,500
Deferred financing costs	(210)	(40)	(507)
Dividends paid	(8,331)	(8,330)	(8,331)
Distributions from operations to noncontrolling interests	(834)	(1,267)	(1,022)
Distributions from loan refinancing to noncontrolling interests			(3,360)
Net cash used in financing activities	(12,627)	(11,129)	(11,039)
Net increase (decrease) in cash and cash equivalents	4,293	(452)	18
Cash and cash equivalents, beginning of year	6,317	6,769	6,751
Cash and cash equivalents, end of period	10,610	6,317	6,769
Supplemental disclosure of cash flow data:			
Interest paid. Included in interest for fiscal 2010 is $2,105 in prepayment penalties related to early extinguishment of debt.	10,526	10,721	12,943
Income taxes paid		2	
Investing activities:			

Accrued capital expenditures, construction costs, pre-development costs and interest	747	2,651	40
Financing activities:			
Dividends declared but not paid	$ 1,389	$ 2,083	$ 2,083

[1] Includes $2,256 that was incurred and accrued in fiscal 2011; paid in fiscal 2012.

[2] Includes $1,000 incurred and accrued in fiscal 2009; paid in fiscal 2011.

Organization and Summary Significant Accounting Policies (Details)	**13 Months Ended** **Oct. 31, 2012**
S and A Commercial Associates Limited Partnership ("S and A")	
Ownership Percentage	65.00%
Year acquired/organized	2000
Westwood Hills, LLC	
Ownership Percentage	40.00%
Year acquired/organized	1994
Damascus Centre, LLC	
Ownership Percentage	70.00%
Year acquired/organized	2003
Damascus Second, LLC	
Ownership Percentage	70.00%
Year acquired/organized	2008
Wayne PSC, LLC	
Ownership Percentage	40.00%
Year acquired/organized	2002
Pierre Towers, LLC	
Ownership Percentage	100.00%
Year acquired/organized	2004
Grande Rotunda, LLC	
Ownership Percentage	60.00%
Year acquired/organized	2005
WestFREIT Corp	
Ownership Percentage	100.00%
Year acquired/organized	2007
WestFredic LLC	
Ownership Percentage	100.00%
Year acquired/organized	2007

Mortgages, notes payable and credit line (Details Narrative) (USD $)	12 Months Ended			12 Months Ended	2 Months Ended	12 Months Ended														1 Months Ended
	Oct. 31, 2012 Construction Loan Facility	Oct. 31, 2012 Provident Bank	Oct. 31, 2012 Frederick, MD	Oct. 31, 2012 Rockaway, NJ	Dec. 31, 2012 Westwood, NJ	Oct. 31, 2012 Westwood, NJ	Oct. 31, 2012 Spring Lake Heights, NJ	Oct. 31, 2012 Patchogue, NY	Oct. 31, 2012 Wayne, NJ	Oct. 31, 2012 River Edge, NJ First Mortgage	Oct. 31, 2012 River Edge, NJ Second Mortgage	Oct. 31, 2012 Maywood, NJ First Mortgage	Oct. 31, 2012 Maywood, NJ Second Mortgage	Oct. 31, 2012 Mortgages7Member	Oct. 31, 2012 Mortgages8Member	Oct. 31, 2012 Hackensack, NJ	Oct. 31, 2012 Baltimore, MD	Oct. 31, 2010 Baltimore, MD	Feb. 01, 2010 Baltimore, MD	Dec. 26, 2012 Construction Loan - People's United Bank
Stated interest rate			5.50%	5.37%		7.38%	6.70%	6.125%	6.09%	6.75%	5.53%	6.75%	5.53%	4.62%	6.04%	5.38%				
Weighted average interest rate														6.60%						
Interest rate, floor		3.75%															4.00%			
Basis points of loan	1.35%	1.75%															3.50%		1.50%	2.10%
Book value of property securing mortgage	$ 30,073,000		$ 17,432,000	$ 17,922,000		$ 8,969,000		$ 7,599,000	$ 1,552,000	$ 1,021,000	$ 1,021,000	$ 675,000	$ 675,000	$ 10,898,000	$ 28,184,000	$ 41,377,000	$ 36,489,000			
Monthly installment amount				11,585		73,248	23,875	36,457	121,100	34,862	12,318	25,295	8,739	120,752	206,960	191,197				
Monthly installment amount, interest only															161,067	152,994				
Monthly installment amount, principal only																	10,000			
Refinanced amount					22,000,000	22,800,000								23,500,000						
Refinanced amount, principal														15,400,000						
Principal payments																	110,000	3,000,000		
Original loan amount																			22,500,000	20,000,000
Guarantee of outstanding principal amount plus accrued interest (as percentage)	30.00%																35.00%			
Loss indemnification from affiliated entity (as percentage)	30.00%																40.00%			
Start date of the credit lline	Feb. 12, 2008																			
End date of the credit line		Jul. 29, 2014																		
Loan, maximum borrowing capacity	27,300,000	18,000,000																		25,000,000
Loan, current borrowing capacity	21,300,000	18,000,000																		
Line of credit, future borrowing capacity after collateral sale		13,000,000																		
Loan, remaining borrowing																				$ 5,000,000
Maturity date								Mar. 01, 2018												Jan. 03, 2023

CONSOLIDATED BALANCE SHEETS (USD $) In Thousands, unless otherwise specified	Oct. 31, 2012	Oct. 31, 2011
Statement of Financial Position [Abstract]		
Real estate, at cost, net of accumulated depreciation	$ 207,982	$ 211,393
Construction in progress	6,102	8,768
Cash and cash equivalents	10,610	6,317
Tenants' security accounts	1,659	1,860
Receivables arising from straight-lining of rents	4,272	4,255
Accounts receivable, net of allowance for doubtful accounts	2,675	1,029
Secured loans receivable	3,323	3,323
Prepaid expenses and other assets	3,464	3,501
Acquired over market leases and in-place lease costs	60	388
Deferred charges, net	2,153	2,386
Total Assets	242,300	243,220
Mortgages payable	200,420	203,275
Deferred trustee compensation plan	6,712	5,667
Accounts payable and accrued expenses, including taxes payable of $1,965 at October 31, 2012	4,136	4,000
Dividends payable	1,389	2,083
Tenants' security deposits	2,325	2,509
Deferred revenue and acquired below market value leases	1,143	3,036
Total Liabilities	216,125	220,570
Commitments and contingencies (Note 6)		
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	(6,270)	(9,984)
Total common equity	17,564	13,850
Noncontrolling interests in subsidiaries	8,611	8,800
Total equity	26,175	22,650
Total Liabilities and Equity	$ 242,300	$ 243,220

Income Taxes (Details Narrative) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010
Ordinary taxable income distributed as dividends (percentage)	100.00%	100.00%	100.00%
Capital gain realized from sale of Heights Manor apartments	$ 9,500		
Capital gain realized not distributed to shareholders	4,500		
Income taxes on discontinued operations	1,965		
Federal			
Income taxes on discontinued operations	1,500		
State			
Income taxes on discontinued operations	$ 400		

CONSOLIDATED STATEMENT OF EQUITY (USD $) In Thousands	Shares of Beneficial Interest	Treasury Stock	Dividends in Excess of Net Income	Total Common Equity	Noncontrolling Interests	Total
Balance, beginning at Oct. 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			(8,331)	(8,331)		(8,331)
Balance, ending at Oct. 31, 2010	24,969	(1,135)	(7,032)	16,802	8,732	25,534
Distributions to noncontrolling interests					(1,267)	(1,267)
Net income (loss)			5,378	5,378	(1,335)	6,713
Dividends declared			(8,330)	(8,330)		(8,330)
Balance, ending at Oct. 31, 2011	24,969	(1,135)	(9,984)	13,850	8,800	22,650
Distributions to noncontrolling interests					(834)	(834)
Net income (loss)			11,351	11,351	645	11,996
Dividends declared			(7,637)	(7,637)		(7,367)
Balance, ending at Oct. 31, 2012	$ 24,969	$ (1,135)	$ (6,270)	$ 17,564	$ 8,611	$ 26,175

Discontinued operations (Details Narrative) (USD $) In Thousands, unless otherwise specified	12 Months Ended		
	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010
Discontinued Operations Details Narrative			
Description of discontinued operations	On August 29, 2012, FREIT sold its Heights Manor Apartments in Spring Lake Heights, New Jersey. In compliance with current accounting guidance, the gain on the sale, as well as the earnings of the Heights Manor operation are classified as discontinued operations in the accompanying income statements for all periods presented.		
Net gain on sale of Heights Manor Apartments before tax	$ 9,500		
Net gain on sale of Heights Manor Apartments after tax	7,528		
Revenue from discontinued operations	853	1,011	938
Repayments of mortgage loan of discontinued operations	$ 2,800		

Divdends and earnings per share	**12 Months Ended Oct. 31, 2012**
Notes to Financial Statements	
Dividends and earnings per share	Note 13- Dividends and earnings per share: FREIT declared dividends of $7,637,000 ($1.10 per share), $8,330,000 ($1.20 per share) and $8,331,000 ($1.20 per share) to shareholders of record during Fiscal 2012, 2011 and 2010, respectively. Basic earnings per share is calculated by dividing net income attributable to common equity 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 outstanding options or other dilutive securities, only basic earnings per share is presented for the fiscal years ended October 31, 2012, 2011 and 2010.

Real estate and equipment (Details) (USD $) In Thousands, unless otherwise specified	Oct. 31, 2012	Oct. 31, 2011	12 Months Ended Oct. 31, 2012 Apartment Buildings Minimum	Oct. 31, 2012 Apartment Buildings Maximum	Oct. 31, 2012 Commercial Buildings/ Shopping Centers Minimum	Oct. 31, 2012 Commercial Buildings/ Shopping Centers Maximum	Oct. 31, 2012 Equipment/ Furniture Minimum	Oct. 31, 2012 Equipment/ Furniture Maximum
Land	$ 76,637	$ 76,745						
Unimproved land	874	865						
Apartment buildings	81,784	82,275						
Commercial buildings/shopping centers	115,492	113,707						
Equipment/Furniture	2,814	2,777						
[RealEstateInvestmentPropertyAtCost]	277,601	276,369						
Less accumulated depreciation	69,619	64,976						
Totals	$ 207,982	$ 211,393						
Estimated Useful Lives			7 years	40 years	15 years	50 years	3 years	15 years

Selected quarterly financial data (unaudited)	12 Months Ended Oct. 31, 2012
Quarterly Financial Information Disclosure [Abstract]	
Selected quarterly financial data (unaudited)	Note 15- Selected quarterly financial data (unaudited):

The following summary represents the results of operations for each quarter for the years ended October 31, 2012 and 2011 (in thousands, except per share amounts):

2012:	Quarter Ended			
	January 31,	**April 30,**	**July 31,**	**October 31,**
Revenue	$ 10,820	$ 13,510 (a)	$ 10,668	$ 10,476
Expenses	9,335	10,818 (b)	11,682 (b)	9,424
Income from continuing operations	1,485	2,692	(1,014)	1,052
Income from discontinued operations	77	75	123	7,506 (c)
Net income	1,562	2,767	(891)	8,558
Net income attributable to noncontrolling interest in subsidiaries	(369)	(824)	668	(120)
Net income attributable to common equity	$ 1,193	$ 1,943	$ (223)	$ 8,438
Basic earnings per share:				
Continuing operations	$ 0.16	$ 0.27 (a),(b)	$ (0.05)(b)	$ 0.14
Discontinued operations	0.01	0.01	0.02	1.08 (c)
Net income attributable to common equity	$ 0.17	$ 0.28	$ (0.03)	$ 1.22
Dividends per share	$ 0.30	$ 0.30	$ 0.30	$ 0.20

(a) Includes income related to early lease termination of $2,950 ($0.42 per share)
(b) Includes deferred project cost write-off of $1,490 ($0.21 per share), and $2,236 ($0.32 per share) in the quarters ended April 30, and July 31, respectively.
(c) Includes gain on sale of discontinued operation, net of tax, of $7,528 ($1.08 per share)

2011:	Quarter Ended			
	January 31,	**April 30,**	**July 31,**	**October 31,**

Revenue	$ 10,610	$ 10,726	$ 10,679	$ 11,031
Expenses	9,313	9,103	8,919	9,281
Income from continuing operations	1,297	1,623	1,760	1,750
Income from discontinued operations	63	70	74	76
Net income	1,360	1,693	1,834	1,826
Net income attributable to noncontrolling interest in subsidiaries	(341)	(373)	(329)	(292)
Net income attributable to common equity	$ 1,019	$ 1,320	$ 1,505	$ 1,534
Basic earnings per share:				
Continuing operations	$ 0.13	$ 0.18	$ 0.21	$ 0.21
Discontinued operations	0.01	0.01	0.01	0.01
Net income attributable to common equity	$ 0.14	$ 0.19	$ 0.22	$ 0.22
Dividends per share	$ 0.30	$ 0.30	$ 0.30	$ 0.30

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

CONSOLIDATED STATEMENT OF EQUITY (Parenthetical) (USD $)	3 Months Ended								12 Months Ended		
	Oct. 31, 2012	Jul. 31, 2012	Apr. 30, 2012	Jan. 31, 2012	Oct. 31, 2011	Jul. 31, 2011	Apr. 30, 2011	Jan. 31, 2011	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010
Statement of Stockholders' Equity [Abstract]											
Dividends declared per share	$ 0.20	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 1.10	$ 1.20	$ 1.20

CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD $) In Thousands, except Share data, unless otherwise specified	Oct. 31, 2012	Oct. 31, 2011
Statement of Financial Position [Abstract]		
Taxes payable	$ 1,965	
Shares of benefical interest, par value	$ 0	$ 0
Shares of benefical interest, authorized	8,000,000	8,000,000
Shares of benefical interest, issued	6,993,152	6,993,152
Treasury stock at cost, shares	51,009	51,009

Management agreement, fees and transactions with related party	**12 Months Ended**
	Oct. 31, 2012
Management Agreement Fees And Transactions With Related Party	
Management agreement, fees and transactions with related party	Note 8 - 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 $1,792,000, $1,802,000 and $1,791,000 in 2012, 2011 and 2010, respectively. In addition, the management agreement provides for the payment to Hekemian of leasing commissions, sales commissions, as well as the reimbursement of operating expenses incurred on behalf of FREIT. Such fees amounted to approximately $718,000, $326,000 and $352,000 in 2012, 2011 and 2010, respectively. Included in the fees paid to Hekemian in Fiscal 2012 is a payment of $316,500, which represents the sales commission paid to Hekemian relating to the sale of the Heights Manor property.

Total Hekemian management fees outstanding at October 31, 2012 and 2011 were $145,000 and $145,000, respectively, and included in Accounts Payable on the accompanying Consolidated Balance Sheets. 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 $122,000, $97,000 and $102,000 in fiscal 2012, 2011 and 2010, 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 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, 2012 and 2011was $3,323,000. The accrued but unpaid interest related to these notes for Fiscal 2012 and Fiscal 2011 amounted to approximately $401,000 and $310,000, respectively, and is included in Accounts Receivable on the accompanying Consolidated Balance Sheets. On May 8, 2008, FREIT' s Board 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 ("Board") approved development fee arrangements for the Rotunda and Damascus Center redevelopment projects. 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 $84.6 million (as may be modified, and less the amount of $3 million previously paid to Hekemian for the Rotunda project). In addition, the Board approved the payment of a fee to Resources in the amount of $1.4 million, subject to the revision to the scope of the Rotunda development project. The fee will be paid to Resources upon the following terms: (i) $500,000 of the $1.4 million will be paid on a monthly basis during the design phase; and (ii) $900,000 of the $1.4 million will be paid upon the issuance of a certificate of occupancy for the multi-family portion of the project. 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). In Fiscal 2011 and Fiscal 2010, FREIT paid $1,236,190 and $1,000,000, respectively, to Resources, relating to fees incurred in Fiscal 2009; $2,000,000 for development activities at the Rotunda, and $236,190 for development activities at the Damascus Center. All such fees were capitalized. 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 2012, 2011 and 2010 was approximately $546,000, $494,000 and $455,000, respectively, for Robert S. Hekemian, and $43,000, $36,000 and $34,000, respectively, for Robert S. Hekemian, Jr. The members of the Hekemian family have majority management control of these entities. Development and acquisition fees and commissions charged to FREIT for various mortgage refinancings, amounted to approximately $0, $0 and $118,000 in Fiscal 2012, 2011 and 2010, respectively.

Document and Entity Information (USD $)	12 Months Ended Oct. 31, 2012	Jan. 14, 2013	Apr. 30, 2012
Document And Entity Information			
Entity Registrant Name	FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY		
Entity Central Index Key	0000036840		
Document Type	10-K		
Document Fiscal Year Focus	2012		
Document Fiscal Period Focus	FY		
Document Period End Date	Oct. 31, 2012		
Amendment Flag	false		
Current Fiscal Year End Date	--10-31		
Is Entity a Well-known Seasoned Issuer?	No		
Is Entity a Voluntary Filer?	No		
Is Entity's Reporting Status Current?	Yes		
Entity Filer Category	Accelerated Filer		
Entity Public Float			$ 99,000,000
Entity Common Stock, Shares Outstanding		6,942,143	

Income Taxes	12 Months Ended Oct. 31, 2012
Income Tax Disclosure [Abstract]	
Income Taxes	Note 9 - Income taxes: FREIT distributed as dividends to its shareholders 100% of its ordinary taxable income for each of the fiscal years ended October 31, 2012, 2011 and 2010. In addition, FREIT distributed approximately $5 million of the $9.5 million capital gain realized in Fiscal 2012 from the sale of its Heights Manor Apartments (see Note 3). Accordingly, no provision for federal or state income taxes related to such ordinary and capital gain income was recorded on the Company' s financial statements. Since FREIT does not intend to distribute to its shareholders the remaining $4.5 million of capital gain realized on the Heights Manor sale, FREIT provided approximately $1.5 million federal and $400,000 state income taxes on such undistributed gain, which has been charged to discontinued operations in the fiscal year ended October 31, 2012.

CONSOLIDATED STATEMENTS OF INCOME (USD $) In Thousands, except Share data, unless otherwise specified	12 Months Ended		
	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010
Income Statement [Abstract]			
Rental income	$ 36,877	$ 37,175	$ 36,793
Reimbursements	4,843	5,374	5,923
Income relating to early lease termination	2,950		
Sundry income	804	497	399
[RealEstateRevenueNet]	45,474	43,046	43,115
Operating expenses	10,250	10,475	11,302
Management fees	1,885	1,900	1,895
Real estate taxes	7,681	6,820	6,528
Depreciation	6,186	6,070	5,996
Deferred project cost write-off	3,726		
[OperatingExpenses]	29,728	25,265	25,721
Operating income	15,746	17,781	17,394
Investment income	173	101	122
Interest expense including amortization of deferred financing costs, and in 2010 a prepayment penalty of $2.1 million	(11,704)	(11,452)	(13,608)
Income from continuing operations	4,215	6,430	3,908
Income from discontinued operations	253	283	223
Gain on sale of discontinued operations (net of tax of $1,965)	7,528		
Net income	11,996	6,713	4,131
Net (income) loss attributable to noncontrolling interests in subsidiaries	(645)	(1,335)	280
Net income attributable to common equity	11,351	5,378	4,411
Earnings per share - basic:			
Continuing operations	$ 0.52	$ 0.73	$ 0.61
Discontinued operations	$ 1.12	$ 0.04	$ 0.03
Net income attributable to common equity	$ 1.64	$ 0.77	$ 0.64
Weighted average shares outstanding-basic	6,942,000	6,942,000	6,942,000
Amounts attributable to common equity:			
Income from continuing operations	3,570	5,095	4,188
Income related to discontinued operations	7,781	283	223
Net income attributable to common equity	$ 11,351	$ 5,378	$ 4,411

Discontinued operations	12 Months Ended Oct. 31, 2012
Discontinued Operations and Disposal Groups [Abstract]	
Discontinued operations	Note 3 - Discontinued operations: On August 29, 2012, FREIT sold its Heights Manor Apartments in Spring Lake Heights, New Jersey and recognized a gain of $9.5 million from the sale ($7.5 million after-tax, see Note 9). In addition, FREIT paid off the related mortgage loan on the Heights Manor property in the amount of approximately $2.8 million from the proceeds of the sale. In compliance with current accounting guidance, the gain on the sale, as well as the earnings of the Heights Manor operation are classified as discontinued operations in the accompanying income statements for all periods presented. Revenue attributable to discontinued operations was $853,000, $1,011,000 and $938,000 for Fiscal 2012, 2011 and 2010, respectively.

Planned asset dispositions	12 Months Ended Oct. 31, 2012

Planned Asset Dispositions

Planned asset dispositions

Note 2 - Planned asset dispositions:

On July 7, 2010, FREIT' s Board of Trustees ("Board") 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. As a result, FREIT halted its efforts to sell Westridge and will reconsider its decision to market Westridge for sale when the space is re-leased. On July 27, 2012, FREIT signed a lease agreement with G-Mart Frederick, Inc. ("G-Mart") for the leasing of a significant portion of the space vacated by Giant (40,000 square feet). FREIT expects to incur tenant improvement costs associated with the lease to G-Mart. FREIT anticipates that G-Mart will begin its operations at the center sometime in the 1st calendar quarter of 2013. No decision has been made as of the filing date of this report, to resume FREIT' s efforts to market the Westridge Square property for sale.

On June 3, 2011, FREIT' s Board 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. On August 29, 2012, the Heights Manor property was sold (See Note 3 for more details). However, it is still not possible for management to estimate when a sale of the other two properties will occur, and therefore, the Grandview and Palisades Manor properties are classified as held for use as of October 31, 2012.

On May 2, 2012, FREIT' s Board authorized management to pursue the sale of its South Brunswick, NJ property. The decision to sell this property 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. However, as management is unable to estimate when a sale of the South Brunswick property will occur, it is classified as held for use as of October 31, 2012.

Subsequent events	12 Months Ended Oct. 31, 2012
Subsequent Events [Abstract]	
Subsequent events	Note 14- Subsequent events:

On December 26, 2012, Damascus Centre, LLC ("Damascus") refinanced its $15.0 million construction loan with a new long-term mortgage loan with People' s United Bank. The amount of the new loan is $25 million, of which $20 million has been drawn. The balance, up to an additional $5 million, will be available as a one-time draw over the next 36 month period, and the amount available will depend on future leasing at the shopping center. The loan bears a floating interest rate equal to 210 basis points over the BBA LIBOR and the loan will mature on January 3, 2023. In order to minimize interest rate volatility during the term of the loan, Damascus entered into an interest rate swap agreement with People' s United Bank. In effect, the interest rate swap will convert the floating interest rate on the loan to a fixed interest rate over the term of the loan. The interest rate swap is considered a derivative financial instrument that will be used only to reduce interest rate risk, and not held or used for trading purposes.

FREIT renegotiated the interest rate on its Patchogue loan from a fixed rate of 6.125% to a fixed rate of 4.5%. The new rate will take effect on January 1, 2013. The loan will mature on March 1, 2018.

FREIT is in the process of refinancing its Westwood Plaza $8.0 million mortgage loan with a $22 million loan.

Equity incentive plan	12 Months Ended Oct. 31, 2012
Disclosure of Compensation Related Costs, Share-based Payments [Abstract]	
Equity incentive plan	Note 10- 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, 2012, 466,000 shares are available for issuance under the Plan. During Fiscal 2012, 2011 and 2010, no options or other stock awards were granted under the Plan. There were no options outstanding at October 31, 2012 and October 31, 2011, since all previously granted options expired in September 2008 or were exercised prior to that date.

Commitments and contigencies	**12 Months Ended Oct. 31, 2012**
Commitments and Contingencies Disclosure [Abstract]	
Commitments and contigencies	

Note 6 - Commitments and contingencies:

Leases:

Commercial tenants:

FREIT leases commercial space having a net book value of approximately $139 million at October 31, 2012 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, 2012 is as follows:

Year Ending October 31,		Amount
2013	$	16,715
2014		15,313
2015		13,857
2016		12,395
2017		9,386
Thereafter		38,397
Total	$	106,063

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, 2012 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.

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 and redevelopment activities:

The modernization and expansion project at the Damascus Center was completed in November 2011. Total construction costs, inclusive of tenant improvement costs, approximated $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, with the final phase being completed in November 2011. 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.

Included in the accompanying consolidated balance sheets at October 31, 2012 and 2011, are $4.7 million and $8.1 million, respectively, of construction in progress related to 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. On July 24, 2012, the Board approved the revisions to the scope of the project, thereby further reducing the complexity and projected cost of the project. (See Note 7 for more details.) However, no date has been determined for the commencement of construction at the Rotunda project. 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.

Real estate and equipment	12 Months Ended Oct. 31, 2012

Property, Plant and Equipment [Abstract]

Real estate and equipment

Note 4 - Real estate and equipment:

Real estate and equipment consists of the following:

	Range of Estimated Useful Lives	October 31, 2012	October 31, 2011
		(In Thousands of Dollars)	
Land		$ 76,637	$ 76,745
Unimproved land		874	865
Apartment buildings	7-40 years	81,784	82,275
Commercial buildings/shopping centers	15-50 years	115,492	113,707
Equipment/Furniture	3-15 years	2,814	2,777
		277,601	276,369
Less accumulated depreciation		69,619	64,976
Totals		$ 207,982	$ 211,393

Mortgages, notes payable and credit line	**12 Months Ended Oct. 31, 2012**
Debt Disclosure [Abstract]	
Mortgages, notes payable and credit line	Note 5 - Mortgages, notes payable and credit line:

	October 31, 2012	October 31, 2011
	(In Thousands of Dollars)	
Frederick, MD (A)	$ 22,000	$ 22,000
Rockaway, NJ (B)	18,828	19,197
Westwood, NJ (C)	8,032	8,307
Spring Lake Heights, NJ (D)	–	2,911
Patchogue, NY (E)	5,623	5,713
Wayne, NJ (F)	19,248	19,501
River Edge, NJ (G):		
First mortgage	4,098	4,235
Second mortgage	1,557	1,617
Maywood, NJ (H):		
First mortgage	2,974	3,073
Second mortgage	1,105	1,147
Westwood, NJ (I)	22,774	23,144
Wayne, NJ (J)	27,697	28,482
Hackensack, NJ (K)	32,364	32,901
Total fixed rate mortgage loans	166,300	172,228
Baltimore, MD (L)	19,070	19,290
Damascus, MD - Construction Loan (M)	15,050	11,757
Total mortgages and notes payable	$ 200,420	$ 203,275

(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 $17,432,000 as of October 31, 2012.

(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 $17,922,000 as of October 31, 2012.

(C) Payable in monthly installments of $73,248 including interest at 7.38% through February 2013 at which time the outstanding balance is due. FREIT is in the process of refinancing the mortgage loan with another lending institution. The amount of the new loan is estimated to be $22.8 million at a rate and terms to be determined. The mortgage is secured by a retail building in Westwood, New Jersey having a net book value of approximately $8,969,000 as of October 31, 2012.

(D) Payable in monthly installments of $23,875 including interest at 6.70% through December 2013 at which time the outstanding balance was due. The mortgage was secured by an apartment building in Spring Lake Heights, New Jersey, which was sold on August 29, 2012. A portion of the proceeds from the sale were used to pay-off the $2.8 million outstanding balance plus accrued interest and fees.

(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). FREIT has renegotiated the interest rate on this loan to a fixed rate of 4.5% from January 1, 2013 until maturity at March 1, 2018. The mortgage is secured by a retail building in Patchogue, New York having a net book value of approximately $7,599,000 as of October 31, 2012.

(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 $1,552,000 as of October 31, 2012.

(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 $1,021,000 as of October 31, 2012.

(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 $675,000 as of October 31, 2012.

(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 $10,898,000 as of October 31, 2012.

(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 $28,184,000 as of October 31, 2012.

(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 $41,377,000 as of October 31, 2012.

(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. In order to meet the bank' s annual debt service coverage ratio requirement, a principal payment of $110,000 was made on the loan in February 2012. 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. 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 $36,489,000 as of October 31, 2012. 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. It is the Company' s intent to negotiate another one year extension of this loan, which would extend the loan until February 1, 2014. This extension may require an additional principal payment in an amount necessary to reduce the loan to achieve a stipulated debt service coverage ratio.

(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 which was exercised. 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, 2012, $15.0 million of this loan, which includes accrued interest, was drawn down to cover construction costs, and all construction was completed as of this date. Additional tenant fit-up costs are expected, once the new space is leased and occupied. 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. On December 26, 2012, Damascus Centre, LLC refinanced its construction loan with long-term financing provided by People' s United Bank. The amount of the new loan is $25 million, of which $20 million has been drawn. The balance, up to an additional $5 million, will be available as a one-time draw over the next 36 month period, and the amount available will depend on future leasing at the shopping center. The new loan bears a floating interest rate equal to 210 basis points over the BBA LIBOR and the loan will mature on January 3, 2023. The shopping center securing the loan has a net book value of approximately $30,073,000 as of October 31, 2012.

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, 2012 and 2011:

($ in Millions)	October 31, 2012	October 31, 2011
Fair Value	$ 213.2	$ 213.9
Carrying Value	$ 200.4	$ 203.3

Fair values are estimated based on market interest rates at October 31, 2012 and October 31, 2011 and on discounted cash flow analysis. Changes in assumptions or estimation methods may significantly affect these fair value estimates. The fair value, which is based on observable inputs, has been characterized as level 2 in the fair value hierarchy as provided by authoritative guidance.

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, 2012 are as follows:

Year Ending October 31,		Amount
2013	$	30,020*
2014	$	12,086
2015	$	2,836
2016	$	27,118
2017	$	24,116

** Exclusive of $15.0 million related to the October 31, 2012 balance of the Damascus construction loan, due February 2013. On December 26, 2012, Damascus Centre, LLC refinanced its $15.0 million construction loan with a new mortgage loan. The amount of the new loan is $20 million and matures on January 3, 2023.*

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 On July 29, 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 3.5%. As of October 31, 2012, $18 million is available under the line of credit, and no amount is outstanding.

FREIT' s Board 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. Provident Bank indicated that the ultimate sale of these properties would reduce FREIT' s line of credit to $13 million.

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, 2012.

Giant lease termination; Rotunda project cost write-off	12 Months Ended Oct. 31, 2012

Giant Lease Termination Rotunda Project Cost Write-Off

Giant lease termination; Rotunda project cost write-off

Note 7 - Giant lease termination; Rotunda project cost write-off:

On February 3, 2012, Grande Rotunda, LLC (“Grande”), a 60% owned affiliate of FREIT, entered into a lease termination agreement (“Agreement”) with Giant of Maryland LLC (“Giant”), the tenant and operator of the 35,994 sq. ft. Giant supermarket at Grande’ s Rotunda property located in Baltimore, Maryland. Giant, under the terms of the Agreement, agreed to (i) waive its right to extend the term of the lease through March 31, 2035, (ii) terminate the lease and surrender the premises to Grande no later than the earlier of commencement of the redevelopment of the property or March 31, 2015, and (iii) notwithstanding any earlier termination date, continue to pay monthly fixed rent payments plus its share of common area maintenance charges and taxes for the Rotunda property through March 31, 2015. Grande has agreed (i) not to lease more than 20,000 sq. ft. of any space in the property for use as a food supermarket through March 31, 2035, and (ii) if Grande decides to lease such space for use as a food supermarket, it must first offer the space for the same use under the terms acceptable to Grande, to Giant, which will have thirty days to accept the offer before the space may be leased to a third party. As a result of the Giant lease termination and the terms of the Agreement, Grande will not be required to construct a lower level Giant supermarket as part of the redevelopment project at the Rotunda, which represented a costly component to the project. In addition, the Giant lease contained significant restrictions on Grande’ s ability to make modifications to the property. This development clears the way for Grande to move forward with the redevelopment planning for this property. As a result of Giant terminating its lease and vacating its space at the Grande Rotunda shopping center, the results for Fiscal 2012, include income of $2.95 million relating to the Giant early lease termination, offset by a $1.49 million deferred project cost write-off relating to a change in the future development plans for the Rotunda shopping center, specifically the impact that the Giant portion of the project had on the design fees incurred to date and included in Construction in Progress (“CIP”). The early lease termination fee is comprised of the net present value of the monthly rent in accordance with the terms of the terminated lease, projected common area maintenance charges and real estate taxes from April 1, 2012 through March 31, 2015. In addition, included in the $2.95 million lease termination fee are the write-off of balances in Below Market Value Acquisition Costs, and In-Place Lease Costs relating to the Giant lease.

In light of the Giant lease termination and its potential impact on the scope of the development plans for the Rotunda site, management proposed further revisions to the scope of the Rotunda development project. On July 24, 2012, the Board approved the revisions to the scope of the project, thereby further reducing the complexity and projected cost of the project. As a result of the Board’ s decision to move forward with the revised development plans, an additional $2.2 million of certain deferred project costs relating to planning and feasibility costs included in CIP were no longer deemed to have any utility, and were written-off in Fiscal 2012.

Planned asset dispositions (Details Narrative)	12 Months Ended Oct. 31, 2011	Jul. 27, 2012 Westridge Square Shopping Center - G-Mart sqft	Feb. 03, 2012 Lease termination agreement sqft	Apr. 15, 2011 Lease termination agreement sqft	Jul. 07, 2010 Westridge Square Shopping Center sqft
Property area (in square feet)		40,000	35,994	55,330	256,620
Change in plan to sell Westridge	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. As a result, FREIT halted its efforts to sell Westridge and will reconsider its decision to market Westridge for sale when the space is re-leased.				

Selected quarterly financial data (Details) (USD $) In Thousands, except Per Share data, unless otherwise specified	3 Months Ended								12 Months Ended		
	Oct. 31, 2012	Jul. 31, 2012	Apr. 30, 2012	Jan. 31, 2012	Oct. 31, 2011	Jul. 31, 2011	Apr. 30, 2011	Jan. 31, 2011	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010
Selected Quarterly Financial Data Details											
Revenue	$ 10,476	$ 10,668	$ 13,510 [1]	$ 10,820	$ 11,031	$ 10,679	$ 10,726	$ 10,610	$ 45,474	$ 43,046	$ 43,115
Expenses	9,424	11,682 [2]	10,818 [2]	9,335	9,281	8,919	9,103	9,313	29,728	25,265	25,721
Income from continuing operations	1,052	(1,014)	2,692	1,485	1,750	1,760	1,623	1,297	4,215	6,430	3,908
Income from discontinued operations	7,506 [3]	123	75	77	76	74	70	63	253	283	223
Net income	8,558	(891)	2,767	1,562	1,826	1,834	1,693	1,360	11,996	6,713	4,131
Net (income) loss attributable to noncontrolling interests in subsidiaries	(120)	668	(824)	(369)	(292)	(329)	(373)	(341)	(645)	(1,335)	280
Net income attributable to common equity	$ 8,438	$ (223)	$ 1,943	$ 1,193	$ 1,534	$ 1,505	$ 1,320	$ 1,019	$ 11,351	$ 5,378	$ 4,411
Basic earnings per share:											
Continuing operations	$ 0.14	$ (0.05)	$ 0.27 [1],[2]	$ 0.16	$ 0.21	$ 0.21	$ 0.18	$ 0.13	$ 0.52	$ 0.73	$ 0.61
Discontinued operations	$ 1.08 [3]	$ 0.02	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 0.01	$ 1.12	$ 0.04	$ 0.03
Net income attributable to common equity	$ 1.22	$ (0.03)	$ 0.28	$ 0.17	$ 0.22	$ 0.22	$ 0.19	$ 0.14	$ 1.64	$ 0.77	$ 0.64
Dividends per share	$ 0.20	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 1.10	$ 1.20	$ 1.20

[1] (a) Includes income related to early lease termination of $2,950 ($0.42 per share)

[2] (b) Includes deferred project cost write-off of $1,490 ($0.21 per share), and $2,236 ($0.32 per share) in the quarters ended April 30, and July 31, respectively.

[3] (c) Includes gain on sale of discontinued operation, net of tax, of $7,528 ($1.08 per share)

Segment information	12 Months Ended Oct. 31, 2012

Segment Information

Segment information

Note 12- 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 are comprised of ten and eight properties, respectively, during the three fiscal years ended October 31, 2012, 2011 and 2010, exclusive of the residential property sold in Fiscal 2012 which has been classified as a discontinued operation.

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.

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 attributable to common equity for each of the years in the three-year period ended October 31, 2012. Asset information is not reported since FREIT does not use this measure to assess performance.

	October 31,		
	2012	2011	2010
	(In Thousands of Dollars)		
Real estate rental revenue:			
Commercial	$ 23,383	$ 24,117	$ 24,713
Residential	19,126	18,712	18,192
Totals	42,509	42,829	42,905
Real estate operating expenses:			
Commercial	9,526	9,561	9,702
Residential	8,666	8,091	8,456
Totals	18,192	17,652	18,158
Net operating income:			
Commercial	13,857	14,556	15,011
Residential	10,460	10,621	9,736
Totals	$ 24,317	$ 25,177	$ 24,747

Recurring capital improvements- residential	$ 723	$ 433	$ 334

Reconciliation to consolidated net income-common equity:			
Segment NOI	$ 24,317	$ 25,177	$ 24,747
Deferred rents - straight lining	17	242	240
Amortization of acquired above and below market value leases	(2)	(25)	(30)
Net investment income	173	101	122
General and administrative expenses	(1,624)	(1,543)	(1,567)
Depreciation	(6,186)	(6,070)	(5,996)
Deferred project cost write-off, net of income relating to early lease termination	(776)	–	–
Financing costs	(11,704)	(11,452)	(13,608)*
Income from continuing operations	4,215	6,430	3,908
Income from discontinued operation	253	283	223
Gain on sale of discontinued operation, net of tax	7,528	–	–
Net income	11,996	6,713	4,131
Net (income) loss attributable to noncontrolling interests in subsidiaries	(645)	(1,335)	280
Net income attributable to common equity	$ 11,351	$ 5,378	$ 4,411

** Includes $2.1 million in prepayment penalties relating to the early debt extinguishment.*

Organization and Summary Significant Accounting Policies (Tables)

12 Months Ended

Oct. 31, 2012

Accounting Policies [Abstract]

Schedule of subsidiaries in which FREIT has a controlling financial interest

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

Divdends and earnings per share (Details Narrative) (USD $) In Thousands, except Per Share data, unless otherwise specified	3 Months Ended								12 Months Ended		
	Oct. 31, 2012	Jul. 31, 2012	Apr. 30, 2012	Jan. 31, 2012	Oct. 31, 2011	Jul. 31, 2011	Apr. 30, 2011	Jan. 31, 2011	Oct. 31, 2012	Oct. 31, 2011	Oct. 31, 2010
Divdends And Earnings Per Share Details Narrative											
Dividends declared (amount)									$ 7,367	$ 8,330	$ 8,331
Dividends declared (per share)	$ 0.20	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 0.30	$ 1.10	$ 1.20	$ 1.20

Commitments and contigencies (Details) (USD $) In Thousands, unless otherwise specified	Oct. 31, 2012
Year Ending October 31,	
2013	$ 16,715
2014	15,313
2015	13,857
2016	12,395
2017	9,386
Thereafter	38,397
Total	$ 106,063

CONSOLIDATED STATEMENTS OF INCOME (Parenthetical) (USD $) In Thousands, unless otherwise specified	12 Months Ended	
	Oct. 31, 2012	Oct. 31, 2010
Income Statement [Abstract]		
Prepayment penalty		$ 2,105
Gain on sale of discontinued operations, tax	$ 1,965	

Organization and Summary Significant Accounting Policies	12 Months Ended
	Oct. 31, 2012
Accounting Policies [Abstract]	
Organization and significant accounting policies	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 for fiscal years and interim periods within those years beginning on or after June 15, 2012. The adoption of this guidance is not expected to have any 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 for fiscal years and interim periods within those years beginning after December 15, 2011. The adoption of this guidance is not expected to have any 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.

- 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.

  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. Subsequently, in accordance with the revised standard, future losses were attributed to the non-controlling members. Effective June 1, 2007, the Westwood Hills operating agreement was amended to require the non-controlling members to restore their negative capital accounts.

Principles of consolidation:

The consolidated financial statements include the accounts of FREIT and the following subsidiaries in which FREIT has a controlling financial interest, including two LLCs in which FREIT is the managing member with a 40% ownership interest:

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 other 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, 2012, 2011 and 2010, 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 $368,000, $305,000 and $324,000 in 2012, 2011 and 2010, 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 $127,000, $110,000 and $148,000 in 2012, 2011 and 2010, respectively.

Stock-based compensation:

FREIT has a stock-based employee compensation plan that was approved by the Board of Trustees, and ratified by FREIT' s shareholders. Stock based awards under the plan are accounted for based on their grant-date fair value. (See Note 10.)

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).

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, 2012, 2011 and 2010 was equivalent to net income attributable to common equity.

Reclassifications:

Certain revenue and expense accounts in the 2011 and 2010 consolidated financial statements and footnotes related to property sold in Fiscal 2012 have been reclassified to discontinued operations to conform to the 2012 presentation. (See Note 3.)

Real estate and equipment (Tables)	**12 Months Ended Oct. 31, 2012**
Property, Plant and Equipment [Abstract]	
Schedule of real estate and equipment	

	Range of Estimated Useful Lives	October 31, 2012	October 31, 2011
		(In Thousands of Dollars)	
Land		$ 76,637	$ 76,745
Unimproved land		874	865
Apartment buildings	7-40 years	81,784	82,275
Commercial buildings/shopping centers	15-50 years	115,492	113,707
Equipment/Furniture	3-15 years	2,814	2,777
		277,601	276,369
Less accumulated depreciation		69,619	64,976
Totals		$ 207,982	$ 211,393

Mortgage, notes payable and credit line (Details 1) (USD $) In Thousands, unless otherwise specified	Oct. 31, 2012	Oct. 31, 2011
Mortgage Notes Payable And Credit Line Details 1		
Fair value of long-term debt	$ 216,000	$ 213,900
Carrying value of long-term debt	$ 200,420	$ 203,275

Deferred fee plan	**12 Months Ended Oct. 31, 2012**
Notes to Financial Statements	
Deferred fee plan	Note 11- 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, 2012, 2011 and 2010 was $1,092,000, $978,000, and $911,000, respectively. As of October 31, 2012 and 2011, approximately $4,244,000 and $3,749,000, respectively, of fees have been deferred together with accrued interest of approximately $2,468,000 and $1,918,000, respectively.