

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

**FORM 10-Q**

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

**For the Quarterly Period Ended April 30, 2008**  
or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-25043

**FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY**

(Exact name of registrant as specified in its charter)

New Jersey

(State or other jurisdiction of incorporation or organization)

22-1697095

(I.R.S. Employer Identification No.)

505 Main Street, Hackensack, New Jersey

(Address of principal executive offices)

07601

(Zip Code)

201-488-6400

(Registrant's telephone number, including area code)

\_\_\_\_\_  
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer      Accelerated Filer       Non-Accelerated Filer      Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes . No

As of June 6, 2008, the number of shares of beneficial interest outstanding was 6,851,152

# FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY

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## Part I: Financial Information

### Item 1: Unaudited Condensed Consolidated Financial Statements

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

	(Unaudited) April 30, 2008	(Audited) October 31, 2007
	(In Thousands of Dollars)	
<u>ASSETS</u>		
Real estate, at cost, net of accumulated depreciation	\$ 208,683	\$ 204,732
Construction in progress	6,263	7,331
Cash and cash equivalents	11,611	12,740
Tenants' security accounts	2,410	2,369
Sundry receivables	4,081	4,833
Secured loans receivable	3,326	3,326
Prepaid expenses and other assets	2,487	2,852
Acquired over market leases and in-place lease costs	985	1,104
Deferred charges, net	3,579	3,454
Interest rate swap contract	-	14
Totals	<u>\$ 243,425</u>	<u>\$ 242,755</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Liabilities:		
Mortgages payable	\$ 192,613	\$ 189,389
Accounts payable and accrued expenses	5,108	5,193
Dividends payable	2,046	2,704
Tenants' security deposits	3,133	3,124
Acquired below market value leases and deferred revenue	3,272	3,911
Total liabilities	<u>206,172</u>	<u>204,321</u>
Minority interest	<u>13,123</u>	<u>13,304</u>
Commitments and contingencies		
Shareholders' equity:		
Shares of beneficial interest without par value:		
8,000,000 shares authorized;		
6,821,152 and 6,760,652 shares issued and outstanding	23,679	23,225
Undistributed earnings	451	1,891
Accumulated other comprehensive income	-	14
Total shareholders' equity	<u>24,130</u>	<u>25,130</u>
Totals	<u>\$ 243,425</u>	<u>\$ 242,755</u>

See Notes to Condensed Consolidated Financial Statements.

**FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME, COMPREHENSIVE INCOME**  
**AND UNDISTRIBUTED EARNINGS**  
**SIX AND THREE MONTHS ENDED APRIL 30, 2008 AND 2007**  
(Unaudited)

	Six Months Ended		Three Months Ended	
	April 30,		April 30,	
	2008	2007*	2008	2007*
(In Thousands of Dollars, Except Per Share Amounts)				
Revenue:				
Rental income	\$ 18,064	\$ 17,501	\$ 9,084	\$ 8,781
Reimbursements	2,456	2,373	1,071	1,089
Sundry income	186	181	94	78
Totals	<u>20,706</u>	<u>20,055</u>	<u>10,249</u>	<u>9,948</u>
Expenses:				
Operating expenses	5,685	5,512	2,760	2,617
Management fees	916	870	460	435
Real estate taxes	2,891	2,852	1,445	1,426
Depreciation	2,674	2,649	1,336	1,346
Totals	<u>12,166</u>	<u>11,883</u>	<u>6,001</u>	<u>5,824</u>
Operating income	8,540	8,172	4,248	4,124
Investment income	313	225	154	138
Interest expense including amortization of deferred financing costs	(5,818)	(6,088)	(2,885)	(3,045)
Minority interest	(395)	(258)	(280)	(120)
Distribution to certain minority interests	-	(150)	-	-
Income from continuing operations	<u>2,640</u>	<u>1,901</u>	<u>1,237</u>	<u>1,097</u>
Discontinued operations:				
Earnings from discontinued operations	-	76	-	34
Income from discontinued operations	-	76	-	34
Net income	<u>\$ 2,640</u>	<u>\$ 1,977</u>	<u>\$ 1,237</u>	<u>\$ 1,131</u>
Basic earnings per share:				
Continuing operations	\$ 0.39	\$ 0.28	\$ 0.18	\$ 0.16
Discontinued operations	\$ -	\$ 0.01	\$ -	\$ 0.01
Net income	<u>\$ 0.39</u>	<u>\$ 0.29</u>	<u>\$ 0.18</u>	<u>\$ 0.17</u>
Diluted earnings per share:				
Continuing operations	\$ 0.38	\$ 0.28	\$ 0.18	\$ 0.15
Discontinued operations	\$ -	\$ 0.01	\$ -	\$ 0.01
Net income	<u>\$ 0.38</u>	<u>\$ 0.29</u>	<u>\$ 0.18</u>	<u>\$ 0.16</u>
Weighted average shares outstanding:				
Basic	6,781	6,751	6,799	6,751
Diluted	6,894	6,916	6,911	6,915
<b>COMPREHENSIVE INCOME</b>				
Net income	\$ 2,640	\$ 1,977	\$ 1,237	\$ 1,131
Other comprehensive income (loss):				
Unrealized (loss) on interest rate swap contract	-	(29)	-	(22)
Comprehensive income	<u>\$ 2,640</u>	<u>\$ 1,948</u>	<u>\$ 1,237</u>	<u>\$ 1,109</u>
<b>UNDISTRIBUTED EARNINGS</b>				
Balance, beginning of period	\$ 1,891	\$ 1,735	\$ 1,260	\$ 556
Net income	2,640	1,977	1,237	1,131
Less dividends declared	(4,080)	(4,052)	(2,046)	(2,027)
Balance, end of period	<u>\$ 451</u>	<u>\$ (340)</u>	<u>\$ 451</u>	<u>\$ (340)</u>
Dividends declared per share	<u>\$ 0.60</u>	<u>\$ 0.60</u>	<u>\$ 0.30</u>	<u>\$ 0.30</u>

\* Restated to reflect reclassification of discontinued operations.

See Notes to Condensed Consolidated Financial Statements.

**FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**SIX MONTHS ENDED APRIL 30, 2008 AND 2007**  
(Unaudited)

	Six Months Ended	
	April 30,	
	2008	2007
	(In Thousands of Dollars)	
Operating activities:		
Net income	\$ 2,640	\$ 1,977
Adjustments to reconcile net income to net cash provided by operating activities (including discontinued operations):		
Depreciation	2,674	2,655
Amortization	381	360
Net amortization of acquired leases	(48)	(151)
Deferred revenue	(520)	(298)
Minority interest	395	408
Changes in operating assets and liabilities:		
Tenants' security accounts	(41)	(51)
Sundry receivables, prepaid expenses and other assets	931	1,438
Accounts payable, accrued expenses and other liabilities	1,051	(448)
Tenants' security deposits	9	91
Net cash provided by operating activities	7,472	5,981
Investing activities:		
Capital improvements - existing properties	(2,058)	(1,464)
Construction and pre development costs	(4,605)	(3,718)
Net cash used in investing activities	(6,663)	(5,182)
Financing activities:		
Repayment of mortgages	(6,995)	(18,494)
Proceeds from mortgages	6,000	28,331
Proceeds from construction loan	4,219	-
Deferred financing costs	(283)	(524)
Proceeds from exercise of stock options	454	37
Dividends paid	(4,738)	(5,400)
Distribution to minority interest	(595)	(387)
Net cash (used in) provided by financing activities	(1,938)	3,563
Net increase (decrease) in cash and cash equivalents	(1,129)	4,362
Cash and cash equivalents, beginning of period	12,740	9,616
Cash and cash equivalents, end of period	\$ 11,611	\$ 13,978
Supplemental disclosure of cash flow data:		
Interest paid, including capitalized construction period interest of \$157 in fiscal 2008.	\$ 5,720	\$ 5,956
Income taxes paid	\$ 10	\$ 18
Supplemental schedule of non cash financing activities:		
Accrued capital expenditures, construction costs and pre-development costs	\$ 774	\$ 34
Dividends declared but not paid	\$ 2,046	\$ 2,027

See Notes to Condensed Consolidated Financial Statements.

**FIRST REAL ESTATE INVESTMENT TRUST OF NEW JERSEY AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

Note 1 - Basis of presentation:

The accompanying condensed consolidated financial statements have been prepared without audit, in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial statements and pursuant to the rules of the Securities and Exchange Commission ("SEC"). Accordingly, certain information and footnotes required by GAAP for complete financial statements have been omitted. It is the opinion of management that all adjustments considered necessary for a fair presentation have been included, and that all such adjustments are of a normal recurring nature.

The consolidated results of operations for the six and three months ended April 30, 2008 are not necessarily indicative of the results to be expected for the full year. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Annual Report on Form 10-K for the year ended October 31, 2007 of First Real Estate Investment Trust of New Jersey ("FREIT").

Reclassification:

Certain accounts in the 2007 financial statements have been reclassified to conform to the current presentation. (See Note 4 for a more detailed discussion.)

Note 2 - Earnings per share:

Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding during each period (denominator). 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 that would have been outstanding if all potentially dilutive shares, such as those issuable upon the exercise of stock options and warrants, were issued during the period.

In computing diluted earnings per share for the six and three months ended April 30, 2008 and 2007, the assumed exercise of all of FREIT's outstanding stock options, adjusted for application of the treasury stock method, would have increased the weighted average number of shares outstanding as shown in the table below.

	Six Months Ended		Three Months Ended	
	April 30,		April 30,	
	2008	2007	2008	2007
Basic weighted average shares outstanding	6,780,740	6,750,873	6,799,219	6,751,101
Shares arising from assumed exercise of stock options	113,470	165,091	111,944	164,016
Dilutive weighted average shares outstanding	6,894,210	6,915,964	6,911,163	6,915,117

Basic and diluted earnings per share, based on the weighted average number of shares outstanding during each period, are comprised of ordinary income for the six and three months ended April 30, 2008 and the prior year's comparable periods.

Note 3 - 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 were available for issuance to key personnel in the form of stock options, restricted share awards and other share-based awards.

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. As of April 30, 2008, options for 172,000 shares were outstanding. The total intrinsic value of the options outstanding at April 30, 2008 was approximately \$2.5 million.

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.

Note 4 - Discontinued operations:

On June 26, 2007, FREIT closed on its contract for the sale of the Lakewood Apartments in Lakewood, New Jersey. The sales price for the property was \$4 million. For financial reporting purposes, FREIT recognized a gain of approximately \$3.7 million from the sale. In compliance with current accounting guidance (SFAS No. 144 – “Accounting for the Impairment or Disposal of Long-Lived Assets”), the prior year’s earnings of the Lakewood operation have been reclassified to “Income from discontinued operations”. Revenue attributable to discontinued operations was \$207,000 and \$100,000 for the prior year’s six and three month periods ended April 30, 2007.

Note 5 - Segment information:

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 segment contains ten (10) separate properties and the residential segment contains nine (9) properties. The accounting policies of the segments are the same as those described in Note 1 in FREIT’s Annual Report on Form 10-K for the year ended October 31, 2007.

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

FREIT assesses and measures segment operating results based on net operating income ("NOI"). NOI, a standard used by real estate professionals, 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, and financing costs. NOI is not a measure of operating results or cash flows from operating activities as measured by GAAP, 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.

Real estate rental revenue, operating expenses, NOI and recurring capital improvements for the reportable segments are summarized below and reconciled to consolidated net income for the six and three months ended April 30, 2008 and 2007. Asset information is not reported since FREIT does not use this measure to assess performance.

	Six Months Ended		Three Months Ended	
	April 30,		April 30,	
	2008	2007*	2008	2007*
	(In Thousands of Dollars)			
Real estate rental revenue:				
Commercial	\$ 11,039	\$ 10,735	\$ 5,415	\$ 5,272
Residential	9,527	9,055	4,765	4,542
Totals	<u>20,566</u>	<u>19,790</u>	<u>10,180</u>	<u>9,814</u>
Real estate operating expenses:				
Commercial	4,412	4,303	2,121	2,138
Residential	4,270	4,128	2,124	1,927
Totals	<u>8,682</u>	<u>8,431</u>	<u>4,245</u>	<u>4,065</u>
Net operating income:				
Commercial	6,627	6,432	3,294	3,134
Residential	5,257	4,927	2,641	2,615
Totals	<u>\$ 11,884</u>	<u>\$ 11,359</u>	<u>\$ 5,935</u>	<u>\$ 5,749</u>
Recurring capital improvements-residential	<u>\$ 258</u>	<u>\$ 239</u>	<u>\$ 118</u>	<u>\$ 65</u>
Reconciliation to consolidated net income:				
Segment NOI	\$ 11,884	\$ 11,359	\$ 5,935	\$ 5,749
Deferred rents - straight lining	92	114	45	59
Amortization of acquired leases	48	151	24	75
Net investment income	313	225	154	138
Minority interest in earnings of subsidiaries	(395)	(258)	(280)	(120)
Distribution to certain minority interests	-	(150)	-	-
General and administrative expenses	(810)	(803)	(420)	(413)
Depreciation	(2,674)	(2,649)	(1,336)	(1,346)
Financing costs	<u>(5,818)</u>	<u>(6,088)</u>	<u>(2,885)</u>	<u>(3,045)</u>
Income from continuing operations	2,640	1,901	1,237	1,097
Income from discontinued operations	-	76	-	34
Net income	<u>\$ 2,640</u>	<u>\$ 1,977</u>	<u>\$ 1,237</u>	<u>\$ 1,131</u>

\* Restated to reflect reclassification of discontinued operations.

#### Note 6 - Mortgages & notes payable:

On February 12, 2008, Damascus Centre, LLC (“Damascus Centre”) closed on a \$27.3 million construction loan that is available to fund already expended and future construction costs. This loan has a term of forty-eight (48) months, with one twelve (12) month extension option. FREIT has guaranteed 30% of the loan, and the minority interests, who have a 30% investment in the Damascus Centre, have agreed to indemnify FREIT for their share of the guarantee. Draws against this loan bear interest at a floating rate equal to LIBOR +1.35%. As of April 30, 2008, Damascus drew down \$4.2 million from this loan to cover construction costs.

FREIT had a variable interest rate mortgage secured by its Patchogue, NY property. To limit interest rate volatility on this loan, FREIT entered into an interest rate swap contract. This loan came due on January 2, 2008. The due date of the loan was extended to February 29, 2008. The interest rate swap contract terminated on January 2, 2008. On February 29, 2008, the unpaid principal amount of this loan of approximately \$5.9 million was refinanced with a \$6 million mortgage loan bearing a fixed interest rate of 6.125%, with a ten (10) year term, and payable according to a thirty (30) year amortization schedule. 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).

#### Note 7 – Commitments & contingencies:

A modernization and expansion is underway at our Damascus Center in Damascus, MD (owned by our 70% owned affiliate, Damascus Centre). FREIT has issued a bond of approximately \$1 million to guaranty completion of off-site improvements. Total construction costs will be approximately \$21.9 million. Construction on Phase I began in June 2007 with completion expected no later than June 2008. Phase I construction costs will approximate \$4 - \$4.5 million of which \$4.2 million has already been expended. Construction financing for approximately \$27.3 million has been committed that will be available to fund future and already expended construction costs, and will be drawn upon as needed. As of April 30, 2008, Damascus drew down \$4.2 million from this loan to cover construction costs.

#### Note 8– Share repurchase program:

On April 9, 2008, FREIT’s Board of Trustees authorized up to \$2 million for the repurchase of FREIT shares commencing three (3) days after the announcement of its operating results for the quarter ended April 30, 2008. Share repurchases under this program may be made from time to time in the open market or through privately negotiated transactions, depending on trading prices of FREIT shares and other market conditions. This share repurchase program may be limited or terminated at any time and without prior notice.

#### Note 9– Subsequent events:

FREIT owns a 60% membership interest in and is the managing member of Grande Rotunda, LLC (“Grande Rotunda”). Rotunda 100, LLC, a New Jersey limited liability company, owns a 40% interest in Grande Rotunda. Employees of Hekemian & Co., Inc. (“Hekemian & Co.”), the managing agent of FREIT, including members of the immediate family of Robert S. Hekemian, Chairman and Chief Executive Officer of FREIT, own Rotunda 100, LLC, and the members of Mr. Hekemian’s family have majority management control of this entity. Grande Rotunda is the owner of a mixed-use (office/retail) property in Baltimore, MD.

As an incentive to the employees of Hekemian & Co. to identify and provide real estate investment opportunities to FREIT, FREIT has agreed to advance the Hekemian & Co. employees, who are members of Rotunda 100, LLC, 50% of the amount, which such employees are required to contribute toward the acquisition and operation of the Grande Rotunda, up to \$2 million. The Hekemian & Co. employees have pledged their interests in Rotunda 100, LLC to FREIT as collateral security for these loans. FREIT collects a market level interest rate on the outstanding principal balance of such loans, and the loans are full recourse loans to the borrowers.

On May 8, 2008, FREIT’s Board of Trustees approved amendments to the existing loan agreements with the Hekemian & Co. employees 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.

## Item 2: 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 unaudited condensed consolidated financial statements of FREIT (including related notes thereto) appearing elsewhere in this Form 10-Q, and the consolidated financial statements included in FREIT's most recently filed 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 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.

During the past six and three month period ended April 30, 2008, we have identified the following trends that have had an effect on our operating results and cash flow:

*Increased occupancy and rental rates at our residential rental properties:* As a result of the sub-prime mortgage fall-out, generally homebuyers are experiencing less mortgage availability and higher credit standards, coupled with higher interest costs. This has put a damper on home and condominium purchases. It has, however, increased demand for apartment rentals. The occupancy rates at our residential properties remain high, and we have been aggressively increasing rental rates where possible.

*Availability of financing capital and interest rates:* Since the start of our fiscal year, benchmark interest indexes, such as Treasury bond and LIBOR rates have come down, although slight up ticks were registered in April and May 2008. As a result of the volatility in the interest rate market, fewer lenders are in the market for new loans, and the lenders that are in the market have increased their spreads (the margin that lenders charge over current interest rates) resulting in higher interest costs to borrowers. In this respect, FREIT has benefited with respect to its variable rate mortgages since the spread on these loans was fixed in prior periods at the time that these loans were closed, resulting in lower interest costs during the last six-month period. Conversely, the cost of financing at our future development projects at the Rotunda and South Brunswick may prove more costly.

## **SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

Pursuant to the Securities and Exchange Commission ("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 included in our Annual Report on Form 10-K for the year ended October 31, 2007, have been applied consistently as at April 30, 2008 and October 31, 2007, and for the six and three months ended April 30, 2008 and 2007. 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. If we incorrectly determine the collectibility of revenue, our net income and assets could be overstated.

**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.

*All references to per share amounts are on a diluted basis unless otherwise indicated.*

## RESULTS OF OPERATIONS

Real Estate revenue for the six months ended April 30, 2008 (“Current Six Months”) increased 3.2% to \$20,706,000 compared to \$20,055,000 for the six months ended April 30, 2007 (“Prior Six Months”). Real Estate revenue for the three months ended April 30, 2008 (“Current Quarter”) increased 3.0% to \$10,249,000 compared to \$9,948,000 for the three months ended April 30, 2007 (“Prior Year’s Quarter”). The increase in real estate revenues was principally attributable to FREIT’s residential operations, primarily at The Boulders and The Pierre Towers, which accounted for 58% and 56% of the increase for the current six and three month periods, respectively.

Net income for the Current Six Months was \$2,640,000 (\$0.38 diluted) compared to \$1,977,000 (\$0.29 diluted) for the Prior Six Months. Net income for the Current Quarter was \$1,237,000 (\$0.18 diluted) compared to \$1,131,000 (\$0.16 diluted) for the Prior Year’s Quarter. Refer to the schedule below for a detailed analysis of the major changes that impacted revenue and net income for the six and three months ended April 30, 2008 and 2007:

### NET INCOME COMPONENTS

	Six Months Ended			Three Months Ended		
	April 30,			April 30,		
	2008	2007 *	Change	2008	2007 *	Change
	<i>(thousands of dollars)</i>			<i>(thousands of dollars)</i>		
Commercial Properties						
Same Properties (1)	\$ 6,623	\$ 6,504	\$ 119	\$ 3,273	\$ 3,186	\$ 87
Damascus Center - undergoing renovation	144	193	(49)	90	82	8
Total Commercial Properties	<u>6,767</u>	<u>6,697</u>	<u>70</u>	<u>3,363</u>	<u>3,268</u>	<u>95</u>
Residential Properties						
Same Properties (1)	5,257	4,927	330	2,641	2,615	26
Total Residential Properties	<u>5,257</u>	<u>4,927</u>	<u>330</u>	<u>2,641</u>	<u>2,615</u>	<u>26</u>
Total income from real estate operations	12,024	11,624	400	6,004	5,883	121
Financing costs:						
Fixed rate mortgages						
Same Properties (1)	(5,179)	(5,271)	92	(2,618)	(2,647)	29
Floating Rate - Rotunda	(639)	(817)	178	(267)	(398)	131
Total financing costs	<u>(5,818)</u>	<u>(6,088)</u>	<u>270</u>	<u>(2,885)</u>	<u>(3,045)</u>	<u>160</u>
Investment income	313	225	88	154	138	16
Corporate expenses	(497)	(461)	(36)	(286)	(301)	15
Accounting	(313)	(342)	29	(134)	(112)	(22)
Minority interest in earnings of subsidiaries	(395)	(258)	(137)	(280)	(120)	(160)
Distribution to Westwood Hills minority interests (2)	-	(150)	150	-	-	-
Depreciation:						
Same Properties (1)	(2,674)	(2,649)	(25)	(1,336)	(1,346)	10
Total depreciation	<u>(2,674)</u>	<u>(2,649)</u>	<u>(25)</u>	<u>(1,336)</u>	<u>(1,346)</u>	<u>10</u>
Income from continuing operations	<u>2,640</u>	<u>1,901</u>	<u>739</u>	<u>1,237</u>	<u>1,097</u>	<u>140</u>
Income from discontinued operations	-	76	(76)	-	34	(34)
Net Income	<u>\$ 2,640</u>	<u>\$ 1,977</u>	<u>\$ 663</u>	<u>\$ 1,237</u>	<u>\$ 1,131</u>	<u>\$ 106</u>

\* Restated to reflect reclassification of discontinued operations.

(1) Properties operated since the beginning of fiscal 2007.

(2) Prior to change of Terms of LLC Operating Agreement effective June 1, 2007 with respect to recovery of distributions in excess of cumulative net income of the LLC.

The consolidated results of operations for the Current Six Months and Current Quarter are not necessarily indicative of the results to be expected for the full year.

## SEGMENT INFORMATION

The following table sets forth comparative net operating income ("NOI") data for FREIT's real estate segments and reconciles the NOI to consolidated net income for the Current Six Months and Current Quarter, as compared to the prior year's comparable periods:

### Six Months Ended April 30:

	Commercial				Residential				Combined	
	Six Months Ended		Increase (Decrease)		Six Months Ended		Increase (Decrease)		Six Months Ended	
	April 30,				April 30,				April 30,	
	2008	2007	\$	%	2008	2007*	\$	%	2008	2007*
(\$ in thousands)				(\$ in thousands)				(\$ in thousands)		
Rental income	\$ 8,486	\$ 8,262	\$ 224	2.7%	\$ 9,438	\$ 8,974	\$ 464	5.2%	\$ 17,924	\$ 17,236
Reimbursements	2,456	2,373	83	3.5%	-	-	-		2,456	2,373
Other	97	100	(3)	-3.0%	89	81	8	9.9%	186	181
Total revenue	11,039	10,735	304	2.8%	9,527	9,055	472	5.2%	20,566	19,790
Operating expenses	4,412	4,303	109	2.5%	4,270	4,128	142	3.4%	8,682	8,431
Net operating income	\$ 6,627	\$ 6,432	\$ 195	3.0%	\$ 5,257	\$ 4,927	\$ 330	6.7%	11,884	11,359
Average										
Occupancy %	<u>90.0%</u>	<u>89.7%</u>		<u>0.3%</u>	<u>95.2%</u>	<u>94.3%</u>		<u>0.9%</u>		

### Reconciliation to consolidated net income:

Deferred rents - straight lining	92	114
Amortization of acquired leases	48	151
Net investment income	313	225
General and administrative expenses	(810)	(803)
Depreciation	(2,674)	(2,649)
Financing costs	(5,818)	(6,088)
Distributions to certain minority interests	-	(150)
Minority interest	(395)	(258)
Income from continuing operations	<u>2,640</u>	<u>1,901</u>
Income from discontinued operations	-	76
Net income	<u>\$ 2,640</u>	<u>\$ 1,977</u>

\* Restated to reflect reclassification of discontinued operations.

### Three Months Ended April 30:

	Commercial				Residential				Combined	
	Three Months Ended		Increase (Decrease)		Three Months Ended		Increase (Decrease)		Three Months Ended	
	April 30,				April 30,				April 30,	
	2008	2007	\$	%	2008	2007*	\$	%	2008	2007*
(\$ in thousands)				(\$ in thousands)				(\$ in thousands)		
Rental income	\$ 4,292	\$ 4,126	\$ 166	4.0%	\$ 4,723	\$ 4,521	\$ 202	4.5%	\$ 9,015	\$ 8,647
Reimbursements	1,071	1,089	(18)	-1.7%	-	-	-		1,071	1,089
Other	52	57	(5)	-8.8%	42	21	21	100.0%	94	78
Total revenue	5,415	5,272	143	2.7%	4,765	4,542	223	4.9%	10,180	9,814
Operating expenses	2,121	2,138	(17)	-0.8%	2,124	1,927	197	10.2%	4,245	4,065
Net operating income	\$ 3,294	\$ 3,134	\$ 160	5.1%	\$ 2,641	\$ 2,615	\$ 26	1.0%	5,935	5,749
Average										
Occupancy %	<u>90.7%</u>	<u>89.9%</u>		<u>0.8%</u>	<u>94.7%</u>	<u>94.7%</u>		<u>0.0%</u>		

### Reconciliation to consolidated net income:

Deferred rents - straight lining	45	59
Amortization of acquired leases	24	75
Net investment income	154	138
General and administrative expenses	(420)	(413)
Depreciation	(1,336)	(1,346)
Financing costs	(2,885)	(3,045)
Distributions to certain minority interests	-	-
Minority interest	(280)	(120)
Income from continuing operations	<u>1,237</u>	<u>1,097</u>
Income from discontinued operations	-	34
Net income	<u>\$ 1,237</u>	<u>\$ 1,131</u>

\* Restated to reflect reclassification of discontinued operations.

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, and financing costs. 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.

#### SUPPLEMENTARY SEGMENT INFORMATION

Commercial lease expirations as at October 31, 2007, assuming none of the tenants exercise renewal options:

Year Ending October 31,	Number of Expiring Leases	Expiring Leases Sq. Ft.	Percent of Commercial Sq. Ft.	Annual Rent of Expiring Leases	
				Total	Per Sq. Ft.
Month to month	24	59,092	5.4%	\$ 1,082,497	\$ 18.32
2008	20	67,554	6.2%	\$ 1,339,565	\$ 19.83
2009	15	44,143	4.1%	\$ 801,213	\$ 18.15
2010	19	89,719	8.3%	\$ 1,283,854	\$ 14.31
2011	15	57,081	5.2%	\$ 1,342,052	\$ 23.51
2012	10	191,758	17.6%	\$ 1,384,803	\$ 7.22
2013	4	33,346	3.1%	\$ 641,326	\$ 19.23
2014	4	20,121	1.9%	\$ 318,276	\$ 15.82
2015	7	76,104	7.0%	\$ 862,806	\$ 11.34
2016	3	20,576	1.9%	\$ 172,432	\$ 8.38
2017	1	2,786	0.3%	\$ 65,471	\$ 23.50

The following tables present the average rental income on a per unit and square foot basis for each of our Residential and Commercial properties, respectively for the Current Six Months and Prior Six Months:

Residential Apartment Properties:				
Property & Location	No. of Units	Average Occupancy Rate @ 4/30/08	Average Monthly Rent per Unit @ 4/30/08	Average Monthly Rent per Unit @ 4/30/07
Palisades Manor Palisades Park, NJ	12	100.0%	\$1,058	\$1,031
Grandview Apts. Hasbrouck Heights, NJ	20	100.0%	\$1,138	\$1,086
Heights Manor Spring Lake Heights, NJ	79	92.4%	\$1,127	\$1,079
Hammel Gardens Maywood, NJ	80	97.3%	\$1,179	\$1,157
Steuben Arms River Edge, NJ	100	97.0%	\$1,251	\$1,207
Berdan Court Wayne, NJ	176	98.0%	\$1,389	\$1,337
Pierre Towers Hackensack, NJ	269	93.9%	\$1,764	\$1,703
Westwood Hills Westwood Hills, NJ	210	93.7%	\$1,402	\$1,376
Boulders Rockaway, NJ	129	94.7%	\$1,358	\$1,262

Commercial Properties:				
Property & Location	Leaseable Space - Approximate Sq. Ft.	Average Occupancy Rate @ 4/30/08	Average Annualized Rent per Sq. Ft. @ 4/30/08	Average Annualized Rent per Sq. Ft. @ 4/30/07
Franklin Crossing Franklin Lakes, NJ	87,041	93.2%	\$22.91	\$21.92
Westwood Plaza Westwood, NJ	173,854	100.0%	\$12.77	\$12.85
Westridge Square Frederick, MD	256,620	90.8%	\$12.37	\$12.25
Pathmark Super Store Patchogue, NY	63,962	100.0%	\$19.99	\$18.49
Glen Rock, NJ	4,800	100.0%	\$20.48	\$20.48
Preakness Center Wayne, NJ	322,136	97.4%	\$12.63	\$12.13
Damascus Center* Damascus, MD	139,878	52.3%	\$8.02	\$9.56
The Rotunda Baltimore, MD	216,645	89.9%	\$18.22	\$17.95
* Undergoing renovation and expansion.				

## COMMERCIAL SEGMENT

FREIT's commercial properties consist of ten (10) properties totaling approximately 1,127,000 sq. ft. of retail space and 138,000 sq. ft. of office space. 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 intends to build and operate a bank branch on land FREIT owns in Rochelle Park, NJ.

As indicated in the above Segment Information table, revenue from FREIT's commercial segment for the Current Six Months and Current Quarter increased by 2.8% and 2.7%, respectively, over the comparable prior year's periods. NOI for the Current Six Months and Current Quarter increased by 3.0% and 5.1%, over the comparable prior year's periods. The favorable increase in both revenue and NOI was primarily attributable to our land in Rochelle Park, purchased in September 2007, which was generating revenue for the full Current Six Month period. However, the current year increases in both revenues and NOI were adversely affected by the anticipated planned renovation at our Damascus Shopping Center property located in Damascus, MD (the "Damascus Center"), which caused a temporary decline in occupancy levels at the Damascus Center. Average occupancy rates for FREIT's commercial segment for the Current Six Months was at 94.7%, exclusive of the Damascus Center, compared to 93.8% for the prior year's period. As a result of this renovation, temporary declines in both revenue and NOI were experienced at the Damascus Center of \$61,000 and \$50,000, respectively for the Current Six Month period. (See discussion below).

The impact of the Damascus renovation on the six and three month results of the commercial segment is reflected in the following table:

		Six Months Ended April 30,					
		2008			2007		
		Commercial Properties	Damascus	Same Properties	Commercial Properties	Damascus	Same Properties
(\$000)	Revenues	\$ 11,039	\$ 354	\$ 10,685	\$ 10,735	\$ 415	\$ 10,320
	Expenses	4,412	208	4,204	4,303	219	4,084
	NOI	\$ 6,627	\$ 146	\$ 6,481	\$ 6,432	\$ 196	\$ 6,236

  

		Three Months Ended April 30,					
		2008			2007		
		Commercial Properties	Damascus	Same Properties	Commercial Properties	Damascus	Same Properties
(\$000)	Revenues	\$ 5,415	\$ 202	\$ 5,213	\$ 5,272	\$ 216	\$ 5,056
	Expenses	2,121	110	2,011	2,138	131	2,007
	NOI	\$ 3,294	\$ 92	\$ 3,202	\$ 3,134	\$ 85	\$ 3,049

## DEVELOPMENT ACTIVITIES

A modernization and expansion is underway at our Damascus Center in Damascus, MD (owned by our 70% owned affiliate, Damascus Centre, LLC). Total construction costs are expected to approximate \$21.9 million. Building plans for Phase I have been approved and construction on Phase I began in June 2007 with completion expected no later than June 2008. Phase I construction costs will approximate \$4 - \$4.5 million of which approximately \$4.2 million has already been expended. On February 12, 2008, Damascus Centre, LLC closed on a \$27.3 million construction loan that is available to fund already expended and future construction costs. This loan will be drawn upon as needed. As of April 30, 2008, Damascus drew down \$4.2 million from this loan to cover construction costs. (See "Liquidity and Capital Resources" for additional information regarding this loan.) Because of this expansion, leases for certain tenants have been allowed to expire and not renewed. This has caused occupancy to decline, on a temporary basis, during the construction phase.

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) continues. The Rotunda property, on an 11.5-acre site, currently consists of an office building containing 138,000 sq. ft. of office space and 78,000 sq. ft. of retail space on the lower floor of the main building. The building plans incorporate an expansion of approximately 180,500 sq ft. of retail space, approximately 302 residential rental apartments, 56 condominium units and 120 hotel rooms, and structured parking. These development costs are expected to approximate \$145 million. City Planning Board approval has been received, and construction is expected to start during calendar 2008.

FREIT recently completed the re-configuration and renovation of the space formerly occupied by a movie theater at its Westridge Square Shopping Center in Frederick, MD at a cost approximating \$1 million. The former movie theater operator, as part of its lease termination fee, supplied the funds for this re-configuration.

## RESIDENTIAL SEGMENT

FREIT operates nine (9) multi-family apartment communities totaling 1,075 apartment units. As indicated in the table above, revenue from our residential segment for the Current Six Months increased 5.2% to \$9,527,000 and NOI for the same period is also up 6.7% to \$5,257,000. For the Current Quarter, revenue increased 4.9% to \$4,765,000 and NOI is also up slightly by 1.0% to \$2,641,000. The primary reason for the increase was higher occupancy levels, specifically at The Boulders and The Pierre Towers, which continue to be strong contributors to FREIT's residential operations, accounting for 81% of the increase in revenue and 88% of the increase in NOI for the Current Six Months.

Revenues from FREIT's residential properties continue to increase. Average occupancy rates for the Current Six Months increased to 95.2%, compared to 94.3% for the Prior Six Months. The occupancy level at The Boulders was in excess of 96% at the end of April 2008, and averaged 94.7% during the Current Six Month period.

Our residential revenue is principally composed of monthly apartment rental income. Total rental income is a factor of occupancy and monthly apartment rents. Monthly average residential rents at the end of the Current Six Months and the Prior Six Month period were \$1,547 and \$1,472, 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 \$199,600 and \$187,900, respectively.

Capital expenditures: Since all of our apartment communities, with the exception of The Boulders, were constructed more than 25 years ago, we tend to spend more in any given year on maintenance and capital improvements than may be spent on newer properties. A major renovation program is ongoing at The Pierre Towers apartment complex ("The Pierre"). We intend to modernize, where required, all apartments and some of the buildings' mechanical services. This renovation is expected to cost approximately \$3 - \$4 million, and apartments are to be renovated as they become temporarily vacant, over the next several years. These costs will be financed from operating cash flow and cash reserves. Through April 30, 2008, we expended approximately \$2.8 million in capital improvements at The Pierre, including approximately \$78,000 during the Current Six Months.

## FINANCING COSTS

	Six Months Ended		Three Months Ended	
	April 30,		April 30,	
	2008	2007	2008	2007
	(\$ in thousands)		(\$ in thousands)	
Fixed rate mortgages:				
1st Mortgages				
Existing	\$ 4,365	\$ 3,815	\$ 1,996	\$ 1,422
New	61	-	61	
2nd Mortgages				
Existing	597	1,168	467	1,035
Variable rate mortgages:				
Acquisition loan-Rotunda	678	788	286	383
Construction loan-Damascus	18	-	18	
Other	115	185	60	138
	<u>5,834</u>	<u>5,956</u>	<u>2,888</u>	<u>2,978</u>
Amortization of Mortgage Costs	<u>141</u>	<u>132</u>	<u>68</u>	<u>67</u>
Total Financing Costs	<u>5,975</u>	<u>6,088</u>	<u>2,956</u>	<u>3,045</u>
Less amount capitalized	<u>(157)</u>	<u>-</u>	<u>(71)</u>	<u>-</u>
Financing costs expensed	<u>\$ 5,818</u>	<u>\$ 6,088</u>	<u>\$ 2,885</u>	<u>\$ 3,045</u>

Financing costs before capitalized amounts for the Current Six Months and Current Quarter decreased 1.9% and 2.9%, over the prior year's comparable periods. This decrease was primarily attributable to our \$22.5 million acquisition loan for The Rotunda property, which bears a floating interest rate. Lower interest rates over the course of the Current Six Month period decreased the level of interest expense for the Rotunda by approximately \$178,000 and \$131,000, to \$639,000 and \$267,000 for the Current Six Months and Current Quarter, respectively.

## **NET INVESTMENT INCOME**

Net investment income for the Current Six Months and Current Quarter increased 39% and 12% to \$313,000 and \$154,000, respectively, over the comparable prior year's periods. Net 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's CEO and Chairman of the Board, for their equity investment in Grande Rotunda, LLC, a limited liability company, in which FREIT owns a 60% equity interest and Damascus Center, LLC, a limited liability company, in which FREIT owns a 70% equity interest). The increase in net investment income was primarily attributable to higher interest income for the Current Six Months and Current Quarter due to higher interest rates on the Company's investments.

## **GENERAL AND ADMINISTRATIVE EXPENSES ("G & A")**

During the Current Six Months and Current Quarter, G & A was \$810,000 and \$420,000, respectively, as compared to \$803,000 and \$413,000 for the prior year's periods. The increases for the Current Six Month and Current Quarter periods were primarily attributable to increased office overhead costs and Trustees' fees offset by reduced accounting fees.

## **DEPRECIATION**

Depreciation expense for the Current Six Months and Current Quarter was \$2,674,000 and \$1,336,000, respectively, an increase of \$25,000 from the Prior Six Months and a decrease of \$10,000 from the Prior Year's Quarter. The increase was primarily attributable to FREIT's residential operations, specifically with respect to current renovation and construction projects becoming operational at both The Pierre and The Boulders during FREIT's first quarter ended January 31, 2008.

## **LIQUIDITY AND CAPITAL RESOURCES**

Our financial condition remains strong. Net Cash Provided By Operating Activities was \$7.5 million for the Current Six Months compared to \$6.0 million for the Prior Six Months. We expect that cash provided by operating activities will be adequate to cover mandatory debt service payments, recurring capital improvements and dividends necessary to retain qualification as a REIT (90% of taxable income).

As at April 30, 2008, we had cash and marketable securities totaling \$11.6 million compared to \$12.7 million at October 31, 2007.

### **Credit Line:**

FREIT has an \$18 million line of credit provided by the Provident Bank. The line of credit is for three years but can be cancelled by the bank, at its will, at each anniversary date. 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.

In connection with its construction activities at The Boulders in Rockaway, NJ, FREIT had drawn down \$1.5 million and further utilized the credit line for the issuance of a \$2 million Letter of Credit ("LoC"). The \$1.5 million was repaid during the Prior Year's 1<sup>st</sup> Quarter and the \$2 million LoC was retired on May 16, 2007. \$18 million is currently available under the line of credit.

We are planning an expansion and redevelopment of The Rotunda in Baltimore, MD and have begun the rebuilding of the Damascus Shopping Center, in Damascus, MD. The total capital required for these projects is estimated at \$145 million, and \$21.9 million, respectively. Financing for the Rotunda project will be, in part, from mortgage financing and, in part, from funds available in our institutional money market investment. On February 12, 2008, Damascus Centre, LLC ("Damascus Centre") closed on a \$27.3 million construction loan that is available to fund already expended and future construction costs. This loan has a term of forty-eight (48) months, with one twelve (12) month extension option. FREIT has guaranteed 30% of the loan, and the minority interests, who have a 30% investment in the Damascus Centre, have agreed to indemnify FREIT for their share of the guarantee. Draws against this loan bear interest at a floating rate equal to LIBOR +1.35%. On April 30, 2008, Damascus drew down \$4.2 million of this loan to cover construction costs.

We expect these development projects to add to revenues, income, cash flow, and shareholder value.

At April 30, 2008, FREIT's aggregate outstanding mortgage debt was \$192.6 million and bears a weighted average interest rate of 5.99%, and an average life of approximately 5.8 years. These fixed rate mortgages are subject to amortization schedules that are longer than the term of the mortgages. As such, balloon payments (unpaid principal amounts at mortgage due date) for all mortgage debt will be required as follows:

Fiscal Year	2008	2010	2013	2014	2016	2017	2018	2019	2022
<i>(\$ in millions)</i>									
Mortgage "Balloon" Payments	\$22.5	\$12.2	\$8.0	\$25.9	\$24.5	\$22.0	\$5.9	\$28.1	\$14.4

The following table shows the estimated fair value and carrying value of our long-term debt at April 30, 2008 and October 31, 2007:

<i>(\$ in Millions)</i>	April 30, 2008	October 31, 2007
Fair Value	\$199.0	\$188.7
Carrying Value	\$192.6	\$189.4

Fair values are estimated based on market interest rates at April 30, 2008 and October 31, 2007 and on discounted cash flow analysis. Changes in assumptions or estimation methods may significantly affect these fair value estimates.

FREIT expects to refinance the individual mortgages with new mortgages when their terms expire. To this extent we have exposure to 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 mortgage debt being retired. For example, at April 30, 2008 a 1% interest rate increase would reduce the fair value of our debt by \$10.1 million, and a 1% decrease would increase the fair value by \$11.0 million.

FREIT also has interest rate exposure on its floating rate loans. Currently, FREIT has \$26.7 million in floating rate loans outstanding, of which \$22.5 million relates to the acquisition loan for The Rotunda and \$4.2 million relates to the construction loans for the Damascus redevelopment project. A 1% rate fluctuation would impact FREIT's annual interest cost by approximately \$267,000.

We believe that the values of our properties will be adequate to command refinancing proceeds equal to or higher than the mortgage debt to be refinanced. 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 our shareholders.

FREIT had a variable interest rate mortgage secured by its Patchogue, NY property. To limit interest rate volatility on this loan, FREIT entered into an interest rate swap contract. This loan came due on January 2, 2008. The due date of the loan was extended to February 29, 2008. The interest rate swap contract terminated on January 2, 2008. On February 29, 2008, the unpaid principal amount of this loan of approximately \$5.9 million was refinanced with a \$6 million mortgage loan bearing a fixed interest rate of 6.125%, with a ten (10) year term, and payable according to a thirty (30) year amortization schedule. 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).

#### Share repurchase program:

On April 9, 2008, FREIT's Board of Trustees authorized up to \$2 million for the repurchase of FREIT shares commencing three (3) days after the announcement of its operating results for the quarter ended April 30, 2008. Share repurchases under this program may be made from time to time in the open market or through privately negotiated transactions, depending on trading prices of FREIT shares and other market conditions. This share repurchase program may be limited or terminated at any time and without prior notice.

## FUNDS FROM OPERATIONS (“FFO”)

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

	Six Months Ended		Three Months Ended	
	April 30,		April 30,	
	2008	2007*	2008	2007*
	(\$ in thousands, except per share amounts)			
Net income	\$ 2,640	\$ 1,977	\$ 1,237	\$ 1,131
Depreciation	2,674	2,649	1,336	1,346
Amortization of deferred mortgage costs	141	132	68	67
Deferred rents (Straight lining)	92	(114)	45	(59)
Amortization of acquired leases	(48)	(151)	(24)	(75)
Capital Improvements - Apartments	(258)	(239)	(118)	(65)
Discontinued operations	-	(76)	-	(34)
Minority interests:				
Equity in earnings of affiliates	395	408	280	120
Distributions to minority interests	(595)	(387)	(268)	(87)
<b>FFO</b>	<u>\$ 5,041</u>	<u>\$ 4,199</u>	<u>\$ 2,556</u>	<u>\$ 2,344</u>
<i>Per Share - Basic</i>	<u>\$ 0.74</u>	<u>\$ 0.62</u>	<u>\$ 0.38</u>	<u>\$ 0.35</u>
<i>Per Share - Diluted</i>	<u>\$ 0.73</u>	<u>\$ 0.61</u>	<u>\$ 0.37</u>	<u>\$ 0.34</u>
Weighted Average Shares				
Outstanding:				
<i>Basic</i>	<u>6,781</u>	<u>6,751</u>	<u>6,799</u>	<u>6,751</u>
<i>Diluted</i>	<u>6,894</u>	<u>6,916</u>	<u>6,911</u>	<u>6,915</u>

\* Restated to reflect reclassification of discontinued operations.

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.

## 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 3: Quantitative and Qualitative Disclosures About Market Risk

See “Residential Segment” and “Liquidity and Capital Resources” under Item 2 above for a detailed discussion of FREIT’s quantitative and qualitative market risk disclosures.

## Item 4: 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 has been no change in FREIT’s internal control over financial reporting during the first six months of fiscal 2008 that has materially affected, or is reasonably likely to materially affect, FREIT’s internal control over financial reporting.

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.

## **Part II: Other Information**

### **Item 1A: Risk Factors**

Almost all of FREIT's income and cash flow is 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;
- new acquisitions and development projects; and
- changes in governmental regulations, real estate tax rates and similar matters.

A negative 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.

*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. A decline in general economic conditions, particularly in New Jersey and Maryland, where a majority of our properties are located, may cause reductions in rental revenues. A decline in general economic conditions may cause apartment tenants to double-up or vacate, causing increases in vacancies, or to resist monthly rent increases. Additionally, a general decline in economic conditions may cause a lack of consumer confidence, resulting in lower levels of consumer spending that could adversely affect the financial condition of some of our retail tenants, resulting in their inability to pay rent and/or expense recovery charges (represents recovery of certain common area maintenance charges, including insurance and real estate taxes). These retail tenants may vacate or fail to exercise renewal options for their space.

*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.

*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 is currently renovating its shopping center located in Damascus, Maryland, and is planning a major development at its Rotunda property in Baltimore, Maryland. In addition it is contemplating the construction of an industrial building on its South Brunswick, New Jersey property. Development and construction activities are challenged with the following risks, which may adversely affect our cash flow:

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

*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 favorable terms, acquisitions and development activities will be curtailed.

FREIT currently has approximately \$166 million of non-recourse mortgage debt subject to fixed interest rates, and \$26.7 million of partial recourse mortgage debt subject to variable interest rates (\$22.5 million relates to the acquisition of the Rotunda property, and \$4.2 million relates to the Damascus redevelopment project). These mortgages are being repaid over periods (amortization schedules) that are longer than the terms of the mortgages. Accordingly, when the mortgages become due (at various times) significant balloon payments (the unpaid principal amounts) will be required. FREIT expects to refinance the individual mortgages with new mortgages when their terms expire. To this extent we have exposure to capital availability and interest rate risk. If interest rates, at the time any individual mortgage note is due, are higher than the current fixed interest rate, higher debt service may be required and/or refinancing proceeds may be less than the amount of the mortgage debt being retired.

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 (currently unutilized and fully available) and our 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.

*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, which 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 or property damages and the 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.

*FREIT may fail to qualify as a REIT:* Since its inception in 1961, FREIT has elected, and will continue to operate so as to qualify 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 provisions of the Internal Revenue Code. Governmental legislation, new regulations, 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 4: Submission of Matters to a Vote of Security Holders**

The following matters were submitted to a vote of security holders at FREIT's Annual Meeting of Shareholders held on April 9, 2008:

A. Shareholders re-elected Mr. Robert S. Hekemian, Mr. David F. McBride and Mr. Robert S. Hekemian, Jr. to serve as Trustees for a three (3) year term. The balloting for the elections was as follows:

	<b>Robert S. Hekemian</b>	<b>David F. McBride</b>	<b>Robert S. Hekemian, Jr.</b>
<b>Votes For</b>	5,628,810	5,649,076	5,629,010
<b>Votes Withheld</b>	94,966	74,700	94,766

The other members of the Board of Trustees are as follows:

<b>Name</b>	<b>Term Expires</b>
Donald W. Barney	April 2009
Ronald J. Artinian	April 2010
Alan L. Aufzien	April 2010
Herbert C. Klein, Esq.	April 2009

## Item 6: Exhibits

Reference is made to the Exhibit index below.

### Exhibit Index

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Exhibit 32.2 - Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350	27

## Item 10: Material Agreements

Reference is made to the Exhibit index below

### Exhibit index

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant 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  
(Registrant)**

Date: June 9, 2008

/s/ Robert S. Hekemian

\_\_\_\_\_  
(Signature)

Robert S. Hekemian  
Chairman of the Board and Chief Executive Officer  
(Principal Executive Officer)

/s/ Donald W. Barney

\_\_\_\_\_  
(Signature)

Donald W. Barney  
President, Treasurer and Chief Financial Officer  
(Principal Financial/Accounting Officer)

**CERTIFICATION**

I, Robert S. Hekemian, certify that:

1. I have reviewed this report on Form 10-Q 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: June 9, 2008

/s/ Robert S. Hekemian

Robert S. Hekemian

Chairman of the Board and Chief Executive Officer

**CERTIFICATION**

I, Donald W. Barney, certify that:

1. I have reviewed this report on Form 10-Q 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: June 9, 2008

/s/ Donald W. Barney

Donald W. Barney

President, Treasurer and Chief Financial Officer

**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 Quarterly Report of First Real Estate Investment Trust of New Jersey (the “Company”) on Form 10-Q for the quarter ended April 30, 2008 (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: June 9, 2008

/s/ Robert S. Hekemian

Robert S. Hekemian

Chairman of the Board and Chief Executive Officer

**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 Quarterly Report of First Real Estate Investment Trust of New Jersey (the “Company”) on Form 10-Q for the quarter ended April 30, 2008 (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: June 9, 2008

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

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (“the Agreement”) dated as of February 8, 2008 made by and between First Real Estate Investment Trust of New Jersey, a New Jersey real estate business trust (hereinafter “FREIT”), and Damascus 100, LLC, a New Jersey limited liability company (hereinafter “Damascus 100”).

Preliminary Statement

WHEREAS, Damascus Second, LLC (the “LLC”) is a Maryland limited liability company consisting of FREIT as the Managing Member and Damascus 100, as the Limited Member;

WHEREAS, FREIT is the owner of 70% of the “Percentage Interests” in the LLC and Damascus 100 is the owner of 30% of the “Percentage Interests” in the LLC; the term Percentage Interest being defined in the Operating Agreement of the LLC; and

WHEREAS, Damascus Centre, L.L.C. (“Centre”) is the owner of a mixed use retail complex located in Damascus, Maryland known as the “Damascus Centre” (the “Premises”); and

WHEREAS, the LLC is obligated to Bank of America (the “lender”) pursuant to a Promissory Note (the “Note”) in an amount up to Twenty-Seven Million Two Hundred Ninety-Eight Thousand Dollars (\$27,298,000.00) (the “loan”), the proceeds of which are being used to reconstruct the Premises; and

WHEREAS, Centre has granted an Indemnity Deed of Trust on the Premises to secure its Indemnity Guaranty of the Loan in favor of the Lender; and

WHEREAS, as a condition precedent of the granting of the Loan, the Lender required FREIT to execute certain guarantees and indemnifications related to the Loan as evidenced by the Note, and a certain Guaranty Agreement of even date (all of the foregoing being, collectively referred to herein as the “Guaranty Documents”); and

WHEREAS, the Guaranty Documents are being executed and delivered to Lender by FREIT with FREIT’s understanding that any loss or other costs incurred pursuant to the terms of the Guaranty Agreement will be borne seventy (70%) by FREIT and thirty (30%) percent by Damascus 100;

NOW THEREFORE, the parties hereto agree as follows:

Section 1. Inducement.

This Agreement is executed by the undersigned in order to induce FREIT to execute and deliver to the Lender the Guaranty Documents.

Section 2. Agreement of Indemnity.

(a) Damascus 100 hereby, irrevocably and unconditionally agrees to jointly and severally defend, indemnify and hold FREIT harmless from and against any and all claims, demands, causes of action, liabilities, losses, costs incurred by FREIT as a result of any and all action and enforcement of the Guaranty Documents to the extent of Damascus 100’s thirty percent (30%) share of the Percentage Interest in the LLC.

Section 3. Term.

This Agreement shall remain in full force and effect so long as any of the parties hereto or their successors and assigns shall be liable to Lender under the Guaranty Documents.

Section 4. Nature of Obligations.

The obligations of the Undersigned hereunder are primary obligations and such obligations shall be absolute and unconditional irrespective of any illegality, invalidity or unenforceability of or defect in any provision of the loan documents prepared in connection with the Loan or of any obligations of the LLC thereunder, the absence of any action to enforce the same, seek execution thereof (or the lack thereof), or any other circumstance affecting the LLC (whether or not within the control of the LLC or the Undersigned) which might otherwise constitute a defense available to, or discharge of, the warrantor or surety of any type. This Agreement is a continuing one and all liabilities that apply or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon.

Section 5. Independence of Obligations.

This Agreement and the obligations of the Undersigned hereunder may be enforced in full irrespective of the existence of the obligations (direct or contingent) of the Undersigned or any other person (including, without limitation, the LLC any other indemnitor or surety) under any other instrument or agreement in favor of Lender, as the case may be with respect to the obligations under the Loan or any other obligation. No payment by the Undersigned or any other person under any other agreement shall under any circumstance diminish, or constitute a defense to, the Undersigned obligations hereunder until all obligations have been indefeasibly paid in full.

Section 6. Miscellaneous.

(a) Modification.

This Agreement may be modified only by an instrument in writing signed by the parties hereto.

(b) Governing Law.

This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with, and be governed by, the laws of the State of New Jersey.

(c) Descriptive Headings, etc.

The descriptive headings used in this Agreement are for convenience only and shall not be deemed to affect the meaning of construction of any provision hereof.

(d) Benefit of Agreement.

This Agreement shall be binding upon and inure to the benefit of the Undersigned and their respective successors, assigns, and distributes.

(e) Waivers.

The Undersigned hereby waive presentment, demand, protest or notice of any kind in connection with this Agreement.

(f) Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be an original, but which together constitutes one and same instrument.

IN WITNESS WHEREOF, the Undersigned has caused this Agreement to be duly executed and executed as of the date first above written.

FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY

By: /s/ Donald Barney  
Donald Barney, President

Damascus 100, LLC

By: /s/ Robert S. Hekemian, Jr.  
Robert S. Hekemian, Jr., Managing Manager

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (“the Agreement”) dated as of February 8, 2008 made by and between First Real Estate Investment Trust of New Jersey, a New Jersey real estate business trust (hereinafter “FREIT”), and Rotunda 100, LLC, a New Jersey limited liability company (hereinafter “Rotunda 100”).

Preliminary Statement

WHEREAS, Grande Rotunda, LLC (the “LLC”) is a Maryland limited Liability Company consisting of FREIT as the Managing Member and Rotunda 100, as the Limited Member;

WHEREAS, FREIT is the owner of 60% of the “Percentage Interests” in the LLC and Rotunda 100 is the owner of 40% of the “Percentage Interests” in the LLC; the term Percentage Interest being defined in the Operating Agreement of the LLC; and

WHEREAS, the LLC is the owner of a mixed use retail complex located in Baltimore, Maryland known as the “The Rotunda ” (the "Premises"); and

WHEREAS, the LLC is obligated to Bank of America (the “lender”) pursuant to a Promissory Note (the "Note") in an amount of Twenty Two Million Five Hundred Thousand Dollars (\$22,500,000.00) (the “loan”), the proceeds of which were used to acquire the Premises; and

WHEREAS, as a condition precedent of the granting of the Loan, the Lender required FREIT to execute certain guarantees and indemnifications related to the Loan as evidenced by the Note, and a certain Guaranty Agreement of even date (all of the foregoing being, collectively referred to herein as the “Guaranty Documents”); and

WHEREAS, the Guaranty Documents have been executed and delivered to Lender by FREIT with FREIT’s understanding that any loss or other costs incurred pursuant to the terms of the Guaranty Agreement will be borne sixty (60%) percent by FREIT and forty (40%) by Rotunda 100;

NOW THEREFORE, the parties hereto agree as follows:

Section 1. Agreement of Indemnity.

(a) Rotunda 100 hereby, irrevocably and unconditionally agrees to jointly and severally defend, indemnify and hold FREIT harmless from and against any and all claims, demands, causes of action, liabilities, losses, costs incurred by FREIT as a result of any and all action and enforcement of the Guaranty Documents to the extent of Rotunda 100’s forty percent (40%) share of the Percentage Interest in the LLC.

Section 2. Term.

This Agreement shall remain in full force and effect so long as any of the parties hereto or their successors and assigns shall be liable to Lender under the Guaranty Documents.

### Section 3. Nature of Obligations.

The obligations of the Undersigned hereunder are primary obligations and such obligations shall be absolute and unconditional irrespective of any illegality, invalidity or unenforceability of or defect in any provision of the loan documents prepared in connection with the Loan or of any obligations of the LLC thereunder, the absence of any action to enforce the same, seek execution thereof (or the lack thereof), or any other circumstance affecting the LLC (whether or not within the control of the LLC or the Undersigned) which might otherwise constitute a defense available to, or discharge of, the warrantor or surety of any type. This Agreement is a continuing one and all liabilities that apply or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon.

### Section 4. Independence of Obligations.

This Agreement and the obligations of the Undersigned hereunder may be enforced in full irrespective of the existence of the obligations (direct or contingent) of the Undersigned or any other person (including, without limitation, the LLC any other indemnitor or surety) under any other instrument or agreement in favor of Lender, as the case may be with respect to the obligations under the Loan or any other obligation. No payment by the Undersigned or any other person under any other agreement shall under any circumstance diminish, or constitute a defense to, the Undersigned obligations hereunder until all obligations have been indefeasibly paid in full.

### Section 5. Miscellaneous.

#### (a) Modification.

This Agreement may be modified only by an instrument in writing signed by the parties hereto.

#### (b) Governing Law.

This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with, and be governed by, the laws of the State of New Jersey.

#### (c) Descriptive Headings, etc.

The descriptive headings used in this Agreement are for convenience only and shall not be deemed to affect the meaning of construction of any provision hereof.

#### (d) Benefit of Agreement.

This Agreement shall be binding upon and inure to the benefit of the Undersigned and their respective successors, assigns, and distributes.

#### (e) Waivers.

The Undersigned hereby waive presentment, demand, protest or notice of any kind in connection with this Agreement.

(f) Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be an original, but which together constitutes one and same instrument.

IN WITNESS WHEREOF, the Undersigned has caused this Agreement to be duly executed and executed as of the date first above written.

FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY

By: /s/ Donald Barney  
Donald Barney, President

Rotunda 100, LLC

By: /s/Robert S. Hekemian, Jr.  
Robert S. Hekemian, Jr., Managing Manager

**PROMISSORY NOTE**

\$ 506,000.00

July 19, 2005

**Robert S. Hekemian, Jr.**, having an address of 39 Twinbrooks Road N (herein referred to as the "**Borrower**"), for value received, hereby promises to pay to the order of **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, successors and/or assigns (herein referred to as the "**FREIT**") at its offices, 505 Main Street, Hackensack, New Jersey 07601, on or before June 19, 2015 (the "**Maturity Date**"), the principal sum of Five hundred and Six Thousand Dollars and no cents (\$ 506,000.00) or so much thereof as shall be outstanding as of the Maturity Date, and to pay interest on the unpaid principal amount hereunder as hereinafter set forth.

(a) Interest on this Note shall be charged at a per annum rate (the "**LIBOR Rate**"), equal to two hundred twenty-five (225) basis points in excess of "**LIBOR**" (as defined below), for the corresponding "**LIBOR Interest Period**" (being periods of three (3) months). No LIBOR Interest Period shall extend beyond the Maturity Date of this Note. The Libor Rate should be reset on each November 1, February 1, May 1 and August 1 during the term.

(b) (i) For the purposes hereof, any interest period to which a LIBOR Rate applies is referred to as a "**LIBOR Interest Period**", and the loan, or any part thereof, when bearing a LIBOR Rate, is referred to herein as a **LIBOR Loan**.

(ii) The term "**LIBOR**" or "**LIBOR Rate**" shall mean, as applicable to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan as reported in the *Wall Street Journal* on the business day closest to the day prior to the reset date.

(c) LIBOR shall be adjusted each November 1, February 1, May 1 and August 1 during the term of this Note (such day being referred to herein as a "**Reset Date**") (but if any day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply).

(d) The Borrower shall have the right to repay Loan without penalty.

(e) In the event Borrower's employment by Hekemian & Co., Inc. shall terminate for any reason, then this Note shall be repaid within 90 days of demand therefor by FREIT.

1. The Borrower shall pay to FREIT interest upon any unpaid balance on this Note, which interest shall be due and payable to FREIT on November 1, February 1, May 1, and August 1 during the term in arrears, on the outstanding principal balance, commencing on November 1, February 1, May 1, and August 1 during the term of the month. Interest will be charged on all sums due to FREIT even after a default or judgment. Each payment made to FREIT, when paid, shall be applied first to the payment of all interest, charges and fees accrued and unpaid, and the balance thereof to payment on account of principal. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding anything hereinabove to the contrary, any interest accrued from the date of the Note through October 31, 2006 shall be due and payable on November 30, 2006. Pursuant to the Pledge and Security Agreement entered into between Borrower and FREIT, all refinancing proceeds, distributions, and other cash flow paid to FREIT as assignee of

Borrower's Membership Interest in Rotunda 100, LLC, shall be applied first to accrued and unpaid interest, charges and fees, and then to any outstanding principal.

2. On the Maturity Date there shall be due and payable all unpaid principal together with all accrued and unpaid interest, charges, and fees and all other sums computed in accordance with this Note or otherwise payable pursuant to the Loan Documents. If the Maturity Date is not a business day, this final payment shall be due and payable on the preceding business day.

3. In the event any payment of interest or principal is received by FREIT more than ten (10) days after the date due, the Borrower shall, to the extent permitted by law, pay FREIT a late charge of five (5%) percent of the overdue payment.

4. To the extent permitted by law, upon the occurrence of an Event of Default, as defined herein the rate of interest on the unpaid principal balance shall, at the option of FREIT be five (5%) percent in excess of the rate of interest provided herein (the "**Default Rate**"). The Borrower acknowledges that: (i) such additional rate is a material inducement to FREIT to make the loan; (ii) FREIT would not make the loan in the absence of the agreement of the Borrower to pay such additional rate; (iii) such additional rate represents compensation for increased risk to FREIT that the loan will not be repaid; and (iv) such rate is not a penalty and represents a reasonable estimate of (a) the cost to FREIT in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to FREIT for losses that are difficult to ascertain.

5. Any one or more of the following shall constitute an event of default under this Note (each an "**Event of Default**") and collectively "**Events of Default**"):

- (a) If default shall be made in the payment of any amount payable under this Note when and as the same shall become due and payable.
- (b) If an Event of Default as defined in the Pledge and Security Agreement hereinafter defined shall occur.

6. If any Event of Default shall have occurred, FREIT may:

(a) declare the entire unpaid principal balance, together with all accrued and unpaid interest, charges, fees and all other sums under this Note to be due and payable, whereupon this Note shall become forthwith due and payable as to principal, interest, charges, fees and all other sums due hereunder, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein notwithstanding;

(b) collect interest on any overdue principal, interest, charges, fees and other sums owing under this Note at the highest rate set forth in this Note or at the Default Rate, whichever is higher;

(c) sell all or part of any collateral given to secure this Note at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law;

(d) institute proceedings for the complete or partial foreclosure of any property securing the within Note; and/or

(e) commence any other proceedings or steps to protect or enforce its rights in any sequence determined by FREIT.

7. The Borrower hereby grants to FREIT, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to FREIT, whether now existing or hereafter arising, upon and against the Borrowers Membership Interest in Rotunda 100, LLC, and as set forth in a certain Pledge and Security Agreement of even date herewith given by Borrower to FREIT. At any time without demand or notice (any such notice being expressly waived by the Borrower), FREIT may set off the same or any part thereof and apply the same to any liability or obligation of the Borrower even though unmatured regardless of the adequacy of any other collateral securing this Note. ANY AND ALL RIGHTS TO REQUIRE FREIT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THIS NOTE OR OTHER PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

8. No right or remedy herein conferred upon or reserved to FREIT is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of FREIT to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Note may be exercised from time to time and as often as may be deemed expedient by FREIT. Nothing in this Note contained shall affect the obligation of the Borrower or any guarantor or endorser to pay the principal of and interest on this Note in the manner and at the time and place herein expressed.

9. FREIT may, without notice to or consent of any party liable for the payment hereof as guarantor, endorser, surety or in any capacity whatsoever, and without impairing or affecting the liability of such party to FREIT, (a) extend the time for payment of this Note; (b) alter any other term of this Note by agreement with the Borrower; (c) release, settle or compromise with any other party liable for the payment hereof; and/or (d) release, or substitute for, any collateral held by FREIT as security for the payment of any sum owing to FREIT by any party hereto; and any renewal and/or modification document required by FREIT and executed by the Borrower shall be deemed consented to by all such parties without any requirement that any such party execute any such document. The Borrower and all guarantors, endorsers, sureties, and others liable hereunder in any capacity whatsoever hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest, protest of this Note, and all other notice of any kind.

10. Should the indebtedness represented by this Note or any part hereof be collected in any proceeding, or this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including reasonable attorneys' fees in addition to expenses.

11. This Note is binding on the Borrower, any guarantors, endorsers, sureties, and all others liable hereon and their heirs, administrators, executors, representatives, successors and assigns, and shall inure to the benefit of FREIT, its successors and assigns.

12. This Note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey and irrespective of any conflicts of laws.

13. In case any one or more of the provisions herein or in any note, document, instrument, agreement or writing executed in conjunction herewith shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. In consideration of the agreements contained herein, the Borrower hereby waives any provisions applicable in connection with any voluntary or involuntary insolvency, bankruptcy, reorganization, fraudulent conveyance or similar proceeding involving the Borrower under any state or federal law regarding creditors=

rights or debtors= obligations imposing against the Borrower, or otherwise providing for, an automatic stay under Section 362(a) of the Bankruptcy Code or any other prohibition against FREIT=s commencing, maintaining or completing any proceedings in connection with or the exercise or enforcement of any of FREIT=s rights hereunder or any applicable law. In furtherance thereof, the Borrower agrees that, in the event of the imposition of any such stay or other prohibition, (a) not to contest any motion made by FREIT for the lifting thereof or for exemption therefrom; and (b) to cooperate with FREIT, in any manner requested by FREIT, in its efforts to obtain relief from any such stay or other prohibition.

15. Upon receipt of an affidavit of an officer of FREIT as to the loss, theft, destruction or mutilation of this Note or any other loan document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document, the Borrower will issue, in lieu thereof, a replacement note or other document in the same principal amount thereof and otherwise of like tenor.

16. This Note is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Note. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note, and no party is relying on any promise, agreement or understanding not set forth in this Note. This Note may not be amended or modified except by a written instrument describing such amendment or modification executed by Borrower and FREIT.

17. FREIT shall have the unrestricted right at any time or from time to time, and without Borrower's or any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more and person (each, an "*Assignee*"), and Borrower and each Guarantor agrees that it shall execute or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as shall be reasonably necessary to effect the foregoing, provided same do not change the Borrower's rights and obligations. The loan evidence by this Note has been made by FREIT to the Borrower as an accommodation to Borrower as and employee of Hekemian & Co., Inc. to make an investment in Rotunda 100, LLC, which is a limited Member of Grande Rotunda, LLC, the owner of certain property in Baltimore, Maryland (the "Property") in which FREIT is the Managing Member. Notwithstanding anything else herein provided, any monies to which Borrower is entitled as a member of Rotunda 100, LLC resulting from a refinancing of the Property shall be first applied to the outstanding principal balance and accrued interest, if any, to the extent thereof.

THE BORROWER AND EVERY OTHER PARTY LIABLE HEREON AS GUARANTOR, ENDORSER, SURETY OR IN ANY CAPACITY WHATSOEVER EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL ON ALL ISSUES SO TRIABLE, CONSENT TO AND CONFER PERSONAL JURISDICTION OVER THE BORROWER AND SUCH OTHER PARTY ON THE COURTS OF THE STATE OF NEW JERSEY, EXPRESSLY WAIVE ANY OBJECTIONS AS TO VENUE IN ANY OF SUCH STATE COURTS, AND EXPRESSLY WAIVE ANY RIGHT OF REMOVAL FROM SUCH STATE COURTS.

[Signature lines on next page]

IN WITNESS WHEREOF, the Borrower has caused these presents to be properly executed by their duly authorized corporate officers, the day and year first above written.

WITNESS:

/s/ Robert S. Hekemian, Jr.  
Robert S. Hekemian, Jr.

/s/ Allan Tubin

**PROMISSORY NOTE**

\$ 506,000.00

July 19, 2005

**Bryan Hekemian**, having an address of 2 Saddle Brook Drive (herein referred to as the "**Borrower**"), for value received, hereby promises to pay to the order of **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, successors and/or assigns (herein referred to as the "**FREIT**") at its offices, 505 Main Street, Hackensack, New Jersey 07601, on or before June 19, 2015 (the "**Maturity Date**"), the principal sum of Five hundred and Six Thousand Dollars and no cents (\$ 506,000.00) or so much thereof as shall be outstanding as of the Maturity Date, and to pay interest on the unpaid principal amount hereunder as hereinafter set forth.

(a) Interest on this Note shall be charged at a per annum rate (the "**LIBOR Rate**"), equal to two hundred twenty-five (225) basis points in excess of "**LIBOR**" (as defined below), for the corresponding "**LIBOR Interest Period**" (being periods of three (3) months). No LIBOR Interest Period shall extend beyond the Maturity Date of this Note. The Libor Rate should be reset on each November 1, February 1, May 1 and August 1 during the term.

(b) (i) For the purposes hereof, any interest period to which a LIBOR Rate applies is referred to as a "**LIBOR Interest Period**", and the loan, or any part thereof, when bearing a LIBOR Rate, is referred to herein as a **LIBOR Loan**.

(ii) The term "**LIBOR**" or "**LIBOR Rate**" shall mean, as applicable to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan as reported in the *Wall Street Journal* on the business day closest to the day prior to the reset date.

(c) LIBOR shall be adjusted each November 1, February 1, May 1 and August 1 during the term of this Note (such day being referred to herein as a "**Reset Date**") (but if any day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply).

(d) The Borrower shall have the right to repay Loan without penalty.

(e) In the event Borrower's employment by Hekemian & Co., Inc. shall terminate for any reason, then this Note shall be repaid within 90 days of demand therefor by FREIT.

1. The Borrower shall pay to FREIT interest upon any unpaid balance on this Note, which interest shall be due and payable to FREIT on November 1, February 1, May 1, and August 1 during the term in arrears, on the outstanding principal balance, commencing on November 1, February 1, May 1, and August 1 during the term of the month. Interest will be charged on all sums due to FREIT even after a default or judgment. Each payment made to FREIT, when paid, shall be applied first to the payment of all interest, charges and fees accrued and unpaid, and the balance thereof to payment on account of principal. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding anything hereinabove to the contrary, any interest accrued from the date of the Note through October 31, 2006 shall be due and payable on November 30, 2006. Pursuant to the Pledge and Security Agreement entered into between Borrower and FREIT, all refinancing proceeds, distributions, and other cash flow paid to FREIT as assignee of Borrower's Membership Interest in Rotunda 100, LLC, shall be applied first to accrued and unpaid interest, charges and fees, and then to any outstanding principal.

2. On the Maturity Date there shall be due and payable all unpaid principal together with all accrued and unpaid interest, charges, and fees and all other sums computed in accordance with this Note or otherwise payable pursuant to the Loan Documents. If the Maturity Date is not a business day, this final payment shall be due and payable on the preceding business day.

3. In the event any payment of interest or principal is received by FREIT more than ten (10) days after the date due, the Borrower shall, to the extent permitted by law, pay FREIT a late charge of five (5%) percent of the overdue payment.

4. To the extent permitted by law, upon the occurrence of an Event of Default, as defined herein the rate of interest on the unpaid principal balance shall, at the option of FREIT be five (5%) percent in excess of the rate of interest provided herein (the "***Default Rate***"). The Borrower acknowledges that: (i) such additional rate is a material inducement to FREIT to make the loan; (ii) FREIT would not make the loan in the absence of the agreement of the Borrower to pay such additional rate; (iii) such additional rate represents compensation for increased risk to FREIT that the loan will not be repaid; and (iv) such rate is not a penalty and represents a reasonable estimate of (a) the cost to FREIT in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to FREIT for losses that are difficult to ascertain.

5. Any one or more of the following shall constitute an event of default under this Note (each an "***Event of Default***") and collectively "***Events of Default***"):

- (a) If default shall be made in the payment of any amount payable under this Note when and as the same shall become due and payable.
- (b) If an Event of Default as defined in the Pledge and Security Agreement hereinafter defined shall occur.

6. If any Event of Default shall have occurred, FREIT may:

(a) declare the entire unpaid principal balance, together with all accrued and unpaid interest, charges, fees and all other sums under this Note to be due and payable, whereupon this Note shall become forthwith due and payable as to principal, interest, charges, fees and all other sums due hereunder, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein notwithstanding;

(b) collect interest on any overdue principal, interest, charges, fees and other sums owing under this Note at the highest rate set forth in this Note or at the Default Rate, whichever is higher;

(c) sell all or part of any collateral given to secure this Note at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law;

(d) institute proceedings for the complete or partial foreclosure of any property securing the within Note; and/or

(e) commence any other proceedings or steps to protect or enforce its rights in any sequence determined by FREIT.

7. The Borrower hereby grants to FREIT, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to FREIT, whether now existing or hereafter arising, upon and against the Borrowers Membership Interest in Rotunda 100, LLC, and as set forth in a certain Pledge and Security Agreement of even date herewith given by Borrower to FREIT. At any time without demand or notice (any such notice being expressly waived by the Borrower), FREIT may set off the same or any part thereof and apply the same to any liability or obligation of the Borrower even though unmatured regardless of the adequacy of any other collateral securing this Note. ANY AND ALL RIGHTS TO REQUIRE FREIT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THIS NOTE OR OTHER PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

8. No right or remedy herein conferred upon or reserved to FREIT is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of FREIT to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Note may be exercised from time to time and as often as may be deemed expedient by FREIT. Nothing in this Note contained shall affect the obligation of the Borrower or any guarantor or endorser to pay the principal of and interest on this Note in the manner and at the time and place herein expressed.

9. FREIT may, without notice to or consent of any party liable for the payment hereof as guarantor, endorser, surety or in any capacity whatsoever, and without impairing or affecting the liability of such party to FREIT, (a) extend the time for payment of this Note; (b) alter any other term of this Note by agreement with the Borrower; (c) release, settle or compromise with any other party liable for the payment hereof; and/or (d) release, or substitute for, any collateral held by FREIT as security for the payment of any sum owing to FREIT by any party hereto; and any renewal and/or modification document required by FREIT and executed by the Borrower shall be deemed consented to by all such parties without any requirement that any such party execute any such document. The Borrower and all guarantors, endorsers, sureties, and others liable hereunder in any capacity whatsoever hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest, protest of this Note, and all other notice of any kind.

10. Should the indebtedness represented by this Note or any part hereof be collected in any proceeding, or this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including reasonable attorneys' fees in addition to expenses.

11. This Note is binding on the Borrower, any guarantors, endorsers, sureties, and all others liable hereon and their heirs, administrators, executors, representatives, successors and assigns, and shall inure to the benefit of FREIT, its successors and assigns.

12. This Note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey and irrespective of any conflicts of laws.

13. In case any one or more of the provisions herein or in any note, document, instrument, agreement or writing executed in conjunction herewith shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. In consideration of the agreements contained herein, the Borrower hereby waives any provisions applicable in connection with any voluntary or involuntary insolvency, bankruptcy, reorganization, fraudulent conveyance or similar proceeding involving the Borrower under any state or federal law regarding creditors=

rights or debtors= obligations imposing against the Borrower, or otherwise providing for, an automatic stay under Section 362(a) of the Bankruptcy Code or any other prohibition against FREIT=s commencing, maintaining or completing any proceedings in connection with or the exercise or enforcement of any of FREIT=s rights hereunder or any applicable law. In furtherance thereof, the Borrower agrees that, in the event of the imposition of any such stay or other prohibition, (a) not to contest any motion made by FREIT for the lifting thereof or for exemption therefrom; and (b) to cooperate with FREIT, in any manner requested by FREIT, in its efforts to obtain relief from any such stay or other prohibition.

15. Upon receipt of an affidavit of an officer of FREIT as to the loss, theft, destruction or mutilation of this Note or any other loan document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document, the Borrower will issue, in lieu thereof, a replacement note or other document in the same principal amount thereof and otherwise of like tenor.

16. This Note is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Note. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note, and no party is relying on any promise, agreement or understanding not set forth in this Note. This Note may not be amended or modified except by a written instrument describing such amendment or modification executed by Borrower and FREIT.

17. FREIT shall have the unrestricted right at any time or from time to time, and without Borrower's or any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more and person (each, an "*Assignee*"), and Borrower and each Guarantor agrees that it shall execute or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as shall be reasonably necessary to effect the foregoing, provided same do not change the Borrower's rights and obligations. The loan evidenced by this Note has been made by FREIT to the Borrower as an accommodation to Borrower as an employee of Hekemian & Co., Inc. to make an investment in Rotunda 100, LLC, which is a limited Member of Grande Rotunda, LLC, the owner of certain property in Baltimore, Maryland (the "Property") in which FREIT is the Managing Member. Notwithstanding anything else herein provided, any monies to which Borrower is entitled as a member of Rotunda 100, LLC resulting from a refinancing of the Property shall be first applied to the outstanding principal balance and accrued interest, if any, to the extent thereof.

THE BORROWER AND EVERY OTHER PARTY LIABLE HEREON AS GUARANTOR, ENDORSER, SURETY OR IN ANY CAPACITY WHATSOEVER EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL ON ALL ISSUES SO TRIABLE, CONSENT TO AND CONFER PERSONAL JURISDICTION OVER THE BORROWER AND SUCH OTHER PARTY ON THE COURTS OF THE STATE OF NEW JERSEY, EXPRESSLY WAIVE ANY OBJECTIONS AS TO VENUE IN ANY OF SUCH STATE COURTS, AND EXPRESSLY WAIVE ANY RIGHT OF REMOVAL FROM SUCH STATE COURTS.

[Signature lines on next page]

IN WITNESS WHEREOF, the Borrower has caused these presents to be properly executed by their duly authorized corporate officers, the day and year first above written.

WITNESS:

/s/ Bryan Hekemian  
Bryan Hekemian

/s/ Allan Tubin

**PROMISSORY NOTE**

\$ 506,000.00

July 19, 2005

**David Hekemian**, having an address of 2 Columbus Ave., Apt 19A (herein referred to as the "**Borrower**"), for value received, hereby promises to pay to the order of **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, successors and/or assigns (herein referred to as the "**FREIT**") at its offices, 505 Main Street, Hackensack, New Jersey 07601, on or before June 19, 2015 (the "**Maturity Date**"), the principal sum of Five hundred and Six Thousand Dollars and no cents (\$ 506,000.00) or so much thereof as shall be outstanding as of the Maturity Date, and to pay interest on the unpaid principal amount hereunder as hereinafter set forth.

(a) Interest on this Note shall be charged at a per annum rate (the "**LIBOR Rate**"), equal to two hundred twenty-five (225) basis points in excess of "**LIBOR**" (as defined below), for the corresponding "**LIBOR Interest Period**" (being periods of three (3) months). No LIBOR Interest Period shall extend beyond the Maturity Date of this Note. The Libor Rate should be reset on each November 1, February 1, May 1 and August 1 during the term.

(b) (i) For the purposes hereof, any interest period to which a LIBOR Rate applies is referred to as a "**LIBOR Interest Period**", and the loan, or any part thereof, when bearing a LIBOR Rate, is referred to herein as a **LIBOR Loan**.

(ii) The term "**LIBOR**" or "**LIBOR Rate**" shall mean, as applicable to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan as reported in the *Wall Street Journal* on the business day closest to the day prior to the reset date.

(c) LIBOR shall be adjusted each November 1, February 1, May 1 and August 1 during the term of this Note (such day being referred to herein as a "**Reset Date**") (but if any day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply).

(d) The Borrower shall have the right to repay Loan without penalty.

(e) In the event Borrower's employment by Hekemian & Co., Inc. shall terminate for any reason, then this Note shall be repaid within 90 days of demand therefor by FREIT.

1. The Borrower shall pay to FREIT interest upon any unpaid balance on this Note, which interest shall be due and payable to FREIT on November 1, February 1, May 1, and August 1 during the term in arrears, on the outstanding principal balance, commencing on November 1, February 1, May 1, and August 1 during the term of the month.

Interest will be charged on all sums due to FREIT even after a default or judgment. Each payment made to FREIT, when paid, shall be applied first to the payment of all interest, charges and fees accrued and unpaid, and the balance thereof to payment on account of principal. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding anything hereinabove to the contrary, any interest accrued from the date of the Note through October 31, 2006 shall be due and payable on November 30, 2006. Pursuant to the Pledge and Security Agreement entered into between Borrower and FREIT, all refinancing proceeds, distributions, and other cash flow paid to FREIT as assignee of Borrower's Membership Interest in Rotunda 100, LLC, shall be applied first to accrued and unpaid interest, charges and fees, and then to any outstanding principal.

2. On the Maturity Date there shall be due and payable all unpaid principal together with all accrued and unpaid interest, charges, and fees and all other sums computed in accordance with this Note or otherwise payable pursuant to the Loan Documents. If the Maturity Date is not a business day, this final payment shall be due and payable on the preceding business day.

3. In the event any payment of interest or principal is received by FREIT more than ten (10) days after the date due, the Borrower shall, to the extent permitted by law, pay FREIT a late charge of five (5%) percent of the overdue payment.

4. To the extent permitted by law, upon the occurrence of an Event of Default, as defined herein the rate of interest on the unpaid principal balance shall, at the option of FREIT be five (5%) percent in excess of the rate of interest provided herein (the "**Default Rate**"). The Borrower acknowledges that: (i) such additional rate is a material inducement to FREIT to make the loan; (ii) FREIT would not make the loan in the absence of the agreement of the Borrower to pay such additional rate; (iii) such additional rate represents compensation for increased risk to FREIT that the loan will not be repaid; and (iv) such rate is not a penalty and represents a reasonable estimate of (a) the cost to FREIT in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to FREIT for losses that are difficult to ascertain.

5. Any one or more of the following shall constitute an event of default under this Note (each an "**Event of Default**" and collectively "**Events of Default**"):

- (a) If default shall be made in the payment of any amount payable under this Note when and as the same shall become due and payable.
- (b) If an Event of Default as defined in the Pledge and Security Agreement hereinafter defined shall occur.

6. If any Event of Default shall have occurred, FREIT may:

(a) declare the entire unpaid principal balance, together with all accrued and unpaid interest, charges, fees and all other sums under this Note to be due and payable, whereupon this Note shall become forthwith due and payable as to principal, interest, charges, fees and all other sums due hereunder, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein notwithstanding;

(b) collect interest on any overdue principal, interest, charges, fees and other sums owing under this Note at the highest rate set forth in this Note or at the Default Rate, whichever is higher;

(c) sell all or part of any collateral given to secure this Note at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law;

(d) institute proceedings for the complete or partial foreclosure of any property securing the within Note; and/or

(e) commence any other proceedings or steps to protect or enforce its rights in any sequence determined by FREIT.

7. The Borrower hereby grants to FREIT, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to FREIT, whether now existing or hereafter arising, upon and against the Borrowers Membership Interest in Rotunda 100, LLC, and as set forth in a certain Pledge and Security Agreement of even date herewith given by Borrower to FREIT. At any time without demand or notice (any such notice being expressly waived by the Borrower), FREIT may set off the same or any part thereof and apply the same to any liability or obligation of the Borrower even though unmaturred regardless of the adequacy of any other collateral securing this Note. **ANY AND ALL RIGHTS TO REQUIRE FREIT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THIS NOTE OR OTHER PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.**

8. No right or remedy herein conferred upon or reserved to FREIT is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of FREIT to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Note may be exercised from time to time and as often as may be deemed expedient by FREIT. Nothing in this Note contained shall affect the obligation of the Borrower or any guarantor or endorser to pay the principal of and interest on this Note in the manner and at the time and place herein expressed.

9. FREIT may, without notice to or consent of any party liable for the payment hereof as guarantor, endorser, surety or in any capacity whatsoever, and without impairing or affecting the liability of such party to FREIT, (a) extend the time for payment of this Note; (b)

alter any other term of this Note by agreement with the Borrower; (c) release, settle or compromise with any other party liable for the payment hereof; and/or (d) release, or substitute for, any collateral held by FREIT as security for the payment of any sum owing to FREIT by any party hereto; and any renewal and/or modification document required by FREIT and executed by the Borrower shall be deemed consented to by all such parties without any requirement that any such party execute any such document. The Borrower and all guarantors, endorsers, sureties, and others liable hereunder in any capacity whatsoever hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest, protest of this Note, and all other notice of any kind.

10. Should the indebtedness represented by this Note or any part hereof be collected in any proceeding, or this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including reasonable attorneys' fees in addition to expenses.

11. This Note is binding on the Borrower, any guarantors, endorsers, sureties, and all others liable hereon and their heirs, administrators, executors, representatives, successors and assigns, and shall inure to the benefit of FREIT, its successors and assigns.

12. This Note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey and irrespective of any conflicts of laws.

13. In case any one or more of the provisions herein or in any note, document, instrument, agreement or writing executed in conjunction herewith shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. In consideration of the agreements contained herein, the Borrower hereby waives any provisions applicable in connection with any voluntary or involuntary insolvency, bankruptcy, reorganization, fraudulent conveyance or similar proceeding involving the Borrower under any state or federal law regarding creditors' rights or debtors' obligations imposing against the Borrower, or otherwise providing for, an automatic stay under Section 362(a) of the Bankruptcy Code or any other prohibition against FREIT's commencing, maintaining or completing any proceedings in connection with or the exercise or enforcement of any of FREIT's rights hereunder or any applicable law. In furtherance thereof, the Borrower agrees that, in the event of the imposition of any such stay or other prohibition, (a) not to contest any motion made by FREIT for the lifting thereof or for exemption therefrom; and (b) to cooperate with FREIT, in any manner requested by FREIT, in its efforts to obtain relief from any such stay or other prohibition.

15. Upon receipt of an affidavit of an officer of FREIT as to the loss, theft, destruction or mutilation of this Note or any other loan document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document, the Borrower will issue, in lieu thereof, a replacement note or other document in the same principal amount thereof and otherwise of like tenor.

16. This Note is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Note. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note, and no party is relying on any promise, agreement or understanding not set forth in this Note. This Note may not be amended or modified except by a written instrument describing such amendment or modification executed by Borrower and FREIT.

17. FREIT shall have the unrestricted right at any time or from time to time, and without Borrower's or any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more and person (each, an "*Assignee*"), and Borrower and each Guarantor agrees that it shall execute or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as shall be reasonably necessary to effect the foregoing, provided same do not change the Borrower's rights and obligations. The loan evidence by this Note has been made by FREIT to the Borrower as an accommodation to Borrower as and employee of Hekemian & Co., Inc. to make an investment in Rotunda 100, LLC, which is a limited Member of Grande Rotunda, LLC, the owner of certain property in Baltimore, Maryland (the "Property") in which FREIT is the Managing Member. Notwithstanding anything else herein provided, any monies to which Borrower is entitled as a member of Rotunda 100, LLC resulting from a refinancing of the Property shall be first applied to the outstanding principal balance and accrued interest, if any, to the extent thereof.

THE BORROWER AND EVERY OTHER PARTY LIABLE HEREON AS GUARANTOR, ENDORSER, SURETY OR IN ANY CAPACITY WHATSOEVER EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL ON ALL ISSUES SO TRIABLE, CONSENT TO AND CONFER PERSONAL JURISDICTION OVER THE BORROWER AND SUCH OTHER PARTY ON THE COURTS OF THE STATE OF NEW JERSEY, EXPRESSLY WAIVE ANY OBJECTIONS AS TO VENUE IN ANY OF SUCH STATE COURTS, AND EXPRESSLY WAIVE ANY RIGHT OF REMOVAL FROM SUCH STATE COURTS.

[Signature lines on next page]

IN WITNESS WHEREOF, the Borrower has caused these presents to be properly executed by their duly authorized corporate officers, the day and year first above written.

WITNESS:

/s/ David Hekemian  
David Hekemian

/s/ Allan Tubin

**PROMISSORY NOTE**

\$ 69,000.00

July 19, 2005

**Christopher P. Bell**, having an address of 326 First Street (herein referred to as the "**Borrower**"), for value received, hereby promises to pay to the order of **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, successors and/or assigns (herein referred to as the "**FREIT**") at its offices, 505 Main Street, Hackensack, New Jersey 07601, on or before June 19, 2015 (the "**Maturity Date**"), the principal sum of Sixty Nine Thousand Dollars and no cents (\$ 69,000.00) or so much thereof as shall be outstanding as of the Maturity Date, and to pay interest on the unpaid principal amount hereunder as hereinafter set forth.

(a) Interest on this Note shall be charged at a per annum rate (the "**LIBOR Rate**"), equal to two hundred twenty-five (225) basis points in excess of "**LIBOR**" (as defined below), for the corresponding "**LIBOR Interest Period**" (being periods of three (3) months). No LIBOR Interest Period shall extend beyond the Maturity Date of this Note. The Libor Rate should be reset on each November 1, February 1, May 1 and August 1 during the term.

(b) (i) For the purposes hereof, any interest period to which a LIBOR Rate applies is referred to as a "**LIBOR Interest Period**", and the loan, or any part thereof, when bearing a LIBOR Rate, is referred to herein as a **LIBOR Loan**.

(ii) The term "**LIBOR**" or "**LIBOR Rate**" shall mean, as applicable to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan as reported in the *Wall Street Journal* on the business day closest to the day prior to the reset date.

(c) LIBOR shall be adjusted each November 1, February 1, May 1 and August 1 during the term of this Note (such day being referred to herein as a "**Reset Date**") (but if any day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply).

(d) The Borrower shall have the right to repay Loan without penalty.

(e) In the event Borrower's employment by Hekemian & Co., Inc. shall terminate for any reason, then this Note shall be repaid within 90 days of demand therefor by FREIT.

1. The Borrower shall pay to FREIT interest upon any unpaid balance on this Note, which interest shall be due and payable to FREIT on November 1, February 1, May 1, and August 1 during the term in arrears, on the outstanding principal balance, commencing on November 1, February 1, May 1, and August 1 during the term of the month. Interest will be charged on all sums due to FREIT even after a default or judgment.

Each payment made to FREIT, when paid, shall be applied first to the payment of all interest, charges and fees accrued and unpaid, and the balance thereof to payment on account of principal. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding anything hereinabove to the contrary, any interest accrued from the date of the Note through October 31, 2006 shall be due and payable on November 30, 2006. Pursuant to the Pledge and Security Agreement entered into between Borrower and FREIT, all refinancing proceeds, distributions, and other cash flow paid to FREIT as assignee of Borrower's Membership Interest in Rotunda 100, LLC, shall be applied first to accrued and unpaid interest, charges and fees, and then to any outstanding principal.

2. On the Maturity Date there shall be due and payable all unpaid principal together with all accrued and unpaid interest, charges, and fees and all other sums computed in accordance with this Note or otherwise payable pursuant to the Loan Documents. If the Maturity Date is not a business day, this final payment shall be due and payable on the preceding business day.

3. In the event any payment of interest or principal is received by FREIT more than ten (10) days after the date due, the Borrower shall, to the extent permitted by law, pay FREIT a late charge of five (5%) percent of the overdue payment.

4. To the extent permitted by law, upon the occurrence of an Event of Default, as defined herein the rate of interest on the unpaid principal balance shall, at the option of FREIT be five (5%) percent in excess of the rate of interest provided herein (the "**Default Rate**"). The Borrower acknowledges that: (i) such additional rate is a material inducement to FREIT to make the loan; (ii) FREIT would not make the loan in the absence of the agreement of the Borrower to pay such additional rate; (iii) such additional rate represents compensation for increased risk to FREIT that the loan will not be repaid; and (iv) such rate is not a penalty and represents a reasonable estimate of (a) the cost to FREIT in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to FREIT for losses that are difficult to ascertain.

5. Any one or more of the following shall constitute an event of default under this Note (each an "**Event of Default**" and collectively "**Events of Default**"):

- (a) If default shall be made in the payment of any amount payable under this Note when and as the same shall become due and payable.
- (b) If an Event of Default as defined in the Pledge and Security Agreement hereinafter defined shall occur.

6. If any Event of Default shall have occurred, FREIT may:

(a) declare the entire unpaid principal balance, together with all accrued and unpaid interest, charges, fees and all other sums under this Note to be due and payable, whereupon this Note shall become forthwith due and payable as to principal, interest, charges, fees and all other sums due hereunder, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein notwithstanding;

(b) collect interest on any overdue principal, interest, charges, fees and other sums owing under this Note at the highest rate set forth in this Note or at the Default Rate, whichever is higher;

(c) sell all or part of any collateral given to secure this Note at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law;

(d) institute proceedings for the complete or partial foreclosure of any property securing the within Note; and/or

(e) commence any other proceedings or steps to protect or enforce its rights in any sequence determined by FREIT.

7. The Borrower hereby grants to FREIT, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to FREIT, whether now existing or hereafter arising, upon and against the Borrowers Membership Interest in Rotunda 100, LLC, and as set forth in a certain Pledge and Security Agreement of even date herewith given by Borrower to FREIT. At any time without demand or notice (any such notice being expressly waived by the Borrower), FREIT may set off the same or any part thereof and apply the same to any liability or obligation of the Borrower even though unmaturred regardless of the adequacy of any other collateral securing this Note. **ANY AND ALL RIGHTS TO REQUIRE FREIT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THIS NOTE OR OTHER PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.**

8. No right or remedy herein conferred upon or reserved to FREIT is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of FREIT to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Note may be exercised from time to time and as often as may be deemed expedient by FREIT. Nothing in this Note contained shall affect the obligation of the Borrower or any guarantor or endorser to pay the principal of and interest on this Note in the manner and at the time and place herein expressed.

9. FREIT may, without notice to or consent of any party liable for the payment hereof as guarantor, endorser, surety or in any capacity whatsoever, and without impairing or affecting the liability of such party to FREIT, (a) extend the time for payment of this Note; (b)

alter any other term of this Note by agreement with the Borrower; (c) release, settle or compromise with any other party liable for the payment hereof; and/or (d) release, or substitute for, any collateral held by FREIT as security for the payment of any sum owing to FREIT by any party hereto; and any renewal and/or modification document required by FREIT and executed by the Borrower shall be deemed consented to by all such parties without any requirement that any such party execute any such document. The Borrower and all guarantors, endorsers, sureties, and others liable hereunder in any capacity whatsoever hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest, protest of this Note, and all other notice of any kind.

10. Should the indebtedness represented by this Note or any part hereof be collected in any proceeding, or this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including reasonable attorneys' fees in addition to expenses.

11. This Note is binding on the Borrower, any guarantors, endorsers, sureties, and all others liable hereon and their heirs, administrators, executors, representatives, successors and assigns, and shall inure to the benefit of FREIT, its successors and assigns.

12. This Note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey and irrespective of any conflicts of laws.

13. In case any one or more of the provisions herein or in any note, document, instrument, agreement or writing executed in conjunction herewith shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. In consideration of the agreements contained herein, the Borrower hereby waives any provisions applicable in connection with any voluntary or involuntary insolvency, bankruptcy, reorganization, fraudulent conveyance or similar proceeding involving the Borrower under any state or federal law regarding creditors' rights or debtors' obligations imposing against the Borrower, or otherwise providing for, an automatic stay under Section 362(a) of the Bankruptcy Code or any other prohibition against FREIT's commencing, maintaining or completing any proceedings in connection with or the exercise or enforcement of any of FREIT's rights hereunder or any applicable law. In furtherance thereof, the Borrower agrees that, in the event of the imposition of any such stay or other prohibition, (a) not to contest any motion made by FREIT for the lifting thereof or for exemption therefrom; and (b) to cooperate with FREIT, in any manner requested by FREIT, in its efforts to obtain relief from any such stay or other prohibition.

15. Upon receipt of an affidavit of an officer of FREIT as to the loss, theft, destruction or mutilation of this Note or any other loan document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document, the Borrower will issue, in lieu thereof, a replacement note or other document in the same principal amount thereof and otherwise of like tenor.

16. This Note is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Note. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note, and no party is relying on any promise, agreement or understanding not set forth in this Note. This Note may not be amended or modified except by a written instrument describing such amendment or modification executed by Borrower and FREIT.

17. FREIT shall have the unrestricted right at any time or from time to time, and without Borrower's or any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more and person (each, an "*Assignee*"), and Borrower and each Guarantor agrees that it shall execute or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as shall be reasonably necessary to effect the foregoing, provided same do not change the Borrower's rights and obligations. The loan evidence by this Note has been made by FREIT to the Borrower as an accommodation to Borrower as and employee of Hekemian & Co., Inc. to make an investment in Rotunda 100, LLC, which is a limited Member of Grande Rotunda, LLC, the owner of certain property in Baltimore, Maryland (the "Property") in which FREIT is the Managing Member. Notwithstanding anything else herein provided, any monies to which Borrower is entitled as a member of Rotunda 100, LLC resulting from a refinancing of the Property shall be first applied to the outstanding principal balance and accrued interest, if any, to the extent thereof.

THE BORROWER AND EVERY OTHER PARTY LIABLE HEREON AS GUARANTOR, ENDORSER, SURETY OR IN ANY CAPACITY WHATSOEVER EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL ON ALL ISSUES SO TRIABLE, CONSENT TO AND CONFER PERSONAL JURISDICTION OVER THE BORROWER AND SUCH OTHER PARTY ON THE COURTS OF THE STATE OF NEW JERSEY, EXPRESSLY WAIVE ANY OBJECTIONS AS TO VENUE IN ANY OF SUCH STATE COURTS, AND EXPRESSLY WAIVE ANY RIGHT OF REMOVAL FROM SUCH STATE COURTS.

[Signature lines on next page]

IN WITNESS WHEREOF, the Borrower has caused these presents to be properly executed by their duly authorized corporate officers, the day and year first above written.

WITNESS:

/s/ Christopher P. Bell  
Christopher P. Bell

/s/ Allan Tubin

PROMISSORY NOTE

\$ 69,000.00

July 19, 2005

**Allan Tubin**, having an address of 142 Windsor Road (herein referred to as the "**Borrower**"), for value received, hereby promises to pay to the order of **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, successors and/or assigns (herein referred to as the "**FREIT**") at its offices, 505 Main Street, Hackensack, New Jersey 07601, on or before June 19, 2015 (the "**Maturity Date**"), the principal sum of Sixty Nine Thousand Dollars and no cents (\$ 69,000.00) or so much thereof as shall be outstanding as of the Maturity Date, and to pay interest on the unpaid principal amount hereunder as hereinafter set forth.

(a) Interest on this Note shall be charged at a per annum rate (the "**LIBOR Rate**"), equal to two hundred twenty-five (225) basis points in excess of "**LIBOR**" (as defined below), for the corresponding "**LIBOR Interest Period**" (being periods of three (3) months). No LIBOR Interest Period shall extend beyond the Maturity Date of this Note. The Libor Rate should be reset on each November 1, February 1, May 1 and August 1 during the term.

(b) (i) For the purposes hereof, any interest period to which a LIBOR Rate applies is referred to as a "**LIBOR Interest Period**", and the loan, or any part thereof, when bearing a LIBOR Rate, is referred to herein as a **LIBOR Loan**.

(ii) The term "**LIBOR**" or "**LIBOR Rate**" shall mean, as applicable to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan as reported in the *Wall Street Journal* on the business day closest to the day prior to the reset date.

(c) LIBOR shall be adjusted each November 1, February 1, May 1 and August 1 during the term of this Note (such day being referred to herein as a "**Reset Date**") (but if any day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply).

(d) The Borrower shall have the right to repay Loan without penalty.

(e) In the event Borrower's employment by Hekemian & Co., Inc. shall terminate for any reason, then this Note shall be repaid within 90 days of demand therefor by FREIT.

1. The Borrower shall pay to FREIT interest upon any unpaid balance on this Note, which interest shall be due and payable to FREIT on November 1, February 1, May 1, and August 1 during the term in arrears, on the outstanding principal balance, commencing on November 1, February 1, May 1, and August 1 during the term of the month.

Interest will be charged on all sums due to FREIT even after a default or judgment. Each payment made to FREIT, when paid, shall be applied first to the payment of all interest, charges and fees accrued and unpaid, and the balance thereof to payment on account of principal. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding anything hereinabove to the contrary, any interest accrued from the date of the Note through October 31, 2006 shall be due and payable on November 30, 2006. Pursuant to the Pledge and Security Agreement entered into between Borrower and FREIT, all refinancing proceeds, distributions, and other cash flow paid to FREIT as assignee of Borrower's Membership Interest in Rotunda 100, LLC, shall be applied first to accrued and unpaid interest, charges and fees, and then to any outstanding principal.

2. On the Maturity Date there shall be due and payable all unpaid principal together with all accrued and unpaid interest, charges, and fees and all other sums computed in accordance with this Note or otherwise payable pursuant to the Loan Documents. If the Maturity Date is not a business day, this final payment shall be due and payable on the preceding business day.

3. In the event any payment of interest or principal is received by FREIT more than ten (10) days after the date due, the Borrower shall, to the extent permitted by law, pay FREIT a late charge of five (5%) percent of the overdue payment.

4. To the extent permitted by law, upon the occurrence of an Event of Default, as defined herein the rate of interest on the unpaid principal balance shall, at the option of FREIT be five (5%) percent in excess of the rate of interest provided herein (the "**Default Rate**"). The Borrower acknowledges that: (i) such additional rate is a material inducement to FREIT to make the loan; (ii) FREIT would not make the loan in the absence of the agreement of the Borrower to pay such additional rate; (iii) such additional rate represents compensation for increased risk to FREIT that the loan will not be repaid; and (iv) such rate is not a penalty and represents a reasonable estimate of (a) the cost to FREIT in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to FREIT for losses that are difficult to ascertain.

5. Any one or more of the following shall constitute an event of default under this Note (each an "**Event of Default**" and collectively "**Events of Default**"):

- (a) If default shall be made in the payment of any amount payable under this Note when and as the same shall become due and payable.
- (b) If an Event of Default as defined in the Pledge and Security Agreement hereinafter defined shall occur.

6. If any Event of Default shall have occurred, FREIT may:

(a) declare the entire unpaid principal balance, together with all accrued and unpaid interest, charges, fees and all other sums under this Note to be due and payable, whereupon this Note shall become forthwith due and payable as to principal, interest, charges, fees and all other sums due hereunder, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein notwithstanding;

(b) collect interest on any overdue principal, interest, charges, fees and other sums owing under this Note at the highest rate set forth in this Note or at the Default Rate, whichever is higher;

(c) sell all or part of any collateral given to secure this Note at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law;

(d) institute proceedings for the complete or partial foreclosure of any property securing the within Note; and/or

(e) commence any other proceedings or steps to protect or enforce its rights in any sequence determined by FREIT.

7. The Borrower hereby grants to FREIT, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to FREIT, whether now existing or hereafter arising, upon and against the Borrowers Membership Interest in Rotunda 100, LLC, and as set forth in a certain Pledge and Security Agreement of even date herewith given by Borrower to FREIT. At any time without demand or notice (any such notice being expressly waived by the Borrower), FREIT may set off the same or any part thereof and apply the same to any liability or obligation of the Borrower even though unmaturred regardless of the adequacy of any other collateral securing this Note. **ANY AND ALL RIGHTS TO REQUIRE FREIT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THIS NOTE OR OTHER PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.**

8. No right or remedy herein conferred upon or reserved to FREIT is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of FREIT to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Note may be exercised from time to time and as often as may be deemed expedient by FREIT. Nothing in this Note contained shall affect the obligation of the Borrower or any guarantor or endorser to pay the principal of and interest on this Note in the manner and at the time and place herein expressed.

9. FREIT may, without notice to or consent of any party liable for the payment hereof as guarantor, endorser, surety or in any capacity whatsoever, and without impairing or affecting the liability of such party to FREIT, (a) extend the time for payment of this Note; (b) alter any other term of this Note by agreement with the Borrower; (c) release, settle or

compromise with any other party liable for the payment hereof; and/or (d) release, or substitute for, any collateral held by FREIT as security for the payment of any sum owing to FREIT by any party hereto; and any renewal and/or modification document required by FREIT and executed by the Borrower shall be deemed consented to by all such parties without any requirement that any such party execute any such document. The Borrower and all guarantors, endorsers, sureties, and others liable hereunder in any capacity whatsoever hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest, protest of this Note, and all other notice of any kind.

10. Should the indebtedness represented by this Note or any part hereof be collected in any proceeding, or this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including reasonable attorneys' fees in addition to expenses.

11. This Note is binding on the Borrower, any guarantors, endorsers, sureties, and all others liable hereon and their heirs, administrators, executors, representatives, successors and assigns, and shall inure to the benefit of FREIT, its successors and assigns.

12. This Note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey and irrespective of any conflicts of laws.

13. In case any one or more of the provisions herein or in any note, document, instrument, agreement or writing executed in conjunction herewith shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. In consideration of the agreements contained herein, the Borrower hereby waives any provisions applicable in connection with any voluntary or involuntary insolvency, bankruptcy, reorganization, fraudulent conveyance or similar proceeding involving the Borrower under any state or federal law regarding creditors' rights or debtors' obligations imposing against the Borrower, or otherwise providing for, an automatic stay under Section 362(a) of the Bankruptcy Code or any other prohibition against FREIT's commencing, maintaining or completing any proceedings in connection with or the exercise or enforcement of any of FREIT's rights hereunder or any applicable law. In furtherance thereof, the Borrower agrees that, in the event of the imposition of any such stay or other prohibition, (a) not to contest any motion made by FREIT for the lifting thereof or for exemption therefrom; and (b) to cooperate with FREIT, in any manner requested by FREIT, in its efforts to obtain relief from any such stay or other prohibition.

15. Upon receipt of an affidavit of an officer of FREIT as to the loss, theft, destruction or mutilation of this Note or any other loan document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document, the Borrower will issue, in lieu thereof, a replacement note or other document in the same principal amount thereof and otherwise of like tenor.

16. This Note is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Note. All prior or contemporaneous promises, agreements

and understandings, whether oral or written, are deemed to be superceded by this Note, and no party is relying on any promise, agreement or understanding not set forth in this Note. This Note may not be amended or modified except by a written instrument describing such amendment or modification executed by Borrower and FREIT.

17. FREIT shall have the unrestricted right at any time or from time to time, and without Borrower's or any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more and person (each, an "*Assignee*"), and Borrower and each Guarantor agrees that it shall execute or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as shall be reasonably necessary to effect the foregoing, provided same do not change the Borrower's rights and obligations. The loan evidence by this Note has been made by FREIT to the Borrower as an accommodation to Borrower as and employee of Hekemian & Co., Inc. to make an investment in Rotunda 100, LLC, which is a limited Member of Grande Rotunda, LLC, the owner of certain property in Baltimore, Maryland (the "Property") in which FREIT is the Managing Member. Notwithstanding anything else herein provided, any monies to which Borrower is entitled as a member of Rotunda 100, LLC resulting from a refinancing of the Property shall be first applied to the outstanding principal balance and accrued interest, if any, to the extent thereof.

THE BORROWER AND EVERY OTHER PARTY LIABLE HEREON AS GUARANTOR, ENDORSER, SURETY OR IN ANY CAPACITY WHATSOEVER EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL ON ALL ISSUES SO TRIABLE, CONSENT TO AND CONFER PERSONAL JURISDICTION OVER THE BORROWER AND SUCH OTHER PARTY ON THE COURTS OF THE STATE OF NEW JERSEY, EXPRESSLY WAIVE ANY OBJECTIONS AS TO VENUE IN ANY OF SUCH STATE COURTS, AND EXPRESSLY WAIVE ANY RIGHT OF REMOVAL FROM SUCH STATE COURTS.

[Signature lines on next page]

IN WITNESS WHEREOF, the Borrower has caused these presents to be properly executed by their duly authorized corporate officers, the day and year first above written.

WITNESS:

/s/ Allan Tubin  
Allan Tubin

/s/ Renie Wilman

**PLEDGE AND SECURITY AGREEMENT**

**THIS AGREEMENT** made as of the 19<sup>th</sup> day of July 2005, by and between Robert S. Hekemian, Jr., having an address of 39 Twinbrooks Road N (hereinafter the “Pledgor”), and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, having an office located at 505 Main Street, Hackensack, New Jersey 07601 (hereinafter the “FREIT” or “Pledgee”).

**WITNESSETH:**

**WHEREAS**, Pledgor is indebted to FREIT in the principal amount of \$506,000.00 together with all interest thereon, represented by a Promissory Note of even date herewith (the “Note”); and

**WHEREAS**, FREIT is the Managing Member (the “Managing Member”) with a 60% ownership interest in Grande Rotunda, LLC, a Maryland limited liability company pursuant to an Operating Agreement dated July 19, 2005(the “Operating Agreement”); and

**WHEREAS**, Rotunda 100, LLC a Limited Member (the “Limited Member”) with a 40% ownership interest in Grande Rotunda, LLC; and

**WHEREAS**, Pledgor is a Member of Rotunda 100, LLC; and

**WHEREAS**, as a condition precedent to making the loan evidenced by the Note and in order to secure payment of the Obligations, as hereinafter defined, FREIT requires that the Pledgor enter into and execute this Pledge and Security Agreement upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. As security for (i) the prompt and complete payment when due of the Note, and for any and all liabilities that Pledgor now or in the future may have to FREIT pursuant to the Note, and (ii) the prompt and complete payment when due of all obligations contained in this Agreement (the obligations described in subparagraphs (i) and (ii) herein are referred to collectively as the “Obligations”), the Pledgor hereby pledges, assigns, transfers and grants to

FREIT a security interest in all of Pledgor's Membership Interest in the Rotunda 100, LLC, including, but not limited to, Pledgor's and his successor's assignee's, legal representative's, heir's and legatee's rights to receive refinancing proceeds, distributions and other cash flow, from Rotunda 100, LLC (collectively, the "Collateral"). The assignment hereunder is intended to be and shall constitute an unconditional, absolute and present assignment to FREIT of all of Pledgor's right, title and interest in and to the Collateral (subject to the terms and conditions hereof). FREIT agrees that any proceeds from Collateral shall be applied first to the Obligations outstanding and after payment in full of such Obligations outstanding under the Note, the balance shall be paid to Pledgor.

2. The Pledgor hereby agrees that none of the following events, either alone or together, shall affect FREIT's interest in the Collateral:

(a) if the terms of any liability which Pledgor may have to FREIT, arising out of the Note or any one or more of the Obligations is amended or Lender otherwise permits any renewals or substitutions of the Note or any of the Obligations; or

(b) if FREIT releases or accepts substitutions for any other collateral that may serve as security for the Obligations.

Pledgor shall also be liable to FREIT for any guarantee for Pledgor's pro rata share of Rotunda 100, LLC's obligations to FREIT for any guaranty whether by way of the personal guaranty of FREIT or through a bond a letter of credit or any other surety which FREIT is required to make with respect to Rotunda 100, LLC, all of which are deemed to be obligations as defined in this Agreement.

3. Upon occurrence of a Default, as defined in the Note or this Agreement, the Collateral and all rights arising thereunder shall be transferred and paid over to FREIT. Prior to a Default, Pledgor may exercise any voting rights Pledgor may have as a Member of Rotunda 100, LLC, provided any such exercise shall not impair or diminish the Collateral or the pledge made hereby. Additionally, FREIT may exercise any and all other rights that it has as a secured party pursuant to the applicable provisions of the Uniform Commercial Code, N.J.S.A. 12A:1-101, et seq. (the "Code") and this Agreement shall constitute a security agreement in accordance with the terms of the Code. FREIT does not have to exercise any rights which it may have

against Pledgor before exercising its rights against the Collateral. Additionally, the Pledgor agrees that if the law requires FREIT to give notice of the sale of the Collateral or any interest therein (which sale need not be a public sale), ten (10) days shall be sufficient notice.

4. The Pledgor hereby waives the right to be treated as a “Debtor” under the terms of Article 9 of the Code in connection with FREIT’s exercise of its remedies, to the extent such a waiver is permitted by the Code.

5. The Pledgor hereby appoints FREIT as attorney in fact to arrange for the transfer of the Collateral to FREIT upon the occurrence of a Default, as defined in the Note.

6. The Pledgor represents that Pledgor’s principal residence is the address set forth in the first paragraph of this Agreement.

7. Any transfer or further pledge of the Collateral without the express prior written consent of FREIT shall constitute a default under the Note and the Obligations.

8. The Pledgor will, at Pledgor’s expense and in such manner and form as FREIT may require, execute, deliver, file and record any financing statement, specific assignment or other paper, in order to create, preserve, perfect or validate any security interest or to enable FREIT to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, the Pledgor hereby authorizes FREIT to execute and file, in the name of the Pledgor financing statements which FREIT in its sole discretion may deem necessary or appropriate to further perfect the security interests provided for herein. Pledgor shall also deliver to FREIT contemporaneously herewith, the Membership certificate or certificates, if any, evidencing his ownership in the Rotunda 100, LLC, together with a duly executed stock power.

9. FREIT may delay enforcement of any of its rights pursuant to the terms of this Pledge and Security Agreement without losing such rights.

10. If any part of this Pledge and Security Agreement is deemed by a court of law to be invalid, such other provisions as have not been declared to be invalid shall remain in effect.

11. This Pledge and Security Agreement shall be governed in accordance with the laws of the State of New Jersey without regard to conflict of law principles, and the Pledgor does hereby agree to be subject to the jurisdiction of the Courts of the State of New Jersey.

12. Any terms not defined shall have the meanings ascribed to them in the Note.

13. This Pledge and Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

/s/ Allan Tubin

\_\_\_\_\_

PLEDGOR:

/s/ Robert S. Hekemian, Jr.

\_\_\_\_\_

Robert S. Hekemian, Jr.

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Allan Tubin

\_\_\_\_\_

/s/ Donald Barney

By: \_\_\_\_\_

Donald Barney, President

**PLEDGE AND SECURITY AGREEMENT**

**THIS AGREEMENT** made as of the 19<sup>th</sup> day of July 2005, by and between Bryan Hekemian, having an address of 2 Saddle Brook Drive (hereinafter the “Pledgor”), and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, having an office located at 505 Main Street, Hackensack, New Jersey 07601 (hereinafter the “FREIT” or “Pledgee”).

**WITNESSETH:**

**WHEREAS**, Pledgor is indebted to FREIT in the principal amount of \$506,000.00 together with all interest thereon, represented by a Promissory Note of even date herewith (the “Note”); and

**WHEREAS**, FREIT is the Managing Member (the “Managing Member”) with a 60% ownership interest in Grande Rotunda, LLC, a Maryland limited liability company pursuant to an Operating Agreement dated July 19, 2005(the “Operating Agreement”); and

**WHEREAS**, Rotunda 100, LLC a Limited Member (the “Limited Member”) with a 40% ownership interest in Grande Rotunda, LLC; and

**WHEREAS**, Pledgor is a Member of Rotunda 100, LLC; and

**WHEREAS**, as a condition precedent to making the loan evidenced by the Note and in order to secure payment of the Obligations, as hereinafter defined, FREIT requires that the Pledgor enter into and execute this Pledge and Security Agreement upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. As security for (i) the prompt and complete payment when due of the Note, and for any and all liabilities that Pledgor now or in the future may have to FREIT pursuant to the Note, and (ii) the prompt and complete payment when due of all obligations contained in this Agreement (the obligations described in subparagraphs (i) and (ii) herein are referred to collectively as the “Obligations”), the Pledgor hereby pledges, assigns, transfers and grants to

FREIT a security interest in all of Pledgor's Membership Interest in the Rotunda 100, LLC, including, but not limited to, Pledgor's and his successor's assignee's, legal representative's, heir's and legatee's rights to receive refinancing proceeds, distributions and other cash flow, from Rotunda 100, LLC (collectively, the "Collateral"). The assignment hereunder is intended to be and shall constitute an unconditional, absolute and present assignment to FREIT of all of Pledgor's right, title and interest in and to the Collateral (subject to the terms and conditions hereof). FREIT agrees that any proceeds from Collateral shall be applied first to the Obligations outstanding and after payment in full of such Obligations outstanding under the Note, the balance shall be paid to Pledgor.

2. The Pledgor hereby agrees that none of the following events, either alone or together, shall affect FREIT's interest in the Collateral:

(a) if the terms of any liability which Pledgor may have to FREIT, arising out of the Note or any one or more of the Obligations is amended or Lender otherwise permits any renewals or substitutions of the Note or any of the Obligations; or

(b) if FREIT releases or accepts substitutions for any other collateral that may serve as security for the Obligations.

Pledgor shall also be liable to FREIT for any guarantee for Pledgor's pro rata share of Rotunda 100, LLC's obligations to FREIT for any guaranty whether by way of the personal guaranty of FREIT or through a bond a letter of credit or any other surety which FREIT is required to make with respect to Rotunda 100, LLC, all of which are deemed to be obligations as defined in this Agreement.

3. Upon occurrence of a Default, as defined in the Note or this Agreement, the Collateral and all rights arising thereunder shall be transferred and paid over to FREIT. Prior to a Default, Pledgor may exercise any voting rights Pledgor may have as a Member of Rotunda 100, LLC, provided any such exercise shall not impair or diminish the Collateral or the pledge made hereby. Additionally, FREIT may exercise any and all other rights that it has as a secured party pursuant to the applicable provisions of the Uniform Commercial Code, N.J.S.A. 12A:1-101, et seq. (the "Code") and this Agreement shall constitute a security agreement in accordance with the terms of the Code. FREIT does not have to exercise any rights which it may have

against Pledgor before exercising its rights against the Collateral. Additionally, the Pledgor agrees that if the law requires FREIT to give notice of the sale of the Collateral or any interest therein (which sale need not be a public sale), ten (10) days shall be sufficient notice.

4. The Pledgor hereby waives the right to be treated as a “Debtor” under the terms of Article 9 of the Code in connection with FREIT’s exercise of its remedies, to the extent such a waiver is permitted by the Code.

5. The Pledgor hereby appoints FREIT as attorney in fact to arrange for the transfer of the Collateral to FREIT upon the occurrence of a Default, as defined in the Note.

6. The Pledgor represents that Pledgor’s principal residence is the address set forth in the first paragraph of this Agreement.

7. Any transfer or further pledge of the Collateral without the express prior written consent of FREIT shall constitute a default under the Note and the Obligations.

8. The Pledgor will, at Pledgor’s expense and in such manner and form as FREIT may require, execute, deliver, file and record any financing statement, specific assignment or other paper, in order to create, preserve, perfect or validate any security interest or to enable FREIT to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, the Pledgor hereby authorizes FREIT to execute and file, in the name of the Pledgor financing statements which FREIT in its sole discretion may deem necessary or appropriate to further perfect the security interests provided for herein. Pledgor shall also deliver to FREIT contemporaneously herewith, the Membership certificate or certificates, if any, evidencing his ownership in the Rotunda 100, LLC, together with a duly executed stock power.

9. FREIT may delay enforcement of any of its rights pursuant to the terms of this Pledge and Security Agreement without losing such rights.

10. If any part of this Pledge and Security Agreement is deemed by a court of law to be invalid, such other provisions as have not been declared to be invalid shall remain in effect.

11. This Pledge and Security Agreement shall be governed in accordance with the laws of the State of New Jersey without regard to conflict of law principles, and the Pledgor does hereby agree to be subject to the jurisdiction of the Courts of the State of New Jersey.

12. Any terms not defined shall have the meanings ascribed to them in the Note.

13. This Pledge and Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

/s/ Allan Tubin

\_\_\_\_\_

PLEDGOR:

/s/ Bryan Hekemian

\_\_\_\_\_

Bryan Hekemian

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Allan Tubin

\_\_\_\_\_

/s/ Donald Barney

By: \_\_\_\_\_

Donald Barney, President

**PLEDGE AND SECURITY AGREEMENT**

**THIS AGREEMENT** made as of the 19<sup>th</sup> day of July 2005, by and between David Hekemian, having an address of 2 Columbus Ave., Apt 19A (hereinafter the “Pledgor”), and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, having an office located at 505 Main Street, Hackensack, New Jersey 07601 (hereinafter the “FREIT” or “Pledgee”).

**WITNESSETH:**

**WHEREAS**, Pledgor is indebted to FREIT in the principal amount of \$506,000.00 together with all interest thereon, represented by a Promissory Note of even date herewith (the “Note”); and

**WHEREAS**, FREIT is the Managing Member (the “Managing Member”) with a 60% ownership interest in Grande Rotunda, LLC, a Maryland limited liability company pursuant to an Operating Agreement dated July 19, 2005(the “Operating Agreement”); and

**WHEREAS**, Rotunda 100, LLC a Limited Member (the “Limited Member”) with a 40% ownership interest in Grande Rotunda, LLC; and

**WHEREAS**, Pledgor is a Member of Rotunda 100, LLC; and

**WHEREAS**, as a condition precedent to making the loan evidenced by the Note and in order to secure payment of the Obligations, as hereinafter defined, FREIT requires that the Pledgor enter into and execute this Pledge and Security Agreement upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. As security for (i) the prompt and complete payment when due of the Note, and for any and all liabilities that Pledgor now or in the future may have to FREIT pursuant to the Note, and (ii) the prompt and complete payment when due of all obligations contained in this Agreement (the obligations described in subparagraphs (i) and (ii) herein are referred to collectively as the “Obligations”), the Pledgor hereby pledges, assigns, transfers and grants to

FREIT a security interest in all of Pledgor's Membership Interest in the Rotunda 100, LLC, including, but not limited to, Pledgor's and his successor's assignee's, legal representative's, heir's and legatee's rights to receive refinancing proceeds, distributions and other cash flow, from Rotunda 100, LLC (collectively, the "Collateral"). The assignment hereunder is intended to be and shall constitute an unconditional, absolute and present assignment to FREIT of all of Pledgor's right, title and interest in and to the Collateral (subject to the terms and conditions hereof). FREIT agrees that any proceeds from Collateral shall be applied first to the Obligations outstanding and after payment in full of such Obligations outstanding under the Note, the balance shall be paid to Pledgor.

2. The Pledgor hereby agrees that none of the following events, either alone or together, shall affect FREIT's interest in the Collateral:

(a) if the terms of any liability which Pledgor may have to FREIT, arising out of the Note or any one or more of the Obligations is amended or Lender otherwise permits any renewals or substitutions of the Note or any of the Obligations; or

(b) if FREIT releases or accepts substitutions for any other collateral that may serve as security for the Obligations.

Pledgor shall also be liable to FREIT for any guarantee for Pledgor's pro rata share of Rotunda 100, LLC's obligations to FREIT for any guaranty whether by way of the personal guaranty of FREIT or through a bond a letter of credit or any other surety which FREIT is required to make with respect to Rotunda 100, LLC, all of which are deemed to be obligations as defined in this Agreement.

3. Upon occurrence of a Default, as defined in the Note or this Agreement, the Collateral and all rights arising thereunder shall be transferred and paid over to FREIT. Prior to a Default, Pledgor may exercise any voting rights Pledgor may have as a Member of Rotunda 100, LLC, provided any such exercise shall not impair or diminish the Collateral or the pledge made hereby. Additionally, FREIT may exercise any and all other rights that it has as a secured party pursuant to the applicable provisions of the Uniform Commercial Code, N.J.S.A. 12A:1-101, et seq. (the "Code") and this Agreement shall constitute a security agreement in accordance with the terms of the Code. FREIT does not have to exercise any rights which it may have

against Pledgor before exercising its rights against the Collateral. Additionally, the Pledgor agrees that if the law requires FREIT to give notice of the sale of the Collateral or any interest therein (which sale need not be a public sale), ten (10) days shall be sufficient notice.

4. The Pledgor hereby waives the right to be treated as a “Debtor” under the terms of Article 9 of the Code in connection with FREIT’s exercise of its remedies, to the extent such a waiver is permitted by the Code.

5. The Pledgor hereby appoints FREIT as attorney in fact to arrange for the transfer of the Collateral to FREIT upon the occurrence of a Default, as defined in the Note.

6. The Pledgor represents that Pledgor’s principal residence is the address set forth in the first paragraph of this Agreement.

7. Any transfer or further pledge of the Collateral without the express prior written consent of FREIT shall constitute a default under the Note and the Obligations.

8. The Pledgor will, at Pledgor’s expense and in such manner and form as FREIT may require, execute, deliver, file and record any financing statement, specific assignment or other paper, in order to create, preserve, perfect or validate any security interest or to enable FREIT to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, the Pledgor hereby authorizes FREIT to execute and file, in the name of the Pledgor financing statements which FREIT in its sole discretion may deem necessary or appropriate to further perfect the security interests provided for herein. Pledgor shall also deliver to FREIT contemporaneously herewith, the Membership certificate or certificates, if any, evidencing his ownership in the Rotunda 100, LLC, together with a duly executed stock power.

9. FREIT may delay enforcement of any of its rights pursuant to the terms of this Pledge and Security Agreement without losing such rights.

10. If any part of this Pledge and Security Agreement is deemed by a court of law to be invalid, such other provisions as have not been declared to be invalid shall remain in effect.

11. This Pledge and Security Agreement shall be governed in accordance with the laws of the State of New Jersey without regard to conflict of law principles, and the Pledgor does hereby agree to be subject to the jurisdiction of the Courts of the State of New Jersey.

12. Any terms not defined shall have the meanings ascribed to them in the Note.

13. This Pledge and Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

/s/ Allan Tubin

\_\_\_\_\_

PLEDGOR:

/s/ David Hekemian

\_\_\_\_\_

David Hekemian

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Allan Tubin

\_\_\_\_\_

Donald Barney

By: \_\_\_\_\_

Donald Barney, President

**PLEDGE AND SECURITY AGREEMENT**

**THIS AGREEMENT** made as of the 19<sup>th</sup> day of July 2005, by and between Christopher P. Bell, having an address of 326 First Street (hereinafter the “Pledgor”), and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, having an office located at 505 Main Street, Hackensack, New Jersey 07601 (hereinafter the “FREIT” or “Pledgee”).

**WITNESSETH:**

**WHEREAS**, Pledgor is indebted to FREIT in the principal amount of \$69,000.00 together with all interest thereon, represented by a Promissory Note of even date herewith (the “Note”); and

**WHEREAS**, FREIT is the Managing Member (the “Managing Member”) with a 60% ownership interest in Grande Rotunda, LLC, a Maryland limited liability company pursuant to an Operating Agreement dated July 19, 2005(the “Operating Agreement”); and

**WHEREAS**, Rotunda 100, LLC a Limited Member (the “Limited Member”) with a 40% ownership interest in Grande Rotunda, LLC; and

**WHEREAS**, Pledgor is a Member of Rotunda 100, LLC; and

**WHEREAS**, as a condition precedent to making the loan evidenced by the Note and in order to secure payment of the Obligations, as hereinafter defined, FREIT requires that the Pledgor enter into and execute this Pledge and Security Agreement upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. As security for (i) the prompt and complete payment when due of the Note, and for any and all liabilities that Pledgor now or in the future may have to FREIT pursuant to the Note, and (ii) the prompt and complete payment when due of all obligations contained in this Agreement (the obligations described in subparagraphs (i) and (ii) herein are referred to collectively as the “Obligations”), the Pledgor hereby pledges, assigns, transfers and grants to

FREIT a security interest in all of Pledgor's Membership Interest in the Rotunda 100, LLC, including, but not limited to, Pledgor's and his successor's assignee's, legal representative's, heir's and legatee's rights to receive refinancing proceeds, distributions and other cash flow, from Rotunda 100, LLC (collectively, the "Collateral"). The assignment hereunder is intended to be and shall constitute an unconditional, absolute and present assignment to FREIT of all of Pledgor's right, title and interest in and to the Collateral (subject to the terms and conditions hereof). FREIT agrees that any proceeds from Collateral shall be applied first to the Obligations outstanding and after payment in full of such Obligations outstanding under the Note, the balance shall be paid to Pledgor.

2. The Pledgor hereby agrees that none of the following events, either alone or together, shall affect FREIT's interest in the Collateral:

(a) if the terms of any liability which Pledgor may have to FREIT, arising out of the Note or any one or more of the Obligations is amended or Lender otherwise permits any renewals or substitutions of the Note or any of the Obligations; or

(b) if FREIT releases or accepts substitutions for any other collateral that may serve as security for the Obligations.

Pledgor shall also be liable to FREIT for any guarantee for Pledgor's pro rata share of Rotunda 100, LLC's obligations to FREIT for any guaranty whether by way of the personal guaranty of FREIT or through a bond a letter of credit or any other surety which FREIT is required to make with respect to Rotunda 100, LLC, all of which are deemed to be obligations as defined in this Agreement.

3. Upon occurrence of a Default, as defined in the Note or this Agreement, the Collateral and all rights arising thereunder shall be transferred and paid over to FREIT. Prior to a Default, Pledgor may exercise any voting rights Pledgor may have as a Member of Rotunda 100, LLC, provided any such exercise shall not impair or diminish the Collateral or the pledge made hereby. Additionally, FREIT may exercise any and all other rights that it has as a secured party pursuant to the applicable provisions of the Uniform Commercial Code, N.J.S.A. 12A:1-101, et seq. (the "Code") and this Agreement shall constitute a security agreement in accordance with the terms of the Code. FREIT does not have to exercise any rights which it may have

against Pledgor before exercising its rights against the Collateral. Additionally, the Pledgor agrees that if the law requires FREIT to give notice of the sale of the Collateral or any interest therein (which sale need not be a public sale), ten (10) days shall be sufficient notice.

4. The Pledgor hereby waives the right to be treated as a “Debtor” under the terms of Article 9 of the Code in connection with FREIT’s exercise of its remedies, to the extent such a waiver is permitted by the Code.

5. The Pledgor hereby appoints FREIT as attorney in fact to arrange for the transfer of the Collateral to FREIT upon the occurrence of a Default, as defined in the Note.

6. The Pledgor represents that Pledgor’s principal residence is the address set forth in the first paragraph of this Agreement.

7. Any transfer or further pledge of the Collateral without the express prior written consent of FREIT shall constitute a default under the Note and the Obligations.

8. The Pledgor will, at Pledgor’s expense and in such manner and form as FREIT may require, execute, deliver, file and record any financing statement, specific assignment or other paper, in order to create, preserve, perfect or validate any security interest or to enable FREIT to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, the Pledgor hereby authorizes FREIT to execute and file, in the name of the Pledgor financing statements which FREIT in its sole discretion may deem necessary or appropriate to further perfect the security interests provided for herein. Pledgor shall also deliver to FREIT contemporaneously herewith, the Membership certificate or certificates, if any, evidencing his ownership in the Rotunda 100, LLC, together with a duly executed stock power.

9. FREIT may delay enforcement of any of its rights pursuant to the terms of this Pledge and Security Agreement without losing such rights.

10. If any part of this Pledge and Security Agreement is deemed by a court of law to be invalid, such other provisions as have not been declared to be invalid shall remain in effect.

11. This Pledge and Security Agreement shall be governed in accordance with the laws of the State of New Jersey without regard to conflict of law principles, and the Pledgor does hereby agree to be subject to the jurisdiction of the Courts of the State of New Jersey.

12. Any terms not defined shall have the meanings ascribed to them in the Note.

13. This Pledge and Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

/s/ Allan Tubin

\_\_\_\_\_

PLEDGOR:

/s/ Christopher P. Bell

\_\_\_\_\_

Christopher P. Bell

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Allan Tubin

\_\_\_\_\_

/s/ Donald Barney

By: \_\_\_\_\_

Donald Barney, President

**PLEDGE AND SECURITY AGREEMENT**

**THIS AGREEMENT** made as of the 19<sup>th</sup> day of July 2005, by and between Allan Tubin, having an address of 142 Windsor Road (hereinafter the “Pledgor”), and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, having an office located at 505 Main Street, Hackensack, New Jersey 07601 (hereinafter the “FREIT” or “Pledgee”).

**WITNESSETH:**

**WHEREAS**, Pledgor is indebted to FREIT in the principal amount of \$69,000.00 together with all interest thereon, represented by a Promissory Note of even date herewith (the “Note”); and

**WHEREAS**, FREIT is the Managing Member (the “Managing Member”) with a 60% ownership interest in Grande Rotunda, LLC, a Maryland limited liability company pursuant to an Operating Agreement dated July 19, 2005(the “Operating Agreement”); and

**WHEREAS**, Rotunda 100, LLC a Limited Member (the “Limited Member”) with a 40% ownership interest in Grande Rotunda, LLC; and

**WHEREAS**, Pledgor is a Member of Rotunda 100, LLC; and

**WHEREAS**, as a condition precedent to making the loan evidenced by the Note and in order to secure payment of the Obligations, as hereinafter defined, FREIT requires that the Pledgor enter into and execute this Pledge and Security Agreement upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. As security for (i) the prompt and complete payment when due of the Note, and for any and all liabilities that Pledgor now or in the future may have to FREIT pursuant to the Note, and (ii) the prompt and complete payment when due of all obligations contained in this Agreement (the obligations described in subparagraphs (i) and (ii) herein are referred to collectively as the “Obligations”), the Pledgor hereby pledges, assigns, transfers and grants to

FREIT a security interest in all of Pledgor's Membership Interest in the Rotunda 100, LLC, including, but not limited to, Pledgor's and his successor's assignee's, legal representative's, heir's and legatee's rights to receive refinancing proceeds, distributions and other cash flow, from Rotunda 100, LLC (collectively, the "Collateral"). The assignment hereunder is intended to be and shall constitute an unconditional, absolute and present assignment to FREIT of all of Pledgor's right, title and interest in and to the Collateral (subject to the terms and conditions hereof). FREIT agrees that any proceeds from Collateral shall be applied first to the Obligations outstanding and after payment in full of such Obligations outstanding under the Note, the balance shall be paid to Pledgor.

2. The Pledgor hereby agrees that none of the following events, either alone or together, shall affect FREIT's interest in the Collateral:

(a) if the terms of any liability which Pledgor may have to FREIT, arising out of the Note or any one or more of the Obligations is amended or Lender otherwise permits any renewals or substitutions of the Note or any of the Obligations; or

(b) if FREIT releases or accepts substitutions for any other collateral that may serve as security for the Obligations.

Pledgor shall also be liable to FREIT for any guarantee for Pledgor's pro rata share of Rotunda 100, LLC's obligations to FREIT for any guaranty whether by way of the personal guaranty of FREIT or through a bond a letter of credit or any other surety which FREIT is required to make with respect to Rotunda 100, LLC, all of which are deemed to be obligations as defined in this Agreement.

3. Upon occurrence of a Default, as defined in the Note or this Agreement, the Collateral and all rights arising thereunder shall be transferred and paid over to FREIT. Prior to a Default, Pledgor may exercise any voting rights Pledgor may have as a Member of Rotunda 100, LLC, provided any such exercise shall not impair or diminish the Collateral or the pledge made hereby. Additionally, FREIT may exercise any and all other rights that it has as a secured party pursuant to the applicable provisions of the Uniform Commercial Code, N.J.S.A. 12A:1-101, et seq. (the "Code") and this Agreement shall constitute a security agreement in accordance

with the terms of the Code. FREIT does not have to exercise any rights which it may have against Pledgor before exercising its rights against the Collateral. Additionally, the Pledgor agrees that if the law requires FREIT to give notice of the sale of the Collateral or any interest therein (which sale need not be a public sale), ten (10) days shall be sufficient notice.

4. The Pledgor hereby waives the right to be treated as a “Debtor” under the terms of Article 9 of the Code in connection with FREIT’s exercise of its remedies, to the extent such a waiver is permitted by the Code.

5. The Pledgor hereby appoints FREIT as attorney in fact to arrange for the transfer of the Collateral to FREIT upon the occurrence of a Default, as defined in the Note.

6. The Pledgor represents that Pledgor’s principal residence is the address set forth in the first paragraph of this Agreement.

7. Any transfer or further pledge of the Collateral without the express prior written consent of FREIT shall constitute a default under the Note and the Obligations.

8. The Pledgor will, at Pledgor’s expense and in such manner and form as FREIT may require, execute, deliver, file and record any financing statement, specific assignment or other paper, in order to create, preserve, perfect or validate any security interest or to enable FREIT to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, the Pledgor hereby authorizes FREIT to execute and file, in the name of the Pledgor financing statements which FREIT in its sole discretion may deem necessary or appropriate to further perfect the security interests provided for herein. Pledgor shall also deliver to FREIT contemporaneously herewith, the Membership certificate or certificates, if any, evidencing his ownership in the Rotunda 100, LLC, together with a duly executed stock power.

9. FREIT may delay enforcement of any of its rights pursuant to the terms of this Pledge and Security Agreement without losing such rights.

10. If any part of this Pledge and Security Agreement is deemed by a court of law to be invalid, such other provisions as have not been declared to be invalid shall remain in effect.

11. This Pledge and Security Agreement shall be governed in accordance with the

laws of the State of New Jersey without regard to conflict of law principles, and the Pledgor does hereby agree to be subject to the jurisdiction of the Courts of the State of New Jersey.

12. Any terms not defined shall have the meanings ascribed to them in the Note.

13. This Pledge and Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

/s/ Renie Wilman

\_\_\_\_\_

/s/ Allan Tubin

\_\_\_\_\_

PLEDGOR:

/s/ Allan Tubin

\_\_\_\_\_

Allan Tubin

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Donald Barney

By: \_\_\_\_\_

Donald Barney, President

**AMENDMENT TO PROMISSORY NOTE**  
**-AND-**  
**PLEDGE AND SECURITY AGREEMENT**

**THIS AMENDMENT** to Promissory Note and Pledge and Security Agreement made as of the 30 day of April, 2008, by and between Robert S. Hekemian, Jr., (hereinafter the “Borrower” or “Pledgor”) and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, (hereinafter the “FREIT” or “Pledgee”).

**W I T N E S S E T H:**

**WHEREAS**, Borrower borrowed the sum of \$506,000.00 from FREIT pursuant to a Promissory Note dated July 19, 2005 in the principal amount of \$506,000.00 (the “Note”) and Borrower secured the Note by entering into a Pledge and Security Agreement of even date with the Note (the “Pledge Agreement”); and

**WHEREAS**, Borrower has requested FREIT increase the principal amount under the Note and to modify the Pledge Agreement accordingly; and

**NOW, THEREFORE**, in consideration of the payment of One and 00/100 Dollar (\$1.00) and other good and valuable consideration as set forth herein, the Borrower hereto agrees as follows:

1. The Note is hereby increased from \$506,000.00 to \$1,222,000.00 as of the date hereof and in all respects the terms and conditions of the Note shall remain the same, except for the increase in the principal amount thereof to the extent of the amount actually advanced there under, which advances may be made from time to time by FREIT in the same manner as if Borrower had executed a new or replacement to include the amount advanced pursuant to this Amendment Agreement. Interest shall be payable in accordance with the Note on the unpaid principal balance.

2. The Pledge Agreement is hereby amended to provide that all references therein to the Note shall be deemed to be amended hereby as well as any and all future modifications of the Note and any increases therein. Except as set forth herein, the terms and conditions of the Pledge Agreement shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Amendment Agreement as of the day and year first above written.

WITNESS:

BORROWER / PLEDGOR:

/s/ Carolyn Jacob

/s/ Robert S. Hekemian, Jr.  
Borrower or Pledgor

Robert S. Hekemian, Jr.  
Printed

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Carolyn Jacob

By: /s/ Donald Barney

**AMENDMENT TO PROMISSORY NOTE**  
**-AND-**  
**PLEDGE AND SECURITY AGREEMENT**

**THIS AMENDMENT** to Promissory Note and Pledge and Security Agreement made as of the 30 day of April, 2008, by and between Bryan Hekemian, (hereinafter the “Borrower” or “Pledgor”) and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, (hereinafter the “FREIT” or “Pledgee”).

**WITNESSETH:**

**WHEREAS**, Borrower borrowed the sum of \$506,000.00 from FREIT pursuant to a Promissory Note dated July 19, 2005 in the principal amount of \$506,000.00 (the “Note”) and Borrower secured the Note by entering into a Pledge and Security Agreement of even date with the Note (the “Pledge Agreement”); and

**WHEREAS**, Borrower has requested FREIT increase the principal amount under the Note and to modify the Pledge Agreement accordingly; and

**NOW, THEREFORE**, in consideration of the payment of One and 00/100 Dollar (\$1.00) and other good and valuable consideration as set forth herein, the Borrower hereto agrees as follows:

1. The Note is hereby increased from \$506,000.00 to \$1,222,000.00 as of the date hereof and in all respects the terms and conditions of the Note shall remain the same, except for the increase in the principal amount thereof to the extent of the amount actually advanced there under, which advances may be made from time to time by FREIT in the same manner as if Borrower had executed a new or replacement to include the amount advanced pursuant to this Amendment Agreement. Interest shall be payable in accordance with the Note on the unpaid principal balance.

2. The Pledge Agreement is hereby amended to provide that all references therein to the Note shall be deemed to be amended hereby as well as any and all future modifications of the Note and any increases therein. Except as set forth herein, the terms and conditions of the Pledge Agreement shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Amendment Agreement as of the day and year first above written.

WITNESS:

BORROWER / PLEDGOR:

/s/ Carolyn Jacob

/s/ Bryan Hekemian  
Borrower or Pledgor

Bryan Hekemian  
Printed

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Carolyn Jacob

By: /s/ Donald Barney  
Donald Barney, President

**AMENDMENT TO PROMISSORY NOTE**  
**-AND-**  
**PLEDGE AND SECURITY AGREEMENT**

**THIS AMENDMENT** to Promissory Note and Pledge and Security Agreement made as of the 30 day of April, 2008, by and between David Hekemian, (hereinafter the “Borrower” or “Pledgor”) and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, (hereinafter the “FREIT” or “Pledgee”).

**W I T N E S S E T H:**

**WHEREAS**, Borrower borrowed the sum of \$506,000.00 from FREIT pursuant to a Promissory Note dated July 19, 2005 in the principal amount of \$506,000.00 (the “Note”) and Borrower secured the Note by entering into a Pledge and Security Agreement of even date with the Note (the “Pledge Agreement”); and

**WHEREAS**, Borrower has requested FREIT increase the principal amount under the Note and to modify the Pledge Agreement accordingly; and

**NOW, THEREFORE**, in consideration of the payment of One and 00/100 Dollar (\$1.00) and other good and valuable consideration as set forth herein, the Borrower hereto agrees as follows:

1. The Note is hereby increased from \$506,000.00 to \$1,222,000.00 as of the date hereof and in all respects the terms and conditions of the Note shall remain the same, except for the increase in the principal amount thereof to the extent of the amount actually advanced there under, which advances may be made from time to time by FREIT in the same manner as if Borrower had executed a new or replacement to include the amount advanced pursuant to this Amendment Agreement. Interest shall be payable in accordance with the Note on the unpaid principal balance.

2. The Pledge Agreement is hereby amended to provide that all references therein to the Note shall be deemed to be amended hereby as well as any and all future modifications of the Note and any increases therein. Except as set forth herein, the terms and conditions of the Pledge Agreement shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Amendment Agreement as of the day and year first above written.

WITNESS:

BORROWER / PLEDGOR:

/s/ Carolyn Jacob

/s/ David Hekemian  
Borrower or Pledgor

David Hekemian  
Printed

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Carolyn Jacob

By: /s/ Donald Barney  
Donald Barney, President

**AMENDMENT TO PROMISSORY NOTE**  
**-AND-**  
**PLEDGE AND SECURITY AGREEMENT**

**THIS AMENDMENT** to Promissory Note and Pledge and Security Agreement made as of the 30 day of April, 2008, by and between Allan Tubin, (hereinafter the “Borrower” or “Pledgor”) and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, (hereinafter the “FREIT” or “Pledgee”).

**W I T N E S S E T H:**

**WHEREAS**, Borrower borrowed the sum of \$69,000.00 from FREIT pursuant to a Promissory Note dated July 19, 2005 in the principal amount of \$69,000.00 (the “Note”) and Borrower secured the Note by entering into a Pledge and Security Agreement of even date with the Note (the “Pledge Agreement”); and

**WHEREAS**, Borrower has requested FREIT increase the principal amount under the Note and to modify the Pledge Agreement accordingly; and

**NOW, THEREFORE**, in consideration of the payment of One and 00/100 Dollar (\$1.00) and other good and valuable consideration as set forth herein, the Borrower hereto agrees as follows:

1. The Note is hereby increased from \$69,000.00 to \$167,000.00 as of the date hereof and in all respects the terms and conditions of the Note shall remain the same, except for the increase in the principal amount thereof to the extent of the amount actually advanced there under, which advances may be made from time to time by FREIT in the same manner as if Borrower had executed a new or replacement to include the amount advanced pursuant to this Amendment Agreement. Interest shall be payable in accordance with the Note on the unpaid principal balance.

2. The Pledge Agreement is hereby amended to provide that all references therein to the Note shall be deemed to be amended hereby as well as any and all future modifications of the Note and any increases therein. Except as set forth herein, the terms and conditions of the Pledge Agreement shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Amendment Agreement as of the day and year first above written.

WITNESS:

BORROWER / PLEDGOR:

/s/ Carolyn Jacob

/s/ Allan Tubin  
Borrower or Pledgor

Allan Tubin  
Printed

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Carolyn Jacob

By: /s/ Donald Barney  
Donald Barney, President

**AMENDMENT TO PROMISSORY NOTE**  
**-AND-**  
**PLEDGE AND SECURITY AGREEMENT**

**THIS AMENDMENT** to Promissory Note and Pledge and Security Agreement made as of the 30 day of April, 2008, by and between Christopher Bell, (hereinafter the “Borrower” or “Pledgor”) and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, (hereinafter the “FREIT” or “Pledgee”).

**W I T N E S S E T H:**

**WHEREAS**, Borrower borrowed the sum of \$69,000.00 from FREIT pursuant to a Promissory Note dated July 19, 2005 in the principal amount of \$69,000.00 (the “Note”) and Borrower secured the Note by entering into a Pledge and Security Agreement of even date with the Note (the “Pledge Agreement”); and

**WHEREAS**, Borrower has requested FREIT increase the principal amount under the Note and to modify the Pledge Agreement accordingly; and

**NOW, THEREFORE**, in consideration of the payment of One and 00/100 Dollar (\$1.00) and other good and valuable consideration as set forth herein, the Borrower hereto agrees as follows:

1. The Note is hereby increased from \$69,000.00 to \$167,000.00 as of the date hereof and in all respects the terms and conditions of the Note shall remain the same, except for the increase in the principal amount thereof to the extent of the amount actually advanced there under, which advances may be made from time to time by FREIT in the same manner as if Borrower had executed a new or replacement to include the amount advanced pursuant to this Amendment Agreement. Interest shall be payable in accordance with the Note on the unpaid principal balance.

2. The Pledge Agreement is hereby amended to provide that all references therein to the Note shall be deemed to be amended hereby as well as any and all future modifications of the Note and any increases therein. Except as set forth herein, the terms and conditions of the Pledge Agreement shall remain in full force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Amendment Agreement as of the day and year first above written.

WITNESS:

BORROWER / PLEDGOR:

/s/ Carolyn Jacob

/s/ Christopher Bell  
Borrower or Pledgor

Christopher Bell  
Printed

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Carolyn Jacob

By: /s/ Donald Barney  
Donald Barney, President

**PROMISSORY NOTE**

\$429,883.77

October 31, 2006

Robert S. Hekemian, Jr., having an address at 39 Twinbrooks Road N (herein referred to as the "***Borrower***"), for value received, hereby promises to pay to the order of **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, successors and/or assigns (herein referred to as the "***FREIT***") at its offices, 505 Main Street, Hackensack, New Jersey 07601, on or before September 30, 2016 (the "***Maturity Date***"), the principal sum of Four Hundred Twenty Nine Thousand, Eight Hundred Eighty Three Dollars and Seventy Seven Cents (\$429,883.77) or so much thereof as shall be outstanding as of the Maturity Date, and to pay interest on the unpaid principal amount hereunder as hereinafter set forth.

(a) Interest on this Note shall be charged at a per annum rate (the "***LIBOR Rate***"), equal to two hundred twenty-five (225) basis points in excess of "***LIBOR***" (as defined below), for the corresponding "***LIBOR Interest Period***" (being periods of three (3) months). No LIBOR Interest Period shall extend beyond the Maturity Date of this Note. The Libor Rate should be reset on each November 1, February 1, May 1 and August 1 during the term.

(b) (i) For the purposes hereof, any interest period to which a LIBOR Rate applies is referred to as a "***LIBOR Interest Period***", and the loan, or any part thereof, when bearing a LIBOR Rate, is referred to herein as a ***LIBOR Loan***.

(ii) The term "***LIBOR***" or "***LIBOR Rate***" shall mean, as applicable to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan as reported in the *Wall Street Journal* on the business day closest to the day prior to the reset date.

(c) LIBOR shall be adjusted each November 1, February 1, May 1 and August 1 during the term of this Note (such day being referred to herein as a "***Reset Date***") (but if any day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply).

(d) The Borrower shall have the right to repay Loan without penalty.

(e) In the event Borrower's employment by Hekemian & Co., Inc. shall terminate for any reason, then this Note shall be repaid within 90 days of demand therefor by FREIT.

1. The Borrower shall pay to FREIT interest upon any unpaid balance on this Note, which interest shall be due and payable to FREIT on November 1, February 1, May 1, and August 1 during the term in arrears, on the outstanding principal balance, commencing on

November 1, February 1, May 1, and August 1 during the term of the month. Interest will be charged on all sums due to FREIT even after a default or judgment. Each payment made to FREIT, when paid, shall be applied first to the payment of all interest, charges and fees accrued and unpaid, and the balance thereof to payment on account of principal. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding anything hereinabove to the contrary, the first interest payment under this note shall be due and payable on February 1, 2007. Pursuant to the Pledge and Security Agreement entered into between Borrower and FREIT, all refinancing proceeds, distributions, and other cash flow paid to FREIT as assignee of Borrower's Membership Interest in Damascus 100, LLC, shall be applied first to accrued and unpaid interest, charges and fees, and then to any outstanding principal.

2. On the Maturity Date there shall be due and payable all unpaid principal together with all accrued and unpaid interest, charges, and fees and all other sums computed in accordance with this Note or otherwise payable pursuant to the Loan Documents. If the Maturity Date is not a business day, this final payment shall be due and payable on the preceding business day.

3. In the event any payment of interest or principal is received by FREIT more than ten (10) days after the date due, the Borrower shall, to the extent permitted by law, pay FREIT a late charge of five (5%) percent of the overdue payment.

4. To the extent permitted by law, upon the occurrence of an Event of Default, as defined herein the rate of interest on the unpaid principal balance shall, at the option of FREIT be five (5%) percent in excess of the rate of interest provided herein (the "**Default Rate**"). The Borrower acknowledges that: (i) such additional rate is a material inducement to FREIT to make the loan; (ii) FREIT would not make the loan in the absence of the agreement of the Borrower to pay such additional rate; (iii) such additional rate represents compensation for increased risk to FREIT that the loan will not be repaid; and (iv) such rate is not a penalty and represents a reasonable estimate of (a) the cost to FREIT in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to FREIT for losses that are difficult to ascertain.

5. Any one or more of the following shall constitute an event of default under this Note (each an "**Event of Default**" and collectively "**Events of Default**"):

- (a) If default shall be made in the payment of any amount payable under this Note when and as the same shall become due and payable.
- (b) If an Event of Default as defined in the Pledge and Security Agreement hereinafter defined shall occur.

6. If any Event of Default shall have occurred, FREIT may:

(a) declare the entire unpaid principal balance, together with all accrued and unpaid interest, charges, fees and all other sums under this Note to be due and payable, whereupon this Note shall become forthwith due and payable as to principal, interest, charges, fees and all other sums due hereunder, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein notwithstanding;

(b) collect interest on any overdue principal, interest, charges, fees and other sums owing under this Note at the highest rate set forth in this Note or at the Default Rate, whichever is higher;

(c) sell all or part of any collateral given to secure this Note at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law;

(d) institute proceedings for the complete or partial foreclosure of any property securing the within Note; and/or

(e) commence any other proceedings or steps to protect or enforce its rights in any sequence determined by FREIT.

7. The Borrower hereby grants to FREIT, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to FREIT, whether now existing or hereafter arising, upon and against the Borrowers Membership Interest in Damascus 100, LLC, and as set forth in a certain Pledge and Security Agreement of even date herewith given by Borrower to FREIT. At any time without demand or notice (any such notice being expressly waived by the Borrower), FREIT may set off the same or any part thereof and apply the same to any liability or obligation of the Borrower even though unmatred regardless of the adequacy of any other collateral securing this Note. **ANY AND ALL RIGHTS TO REQUIRE FREIT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THIS NOTE OR OTHER PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.**

8. No right or remedy herein conferred upon or reserved to FREIT is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of FREIT to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Note may be exercised from time to time and as often as may be deemed expedient by FREIT. Nothing in this Note contained shall affect the obligation of the Borrower or any guarantor or endorser to pay the principal of and interest on this Note in the manner and at the time and place herein expressed.

9. FREIT may, without notice to or consent of any party liable for the payment hereof as guarantor, endorser, surety or in any capacity whatsoever, and without impairing or affecting the liability of such party to FREIT, (a) extend the time for payment of this Note; (b) alter any other term of this Note by agreement with the Borrower; (c) release, settle or

compromise with any other party liable for the payment hereof; and/or (d) release, or substitute for, any collateral held by FREIT as security for the payment of any sum owing to FREIT by any party hereto; and any renewal and/or modification document required by FREIT and executed by the Borrower shall be deemed consented to by all such parties without any requirement that any such party execute any such document. The Borrower and all guarantors, endorsers, sureties, and others liable hereunder in any capacity whatsoever hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest, protest of this Note, and all other notice of any kind.

10. Should the indebtedness represented by this Note or any part hereof be collected in any proceeding, or this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including reasonable attorneys' fees in addition to expenses.

11. This Note is binding on the Borrower, any guarantors, endorsers, sureties, and all others liable hereon and their heirs, administrators, executors, representatives, successors and assigns, and shall inure to the benefit of FREIT, its successors and assigns.

12. This Note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey and irrespective of any conflicts of laws.

13. In case any one or more of the provisions herein or in any note, document, instrument, agreement or writing executed in conjunction herewith shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. In consideration of the agreements contained herein, the Borrower hereby waives any provisions applicable in connection with any voluntary or involuntary insolvency, bankruptcy, reorganization, fraudulent conveyance or similar proceeding involving the Borrower under any state or federal law regarding creditor's rights or debtor's obligations imposing against the Borrower, or otherwise providing for, an automatic stay under Section 362(a) of the Bankruptcy Code or any other prohibition against FREIT's commencing, maintaining or completing any proceedings in connection with or the exercise or enforcement of any of FREIT's rights hereunder or any applicable law. In furtherance thereof, the Borrower agrees that, in the event of the imposition of any such stay or other prohibition, (a) not to contest any motion made by FREIT for the lifting thereof or for exemption therefrom; and (b) to cooperate with FREIT, in any manner requested by FREIT, in its efforts to obtain relief from any such stay or other prohibition.

15. Upon receipt of an affidavit of an officer of FREIT as to the loss, theft, destruction or mutilation of this Note or any other loan document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document, the Borrower will issue, in lieu thereof, a replacement note or other document in the same principal amount thereof and otherwise of like tenor.

16. This Note is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Note. All prior or contemporaneous promises, agreements

and understandings, whether oral or written, are deemed to be superceded by this Note, and no party is relying on any promise, agreement or understanding not set forth in this Note. This Note may not be amended or modified except by a written instrument describing such amendment or modification executed by Borrower and FREIT.

17. FREIT shall have the unrestricted right at any time or from time to time, and without Borrower's or any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more and person (each, an "*Assignee*"), and Borrower and each Guarantor agrees that it shall execute or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as shall be reasonably necessary to effect the foregoing, provided same do not change the Borrower's rights and obligations. The loan evidence by this Note has been made by FREIT to the Borrower as an accommodation to Borrower as and employee of Hekemian & Co., Inc. to make an investment in Damascus 100, LLC, which is a limited Member of Damascus Centre, LLC, the owner of certain property in Damascus, Maryland (the "Property") in which FREIT is the Managing Member. Notwithstanding anything else herein provided, any monies to which Borrower is entitled as a member of Damascus 100, LLC resulting from a refinancing of the Property shall be first applied to the outstanding principal balance and accrued interest, if any, to the extent thereof.

THE BORROWER AND EVERY OTHER PARTY LIABLE HEREON AS GUARANTOR, ENDORSER, SURETY OR IN ANY CAPACITY WHATSOEVER EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL ON ALL ISSUES SO TRIABLE, CONSENT TO AND CONFER PERSONAL JURISDICTION OVER THE BORROWER AND SUCH OTHER PARTY ON THE COURTS OF THE STATE OF NEW JERSEY, EXPRESSLY WAIVE ANY OBJECTIONS AS TO VENUE IN ANY OF SUCH STATE COURTS, AND EXPRESSLY WAIVE ANY RIGHT OF REMOVAL FROM SUCH STATE COURTS.

[Signature lines on next page]

IN WITNESS WHEREOF, the Borrower has caused these presents to be properly executed by their duly authorized corporate officers, the day and year first above written.

WITNESS:

/s/ Robert S. Hekemian, Jr.  
Robert S. Hekemian, Jr.

/s/ Allan Tubin

**PROMISSORY NOTE**

\$429,883.77

October 31, 2006

Bryan Hekemian, having an address at 2 Saddle Brook Drive (herein referred to as the "**Borrower**"), for value received, hereby promises to pay to the order of **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, successors and/or assigns (herein referred to as the "**FREIT**") at its offices, 505 Main Street, Hackensack, New Jersey 07601, on or before September 30, 2016 (the "**Maturity Date**"), the principal sum of Four Hundred Twenty Nine Thousand, Eight Hundred Eighty Three Dollars and Seventy Seven Cents (\$429,883.77) or so much thereof as shall be outstanding as of the Maturity Date, and to pay interest on the unpaid principal amount hereunder as hereinafter set forth.

(a) Interest on this Note shall be charged at a per annum rate (the "**LIBOR Rate**"), equal to two hundred twenty-five (225) basis points in excess of "**LIBOR**" (as defined below), for the corresponding "**LIBOR Interest Period**" (being periods of three (3) months). No LIBOR Interest Period shall extend beyond the Maturity Date of this Note. The Libor Rate should be reset on each November 1, February 1, May 1 and August 1 during the term.

(b) (i) For the purposes hereof, any interest period to which a LIBOR Rate applies is referred to as a "**LIBOR Interest Period**", and the loan, or any part thereof, when bearing a LIBOR Rate, is referred to herein as a **LIBOR Loan**.

(ii) The term "**LIBOR**" or "**LIBOR Rate**" shall mean, as applicable to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan as reported in the *Wall Street Journal* on the business day closest to the day prior to the reset date.

(c) LIBOR shall be adjusted each November 1, February 1, May 1 and August 1 during the term of this Note (such day being referred to herein as a "**Reset Date**") (but if any day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply).

(d) The Borrower shall have the right to repay Loan without penalty.

(e) In the event Borrower's employment by Hekemian & Co., Inc. shall terminate for any reason, then this Note shall be repaid within 90 days of demand therefor by FREIT.

1. The Borrower shall pay to FREIT interest upon any unpaid balance on this Note, which interest shall be due and payable to FREIT on November 1, February 1, May 1, and August 1 during the term in arrears, on the outstanding principal balance, commencing on

November 1, February 1, May 1, and August 1 during the term of the month. Interest will be charged on all sums due to FREIT even after a default or judgment. Each payment made to FREIT, when paid, shall be applied first to the payment of all interest, charges and fees accrued and unpaid, and the balance thereof to payment on account of principal. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding anything hereinabove to the contrary, the first interest payment under this note shall be due and payable on February 1, 2007. Pursuant to the Pledge and Security Agreement entered into between Borrower and FREIT, all refinancing proceeds, distributions, and other cash flow paid to FREIT as assignee of Borrower's Membership Interest in Damascus 100, LLC, shall be applied first to accrued and unpaid interest, charges and fees, and then to any outstanding principal.

2. On the Maturity Date there shall be due and payable all unpaid principal together with all accrued and unpaid interest, charges, and fees and all other sums computed in accordance with this Note or otherwise payable pursuant to the Loan Documents. If the Maturity Date is not a business day, this final payment shall be due and payable on the preceding business day.

3. In the event any payment of interest or principal is received by FREIT more than ten (10) days after the date due, the Borrower shall, to the extent permitted by law, pay FREIT a late charge of five (5%) percent of the overdue payment.

4. To the extent permitted by law, upon the occurrence of an Event of Default, as defined herein the rate of interest on the unpaid principal balance shall, at the option of FREIT be five (5%) percent in excess of the rate of interest provided herein (the "**Default Rate**"). The Borrower acknowledges that: (i) such additional rate is a material inducement to FREIT to make the loan; (ii) FREIT would not make the loan in the absence of the agreement of the Borrower to pay such additional rate; (iii) such additional rate represents compensation for increased risk to FREIT that the loan will not be repaid; and (iv) such rate is not a penalty and represents a reasonable estimate of (a) the cost to FREIT in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to FREIT for losses that are difficult to ascertain.

5. Any one or more of the following shall constitute an event of default under this Note (each an "**Event of Default**" and collectively "**Events of Default**"):

- (a) If default shall be made in the payment of any amount payable under this Note when and as the same shall become due and payable.
- (b) If an Event of Default as defined in the Pledge and Security Agreement hereinafter defined shall occur.

6. If any Event of Default shall have occurred, FREIT may:

(a) declare the entire unpaid principal balance, together with all accrued and unpaid interest, charges, fees and all other sums under this Note to be due and payable, whereupon this Note shall become forthwith due and payable as to principal, interest, charges, fees and all other sums due hereunder, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein notwithstanding;

(b) collect interest on any overdue principal, interest, charges, fees and other sums owing under this Note at the highest rate set forth in this Note or at the Default Rate, whichever is higher;

(c) sell all or part of any collateral given to secure this Note at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law;

(d) institute proceedings for the complete or partial foreclosure of any property securing the within Note; and/or

(e) commence any other proceedings or steps to protect or enforce its rights in any sequence determined by FREIT.

7. The Borrower hereby grants to FREIT, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to FREIT, whether now existing or hereafter arising, upon and against the Borrowers Membership Interest in Damascus 100, LLC, and as set forth in a certain Pledge and Security Agreement of even date herewith given by Borrower to FREIT. At any time without demand or notice (any such notice being expressly waived by the Borrower), FREIT may set off the same or any part thereof and apply the same to any liability or obligation of the Borrower even though unmaturred regardless of the adequacy of any other collateral securing this Note. **ANY AND ALL RIGHTS TO REQUIRE FREIT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THIS NOTE OR OTHER PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.**

8. No right or remedy herein conferred upon or reserved to FREIT is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of FREIT to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Note may be exercised from time to time and as often as may be deemed expedient by FREIT. Nothing in this Note contained shall affect the obligation of the Borrower or any guarantor or endorser to pay the principal of and interest on this Note in the manner and at the time and place herein expressed.

9. FREIT may, without notice to or consent of any party liable for the payment hereof as guarantor, endorser, surety or in any capacity whatsoever, and without impairing or

affecting the liability of such party to FREIT, (a) extend the time for payment of this Note; (b) alter any other term of this Note by agreement with the Borrower; (c) release, settle or compromise with any other party liable for the payment hereof; and/or (d) release, or substitute for, any collateral held by FREIT as security for the payment of any sum owing to FREIT by any party hereto; and any renewal and/or modification document required by FREIT and executed by the Borrower shall be deemed consented to by all such parties without any requirement that any such party execute any such document. The Borrower and all guarantors, endorsers, sureties, and others liable hereunder in any capacity whatsoever hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest, protest of this Note, and all other notice of any kind.

10. Should the indebtedness represented by this Note or any part hereof be collected in any proceeding, or this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including reasonable attorneys' fees in addition to expenses.

11. This Note is binding on the Borrower, any guarantors, endorsers, sureties, and all others liable hereon and their heirs, administrators, executors, representatives, successors and assigns, and shall inure to the benefit of FREIT, its successors and assigns.

12. This Note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey and irrespective of any conflicts of laws.

13. In case any one or more of the provisions herein or in any note, document, instrument, agreement or writing executed in conjunction herewith shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. In consideration of the agreements contained herein, the Borrower hereby waives any provisions applicable in connection with any voluntary or involuntary insolvency, bankruptcy, reorganization, fraudulent conveyance or similar proceeding involving the Borrower under any state or federal law regarding creditor's rights or debtor's obligations imposing against the Borrower, or otherwise providing for, an automatic stay under Section 362(a) of the Bankruptcy Code or any other prohibition against FREIT's commencing, maintaining or completing any proceedings in connection with or the exercise or enforcement of any of FREIT's rights hereunder or any applicable law. In furtherance thereof, the Borrower agrees that, in the event of the imposition of any such stay or other prohibition, (a) not to contest any motion made by FREIT for the lifting thereof or for exemption therefrom; and (b) to cooperate with FREIT, in any manner requested by FREIT, in its efforts to obtain relief from any such stay or other prohibition.

15. Upon receipt of an affidavit of an officer of FREIT as to the loss, theft, destruction or mutilation of this Note or any other loan document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document, the Borrower will issue, in lieu thereof, a replacement note or other document in the same principal amount thereof and otherwise of like tenor.

16. This Note is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Note. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note, and no party is relying on any promise, agreement or understanding not set forth in this Note. This Note may not be amended or modified except by a written instrument describing such amendment or modification executed by Borrower and FREIT.

17. FREIT shall have the unrestricted right at any time or from time to time, and without Borrower's or any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more and person (each, an "*Assignee*"), and Borrower and each Guarantor agrees that it shall execute or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as shall be reasonably necessary to effect the foregoing, provided same do not change the Borrower's rights and obligations. The loan evidence by this Note has been made by FREIT to the Borrower as an accommodation to Borrower as and employee of Hekemian & Co., Inc. to make an investment in Damascus 100, LLC, which is a limited Member of Damascus Centre, LLC, the owner of certain property in Damascus, Maryland (the "Property") in which FREIT is the Managing Member. Notwithstanding anything else herein provided, any monies to which Borrower is entitled as a member of Damascus 100, LLC resulting from a refinancing of the Property shall be first applied to the outstanding principal balance and accrued interest, if any, to the extent thereof.

THE BORROWER AND EVERY OTHER PARTY LIABLE HEREON AS GUARANTOR, ENDORSER, SURETY OR IN ANY CAPACITY WHATSOEVER EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL ON ALL ISSUES SO TRIABLE, CONSENT TO AND CONFER PERSONAL JURISDICTION OVER THE BORROWER AND SUCH OTHER PARTY ON THE COURTS OF THE STATE OF NEW JERSEY, EXPRESSLY WAIVE ANY OBJECTIONS AS TO VENUE IN ANY OF SUCH STATE COURTS, AND EXPRESSLY WAIVE ANY RIGHT OF REMOVAL FROM SUCH STATE COURTS.

[Signature lines on next page]

IN WITNESS WHEREOF, the Borrower has caused these presents to be properly executed by their duly authorized corporate officers, the day and year first above written.

WITNESS:

/s/ Bryan Hekemian  
Bryan Hekemian

/s/ Allan Tubin

**PROMISSORY NOTE**

\$429,883.77

October 31, 2006

David Hekemian, having an address at 2 Columbus Ave., Apt 19A (herein referred to as the "***Borrower***"), for value received, hereby promises to pay to the order of **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, successors and/or assigns (herein referred to as the "***FREIT***") at its offices, 505 Main Street, Hackensack, New Jersey 07601, on or before September 30, 2016 (the "***Maturity Date***"), the principal sum of Four Hundred Twenty Nine Thousand, Eight Hundred Eighty Three Dollars and Seventy Seven Cents (\$429,883.77) or so much thereof as shall be outstanding as of the Maturity Date, and to pay interest on the unpaid principal amount hereunder as hereinafter set forth.

(a) Interest on this Note shall be charged at a per annum rate (the "***LIBOR Rate***"), equal to two hundred twenty-five (225) basis points in excess of "***LIBOR***" (as defined below), for the corresponding "***LIBOR Interest Period***" (being periods of three (3) months). No LIBOR Interest Period shall extend beyond the Maturity Date of this Note. The Libor Rate should be reset on each November 1, February 1, May 1 and August 1 during the term.

(b) (i) For the purposes hereof, any interest period to which a LIBOR Rate applies is referred to as a "***LIBOR Interest Period***", and the loan, or any part thereof, when bearing a LIBOR Rate, is referred to herein as a ***LIBOR Loan***.

(ii) The term "***LIBOR***" or "***LIBOR Rate***" shall mean, as applicable to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan as reported in the *Wall Street Journal* on the business day closest to the day prior to the reset date.

(c) LIBOR shall be adjusted each November 1, February 1, May 1 and August 1 during the term of this Note (such day being referred to herein as a "***Reset Date***") (but if any day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply).

(d) The Borrower shall have the right to repay Loan without penalty.

(e) In the event Borrower's employment by Hekemian & Co., Inc. shall terminate for any reason, then this Note shall be repaid within 90 days of demand therefor by FREIT.

1. The Borrower shall pay to FREIT interest upon any unpaid balance on this Note, which interest shall be due and payable to FREIT on November 1, February 1, May 1, and August 1 during the term in arrears, on the outstanding principal balance, commencing on

November 1, February 1, May 1, and August 1 during the term of the month. Interest will be charged on all sums due to FREIT even after a default or judgment. Each payment made to FREIT, when paid, shall be applied first to the payment of all interest, charges and fees accrued and unpaid, and the balance thereof to payment on account of principal. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding anything hereinabove to the contrary, the first interest payment under this note shall be due and payable on February 1, 2007. Pursuant to the Pledge and Security Agreement entered into between Borrower and FREIT, all refinancing proceeds, distributions, and other cash flow paid to FREIT as assignee of Borrower's Membership Interest in Damascus 100, LLC, shall be applied first to accrued and unpaid interest, charges and fees, and then to any outstanding principal.

2. On the Maturity Date there shall be due and payable all unpaid principal together with all accrued and unpaid interest, charges, and fees and all other sums computed in accordance with this Note or otherwise payable pursuant to the Loan Documents. If the Maturity Date is not a business day, this final payment shall be due and payable on the preceding business day.

3. In the event any payment of interest or principal is received by FREIT more than ten (10) days after the date due, the Borrower shall, to the extent permitted by law, pay FREIT a late charge of five (5%) percent of the overdue payment.

4. To the extent permitted by law, upon the occurrence of an Event of Default, as defined herein the rate of interest on the unpaid principal balance shall, at the option of FREIT be five (5%) percent in excess of the rate of interest provided herein (the "**Default Rate**"). The Borrower acknowledges that: (i) such additional rate is a material inducement to FREIT to make the loan; (ii) FREIT would not make the loan in the absence of the agreement of the Borrower to pay such additional rate; (iii) such additional rate represents compensation for increased risk to FREIT that the loan will not be repaid; and (iv) such rate is not a penalty and represents a reasonable estimate of (a) the cost to FREIT in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to FREIT for losses that are difficult to ascertain.

5. Any one or more of the following shall constitute an event of default under this Note (each an "**Event of Default**" and collectively "**Events of Default**"):

- (a) If default shall be made in the payment of any amount payable under this Note when and as the same shall become due and payable.
- (b) If an Event of Default as defined in the Pledge and Security Agreement hereinafter defined shall occur.

6. If any Event of Default shall have occurred, FREIT may:

(a) declare the entire unpaid principal balance, together with all accrued and unpaid interest, charges, fees and all other sums under this Note to be due and payable, whereupon this Note shall become forthwith due and payable as to principal, interest, charges, fees and all other sums due hereunder, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein notwithstanding;

(b) collect interest on any overdue principal, interest, charges, fees and other sums owing under this Note at the highest rate set forth in this Note or at the Default Rate, whichever is higher;

(c) sell all or part of any collateral given to secure this Note at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law;

(d) institute proceedings for the complete or partial foreclosure of any property securing the within Note; and/or

(e) commence any other proceedings or steps to protect or enforce its rights in any sequence determined by FREIT.

7. The Borrower hereby grants to FREIT, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to FREIT, whether now existing or hereafter arising, upon and against the Borrowers Membership Interest in Damascus 100, LLC, and as set forth in a certain Pledge and Security Agreement of even date herewith given by Borrower to FREIT. At any time without demand or notice (any such notice being expressly waived by the Borrower), FREIT may set off the same or any part thereof and apply the same to any liability or obligation of the Borrower even though unmaturred regardless of the adequacy of any other collateral securing this Note. **ANY AND ALL RIGHTS TO REQUIRE FREIT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THIS NOTE OR OTHER PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.**

8. No right or remedy herein conferred upon or reserved to FREIT is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of FREIT to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Note may be exercised from time to time and as often as may be deemed expedient by FREIT. Nothing in this Note contained shall affect the obligation of the Borrower or any guarantor or endorser to pay the principal of and interest on this Note in the manner and at the time and place herein expressed.

9. FREIT may, without notice to or consent of any party liable for the payment hereof as guarantor, endorser, surety or in any capacity whatsoever, and without impairing or

affecting the liability of such party to FREIT, (a) extend the time for payment of this Note; (b) alter any other term of this Note by agreement with the Borrower; (c) release, settle or compromise with any other party liable for the payment hereof; and/or (d) release, or substitute for, any collateral held by FREIT as security for the payment of any sum owing to FREIT by any party hereto; and any renewal and/or modification document required by FREIT and executed by the Borrower shall be deemed consented to by all such parties without any requirement that any such party execute any such document. The Borrower and all guarantors, endorsers, sureties, and others liable hereunder in any capacity whatsoever hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest, protest of this Note, and all other notice of any kind.

10. Should the indebtedness represented by this Note or any part hereof be collected in any proceeding, or this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including reasonable attorneys' fees in addition to expenses.

11. This Note is binding on the Borrower, any guarantors, endorsers, sureties, and all others liable hereon and their heirs, administrators, executors, representatives, successors and assigns, and shall inure to the benefit of FREIT, its successors and assigns.

12. This Note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey and irrespective of any conflicts of laws.

13. In case any one or more of the provisions herein or in any note, document, instrument, agreement or writing executed in conjunction herewith shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. In consideration of the agreements contained herein, the Borrower hereby waives any provisions applicable in connection with any voluntary or involuntary insolvency, bankruptcy, reorganization, fraudulent conveyance or similar proceeding involving the Borrower under any state or federal law regarding creditor's rights or debtor's obligations imposing against the Borrower, or otherwise providing for, an automatic stay under Section 362(a) of the Bankruptcy Code or any other prohibition against FREIT's commencing, maintaining or completing any proceedings in connection with or the exercise or enforcement of any of FREIT's rights hereunder or any applicable law. In furtherance thereof, the Borrower agrees that, in the event of the imposition of any such stay or other prohibition, (a) not to contest any motion made by FREIT for the lifting thereof or for exemption therefrom; and (b) to cooperate with FREIT, in any manner requested by FREIT, in its efforts to obtain relief from any such stay or other prohibition.

15. Upon receipt of an affidavit of an officer of FREIT as to the loss, theft, destruction or mutilation of this Note or any other loan document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document, the Borrower will issue, in lieu thereof, a replacement note or other document in the same principal amount thereof and otherwise of like tenor.

16. This Note is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Note. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note, and no party is relying on any promise, agreement or understanding not set forth in this Note. This Note may not be amended or modified except by a written instrument describing such amendment or modification executed by Borrower and FREIT.

17. FREIT shall have the unrestricted right at any time or from time to time, and without Borrower's or any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more and person (each, an "*Assignee*"), and Borrower and each Guarantor agrees that it shall execute or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as shall be reasonably necessary to effect the foregoing, provided same do not change the Borrower's rights and obligations. The loan evidence by this Note has been made by FREIT to the Borrower as an accommodation to Borrower as and employee of Hekemian & Co., Inc. to make an investment in Damascus 100, LLC, which is a limited Member of Damascus Centre, LLC, the owner of certain property in Damascus, Maryland (the "Property") in which FREIT is the Managing Member. Notwithstanding anything else herein provided, any monies to which Borrower is entitled as a member of Damascus 100, LLC resulting from a refinancing of the Property shall be first applied to the outstanding principal balance and accrued interest, if any, to the extent thereof.

THE BORROWER AND EVERY OTHER PARTY LIABLE HEREON AS GUARANTOR, ENDORSER, SURETY OR IN ANY CAPACITY WHATSOEVER EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL ON ALL ISSUES SO TRIABLE, CONSENT TO AND CONFER PERSONAL JURISDICTION OVER THE BORROWER AND SUCH OTHER PARTY ON THE COURTS OF THE STATE OF NEW JERSEY, EXPRESSLY WAIVE ANY OBJECTIONS AS TO VENUE IN ANY OF SUCH STATE COURTS, AND EXPRESSLY WAIVE ANY RIGHT OF REMOVAL FROM SUCH STATE COURTS.

[Signature lines on next page]

IN WITNESS WHEREOF, the Borrower has caused these presents to be properly executed by their duly authorized corporate officers, the day and year first above written.

WITNESS:

/s/ David Hekemian  
David Hekemian

/s/ Allan Tubin

**PROMISSORY NOTE**

\$80,603.21

October 31, 2006

Christopher P. Bell, having an address at 326 First Street (herein referred to as the "**Borrower**"), for value received, hereby promises to pay to the order of **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, successors and/or assigns (herein referred to as the "**FREIT**") at its offices, 505 Main Street, Hackensack, New Jersey 07601, on or before September 30, 2016 (the "**Maturity Date**"), the principal sum of Eighty Thousand, Six Hundred Three Dollars and Twenty One Cents (\$80,603.21) or so much thereof as shall be outstanding as of the Maturity Date, and to pay interest on the unpaid principal amount hereunder as hereinafter set forth.

(a) Interest on this Note shall be charged at a per annum rate (the "**LIBOR Rate**"), equal to two hundred twenty-five (225) basis points in excess of "**LIBOR**" (as defined below), for the corresponding "**LIBOR Interest Period**" (being periods of three (3) months). No LIBOR Interest Period shall extend beyond the Maturity Date of this Note. The Libor Rate should be reset on each November 1, February 1, May 1 and August 1 during the term.

(b) (i) For the purposes hereof, any interest period to which a LIBOR Rate applies is referred to as a "**LIBOR Interest Period**", and the loan, or any part thereof, when bearing a LIBOR Rate, is referred to herein as a **LIBOR Loan**.

(ii) The term "**LIBOR**" or "**LIBOR Rate**" shall mean, as applicable to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan as reported in the *Wall Street Journal* on the business day closest to the day prior to the reset date.

(c) LIBOR shall be adjusted each November 1, February 1, May 1 and August 1 during the term of this Note (such day being referred to herein as a "**Reset Date**") (but if any day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply).

(d) The Borrower shall have the right to repay Loan without penalty.

(e) In the event Borrower's employment by Hekemian & Co., Inc. shall terminate for any reason, then this Note shall be repaid within 90 days of demand therefor by FREIT.

1. The Borrower shall pay to FREIT interest upon any unpaid balance on this Note, which interest shall be due and payable to FREIT on November 1, February 1, May 1, and August 1 during the term in arrears, on the outstanding principal balance, commencing on

November 1, February 1, May 1, and August 1 during the term of the month. Interest will be charged on all sums due to FREIT even after a default or judgment. Each payment made to FREIT, when paid, shall be applied first to the payment of all interest, charges and fees accrued and unpaid, and the balance thereof to payment on account of principal. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding anything hereinabove to the contrary, the first interest payment under this note shall be due and payable on February 1, 2007. Pursuant to the Pledge and Security Agreement entered into between Borrower and FREIT, all refinancing proceeds, distributions, and other cash flow paid to FREIT as assignee of Borrower's Membership Interest in Damascus 100, LLC, shall be applied first to accrued and unpaid interest, charges and fees, and then to any outstanding principal.

2. On the Maturity Date there shall be due and payable all unpaid principal together with all accrued and unpaid interest, charges, and fees and all other sums computed in accordance with this Note or otherwise payable pursuant to the Loan Documents. If the Maturity Date is not a business day, this final payment shall be due and payable on the preceding business day.

3. In the event any payment of interest or principal is received by FREIT more than ten (10) days after the date due, the Borrower shall, to the extent permitted by law, pay FREIT a late charge of five (5%) percent of the overdue payment.

4. To the extent permitted by law, upon the occurrence of an Event of Default, as defined herein the rate of interest on the unpaid principal balance shall, at the option of FREIT be five (5%) percent in excess of the rate of interest provided herein (the "**Default Rate**"). The Borrower acknowledges that: (i) such additional rate is a material inducement to FREIT to make the loan; (ii) FREIT would not make the loan in the absence of the agreement of the Borrower to pay such additional rate; (iii) such additional rate represents compensation for increased risk to FREIT that the loan will not be repaid; and (iv) such rate is not a penalty and represents a reasonable estimate of (a) the cost to FREIT in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to FREIT for losses that are difficult to ascertain.

5. Any one or more of the following shall constitute an event of default under this Note (each an "**Event of Default**" and collectively "**Events of Default**"):

- (a) If default shall be made in the payment of any amount payable under this Note when and as the same shall become due and payable.
- (b) If an Event of Default as defined in the Pledge and Security Agreement hereinafter defined shall occur.

6. If any Event of Default shall have occurred, FREIT may:

(a) declare the entire unpaid principal balance, together with all accrued and unpaid interest, charges, fees and all other sums under this Note to be due and payable, whereupon this Note shall become forthwith due and payable as to principal, interest, charges, fees and all other sums due hereunder, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein notwithstanding;

(b) collect interest on any overdue principal, interest, charges, fees and other sums owing under this Note at the highest rate set forth in this Note or at the Default Rate, whichever is higher;

(c) sell all or part of any collateral given to secure this Note at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law;

(d) institute proceedings for the complete or partial foreclosure of any property securing the within Note; and/or

(e) commence any other proceedings or steps to protect or enforce its rights in any sequence determined by FREIT.

7. The Borrower hereby grants to FREIT, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to FREIT, whether now existing or hereafter arising, upon and against the Borrowers Membership Interest in Damascus 100, LLC, and as set forth in a certain Pledge and Security Agreement of even date herewith given by Borrower to FREIT. At any time without demand or notice (any such notice being expressly waived by the Borrower), FREIT may set off the same or any part thereof and apply the same to any liability or obligation of the Borrower even though unmaturred regardless of the adequacy of any other collateral securing this Note. **ANY AND ALL RIGHTS TO REQUIRE FREIT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THIS NOTE OR OTHER PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.**

8. No right or remedy herein conferred upon or reserved to FREIT is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of FREIT to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Note may be exercised from time to time and as often as may be deemed expedient by FREIT. Nothing in this Note contained shall affect the obligation of the Borrower or any guarantor or endorser to pay the principal of and interest on this Note in the manner and at the time and place herein expressed.

9. FREIT may, without notice to or consent of any party liable for the payment hereof as guarantor, endorser, surety or in any capacity whatsoever, and without impairing or

affecting the liability of such party to FREIT, (a) extend the time for payment of this Note; (b) alter any other term of this Note by agreement with the Borrower; (c) release, settle or compromise with any other party liable for the payment hereof; and/or (d) release, or substitute for, any collateral held by FREIT as security for the payment of any sum owing to FREIT by any party hereto; and any renewal and/or modification document required by FREIT and executed by the Borrower shall be deemed consented to by all such parties without any requirement that any such party execute any such document. The Borrower and all guarantors, endorsers, sureties, and others liable hereunder in any capacity whatsoever hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest, protest of this Note, and all other notice of any kind.

10. Should the indebtedness represented by this Note or any part hereof be collected in any proceeding, or this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including reasonable attorneys' fees in addition to expenses.

11. This Note is binding on the Borrower, any guarantors, endorsers, sureties, and all others liable hereon and their heirs, administrators, executors, representatives, successors and assigns, and shall inure to the benefit of FREIT, its successors and assigns.

12. This Note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey and irrespective of any conflicts of laws.

13. In case any one or more of the provisions herein or in any note, document, instrument, agreement or writing executed in conjunction herewith shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. In consideration of the agreements contained herein, the Borrower hereby waives any provisions applicable in connection with any voluntary or involuntary insolvency, bankruptcy, reorganization, fraudulent conveyance or similar proceeding involving the Borrower under any state or federal law regarding creditor's rights or debtor's obligations imposing against the Borrower, or otherwise providing for, an automatic stay under Section 362(a) of the Bankruptcy Code or any other prohibition against FREIT's commencing, maintaining or completing any proceedings in connection with or the exercise or enforcement of any of FREIT's rights hereunder or any applicable law. In furtherance thereof, the Borrower agrees that, in the event of the imposition of any such stay or other prohibition, (a) not to contest any motion made by FREIT for the lifting thereof or for exemption therefrom; and (b) to cooperate with FREIT, in any manner requested by FREIT, in its efforts to obtain relief from any such stay or other prohibition.

15. Upon receipt of an affidavit of an officer of FREIT as to the loss, theft, destruction or mutilation of this Note or any other loan document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document, the Borrower will issue, in lieu thereof, a replacement note or other document in the same principal amount thereof and otherwise of like tenor.

16. This Note is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Note. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note, and no party is relying on any promise, agreement or understanding not set forth in this Note. This Note may not be amended or modified except by a written instrument describing such amendment or modification executed by Borrower and FREIT.

17. FREIT shall have the unrestricted right at any time or from time to time, and without Borrower's or any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more and person (each, an "*Assignee*"), and Borrower and each Guarantor agrees that it shall execute or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as shall be reasonably necessary to effect the foregoing, provided same do not change the Borrower's rights and obligations. The loan evidence by this Note has been made by FREIT to the Borrower as an accommodation to Borrower as and employee of Hekemian & Co., Inc. to make an investment in Damascus 100, LLC, which is a limited Member of Damascus Centre, LLC, the owner of certain property in Damascus, Maryland (the "Property") in which FREIT is the Managing Member. Notwithstanding anything else herein provided, any monies to which Borrower is entitled as a member of Damascus 100, LLC resulting from a refinancing of the Property shall be first applied to the outstanding principal balance and accrued interest, if any, to the extent thereof.

THE BORROWER AND EVERY OTHER PARTY LIABLE HEREON AS GUARANTOR, ENDORSER, SURETY OR IN ANY CAPACITY WHATSOEVER EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL ON ALL ISSUES SO TRIABLE, CONSENT TO AND CONFER PERSONAL JURISDICTION OVER THE BORROWER AND SUCH OTHER PARTY ON THE COURTS OF THE STATE OF NEW JERSEY, EXPRESSLY WAIVE ANY OBJECTIONS AS TO VENUE IN ANY OF SUCH STATE COURTS, AND EXPRESSLY WAIVE ANY RIGHT OF REMOVAL FROM SUCH STATE COURTS.

[Signature lines on next page]

IN WITNESS WHEREOF, the Borrower has caused these presents to be properly executed by their duly authorized corporate officers, the day and year first above written.

WITNESS:

/s/ Christopher P. Bell  
Christopher P. Bell

/s/ Allan Tubin

**PROMISSORY NOTE**

\$80,603.21

October 31, 2006

Allan Tubin, having an address at 142 Windsor Road (herein referred to as the "**Borrower**"), for value received, hereby promises to pay to the order of **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, successors and/or assigns (herein referred to as the "**FREIT**") at its offices, 505 Main Street, Hackensack, New Jersey 07601, on or before September 30, 2016 (the "**Maturity Date**"), the principal sum of Eighty Thousand, Six Hundred Three Dollars and Twenty One Cents (\$80,603.21) or so much thereof as shall be outstanding as of the Maturity Date, and to pay interest on the unpaid principal amount hereunder as hereinafter set forth.

(a) Interest on this Note shall be charged at a per annum rate (the "**LIBOR Rate**"), equal to two hundred twenty-five (225) basis points in excess of "**LIBOR**" (as defined below), for the corresponding "**LIBOR Interest Period**" (being periods of three (3) months). No LIBOR Interest Period shall extend beyond the Maturity Date of this Note. The Libor Rate should be reset on each November 1, February 1, May 1 and August 1 during the term.

(b) (i) For the purposes hereof, any interest period to which a LIBOR Rate applies is referred to as a "**LIBOR Interest Period**", and the loan, or any part thereof, when bearing a LIBOR Rate, is referred to herein as a **LIBOR Loan**.

(ii) The term "**LIBOR**" or "**LIBOR Rate**" shall mean, as applicable to any LIBOR Loan, the rate per annum as determined on the basis of the offered rates for deposits in U.S. dollars, for a period of time comparable to such LIBOR Loan as reported in the *Wall Street Journal* on the business day closest to the day prior to the reset date.

(c) LIBOR shall be adjusted each November 1, February 1, May 1 and August 1 during the term of this Note (such day being referred to herein as a "**Reset Date**") (but if any day is not a Business Day, then the first succeeding day that is a Business Day shall instead apply).

(d) The Borrower shall have the right to repay Loan without penalty.

(e) In the event Borrower's employment by Hekemian & Co., Inc. shall terminate for any reason, then this Note shall be repaid within 90 days of demand therefor by FREIT.

1. The Borrower shall pay to FREIT interest upon any unpaid balance on this Note, which interest shall be due and payable to FREIT on November 1, February 1, May 1, and August 1 during the term in arrears, on the outstanding principal balance, commencing on

November 1, February 1, May 1, and August 1 during the term of the month. Interest will be charged on all sums due to FREIT even after a default or judgment. Each payment made to FREIT, when paid, shall be applied first to the payment of all interest, charges and fees accrued and unpaid, and the balance thereof to payment on account of principal. Interest shall be calculated on the basis of a 365-day year and the actual number of days elapsed. Notwithstanding anything hereinabove to the contrary, the first interest payment under this note shall be due and payable on February 1, 2007. Pursuant to the Pledge and Security Agreement entered into between Borrower and FREIT, all refinancing proceeds, distributions, and other cash flow paid to FREIT as assignee of Borrower's Membership Interest in Damascus 100, LLC, shall be applied first to accrued and unpaid interest, charges and fees, and then to any outstanding principal.

2. On the Maturity Date there shall be due and payable all unpaid principal together with all accrued and unpaid interest, charges, and fees and all other sums computed in accordance with this Note or otherwise payable pursuant to the Loan Documents. If the Maturity Date is not a business day, this final payment shall be due and payable on the preceding business day.

3. In the event any payment of interest or principal is received by FREIT more than ten (10) days after the date due, the Borrower shall, to the extent permitted by law, pay FREIT a late charge of five (5%) percent of the overdue payment.

4. To the extent permitted by law, upon the occurrence of an Event of Default, as defined herein the rate of interest on the unpaid principal balance shall, at the option of FREIT be five (5%) percent in excess of the rate of interest provided herein (the "**Default Rate**"). The Borrower acknowledges that: (i) such additional rate is a material inducement to FREIT to make the loan; (ii) FREIT would not make the loan in the absence of the agreement of the Borrower to pay such additional rate; (iii) such additional rate represents compensation for increased risk to FREIT that the loan will not be repaid; and (iv) such rate is not a penalty and represents a reasonable estimate of (a) the cost to FREIT in allocating its resources (both personnel and financial) to the ongoing review, monitoring, administration and collection of the loan and (b) compensation to FREIT for losses that are difficult to ascertain.

5. Any one or more of the following shall constitute an event of default under this Note (each an "**Event of Default**" and collectively "**Events of Default**"):

- (a) If default shall be made in the payment of any amount payable under this Note when and as the same shall become due and payable.
- (b) If an Event of Default as defined in the Pledge and Security Agreement hereinafter defined shall occur.

6. If any Event of Default shall have occurred, FREIT may:

(a) declare the entire unpaid principal balance, together with all accrued and unpaid interest, charges, fees and all other sums under this Note to be due and payable, whereupon this Note shall become forthwith due and payable as to principal, interest, charges, fees and all other sums due hereunder, without presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived, anything contained herein notwithstanding;

(b) collect interest on any overdue principal, interest, charges, fees and other sums owing under this Note at the highest rate set forth in this Note or at the Default Rate, whichever is higher;

(c) sell all or part of any collateral given to secure this Note at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law;

(d) institute proceedings for the complete or partial foreclosure of any property securing the within Note; and/or

(e) commence any other proceedings or steps to protect or enforce its rights in any sequence determined by FREIT.

7. The Borrower hereby grants to FREIT, a continuing lien, security interest and right of setoff as security for all liabilities and obligations to FREIT, whether now existing or hereafter arising, upon and against the Borrowers Membership Interest in Damascus 100, LLC, and as set forth in a certain Pledge and Security Agreement of even date herewith given by Borrower to FREIT. At any time without demand or notice (any such notice being expressly waived by the Borrower), FREIT may set off the same or any part thereof and apply the same to any liability or obligation of the Borrower even though unmaturred regardless of the adequacy of any other collateral securing this Note. **ANY AND ALL RIGHTS TO REQUIRE FREIT TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THIS NOTE OR OTHER PROPERTY OF THE BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.**

8. No right or remedy herein conferred upon or reserved to FREIT is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of FREIT to exercise any right or power accruing upon any Event of Default shall impair any such right or power, or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and every power and remedy given by this Note may be exercised from time to time and as often as may be deemed expedient by FREIT. Nothing in this Note contained shall affect the obligation of the Borrower or any guarantor or endorser to pay the principal of and interest on this Note in the manner and at the time and place herein expressed.

9. FREIT may, without notice to or consent of any party liable for the payment hereof as guarantor, endorser, surety or in any capacity whatsoever, and without impairing or

affecting the liability of such party to FREIT, (a) extend the time for payment of this Note; (b) alter any other term of this Note by agreement with the Borrower; (c) release, settle or compromise with any other party liable for the payment hereof; and/or (d) release, or substitute for, any collateral held by FREIT as security for the payment of any sum owing to FREIT by any party hereto; and any renewal and/or modification document required by FREIT and executed by the Borrower shall be deemed consented to by all such parties without any requirement that any such party execute any such document. The Borrower and all guarantors, endorsers, sureties, and others liable hereunder in any capacity whatsoever hereby jointly and severally waive presentment for payment, demand, notice of non-payment, notice of protest, protest of this Note, and all other notice of any kind.

10. Should the indebtedness represented by this Note or any part hereof be collected in any proceeding, or this Note be placed in the hands of attorneys for collection after default, the Borrower agrees to pay, in addition to the principal and interest due and payable hereon, all costs of collecting this Note, including reasonable attorneys' fees in addition to expenses.

11. This Note is binding on the Borrower, any guarantors, endorsers, sureties, and all others liable hereon and their heirs, administrators, executors, representatives, successors and assigns, and shall inure to the benefit of FREIT, its successors and assigns.

12. This Note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey and irrespective of any conflicts of laws.

13. In case any one or more of the provisions herein or in any note, document, instrument, agreement or writing executed in conjunction herewith shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Note shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

14. In consideration of the agreements contained herein, the Borrower hereby waives any provisions applicable in connection with any voluntary or involuntary insolvency, bankruptcy, reorganization, fraudulent conveyance or similar proceeding involving the Borrower under any state or federal law regarding creditor's rights or debtor's obligations imposing against the Borrower, or otherwise providing for, an automatic stay under Section 362(a) of the Bankruptcy Code or any other prohibition against FREIT's commencing, maintaining or completing any proceedings in connection with or the exercise or enforcement of any of FREIT's rights hereunder or any applicable law. In furtherance thereof, the Borrower agrees that, in the event of the imposition of any such stay or other prohibition, (a) not to contest any motion made by FREIT for the lifting thereof or for exemption therefrom; and (b) to cooperate with FREIT, in any manner requested by FREIT, in its efforts to obtain relief from any such stay or other prohibition.

15. Upon receipt of an affidavit of an officer of FREIT as to the loss, theft, destruction or mutilation of this Note or any other loan document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon surrender and cancellation of such Note or other document, the Borrower will issue, in lieu thereof, a replacement note or other document in the same principal amount thereof and otherwise of like tenor.

16. This Note is intended by the parties as the final, complete and exclusive statement of the transactions evidenced by this Note. All prior or contemporaneous promises, agreements and understandings, whether oral or written, are deemed to be superceded by this Note, and no party is relying on any promise, agreement or understanding not set forth in this Note. This Note may not be amended or modified except by a written instrument describing such amendment or modification executed by Borrower and FREIT.

17. FREIT shall have the unrestricted right at any time or from time to time, and without Borrower's or any Guarantor's consent, to assign all or any portion of its rights and obligations hereunder to one or more and person (each, an "*Assignee*"), and Borrower and each Guarantor agrees that it shall execute or cause to be executed, such documents, including without limitation, amendments to this Note and to any other documents, instruments and agreements executed in connection herewith as shall be reasonably necessary to effect the foregoing, provided same do not change the Borrower's rights and obligations. The loan evidence by this Note has been made by FREIT to the Borrower as an accommodation to Borrower as and employee of Hekemian & Co., Inc. to make an investment in Damascus 100, LLC, which is a limited Member of Damascus Centre, LLC, the owner of certain property in Damascus, Maryland (the "Property") in which FREIT is the Managing Member. Notwithstanding anything else herein provided, any monies to which Borrower is entitled as a member of Damascus 100, LLC resulting from a refinancing of the Property shall be first applied to the outstanding principal balance and accrued interest, if any, to the extent thereof.

THE BORROWER AND EVERY OTHER PARTY LIABLE HEREON AS GUARANTOR, ENDORSER, SURETY OR IN ANY CAPACITY WHATSOEVER EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL ON ALL ISSUES SO TRIABLE, CONSENT TO AND CONFER PERSONAL JURISDICTION OVER THE BORROWER AND SUCH OTHER PARTY ON THE COURTS OF THE STATE OF NEW JERSEY, EXPRESSLY WAIVE ANY OBJECTIONS AS TO VENUE IN ANY OF SUCH STATE COURTS, AND EXPRESSLY WAIVE ANY RIGHT OF REMOVAL FROM SUCH STATE COURTS.

[Signature lines on next page]

IN WITNESS WHEREOF, the Borrower has caused these presents to be properly executed by their duly authorized corporate officers, the day and year first above written.

WITNESS:

/s/ Allan Tubin  
Allan Tubin

/s/ Renie Wilman

**PLEDGE AND SECURITY AGREEMENT**

**THIS AGREEMENT** made as of the 31<sup>st</sup> day of October 2006, by and between Robert S. Hekemian, Jr., having an address at 39 Twinbrooks Road N (hereinafter the “Pledgor”), and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, having an office located at 505 Main Street, Hackensack, New Jersey 07601 (hereinafter the “FREIT” or “Pledgee”).

**WITNESSETH:**

**WHEREAS**, Pledgor is indebted to FREIT in the principal amount of \$429,883.77 together with all interest thereon, represented by a Promissory Note of even date herewith (the “Note”); and

**WHEREAS**, FREIT is the Managing Member (the “Managing Member”) with a 70% ownership interest in Damascus Centre, LLC, a New Jersey limited liability company pursuant to an Operating Agreement dated June 1, 2003(the “Operating Agreement”); and

**WHEREAS**, Damascus 100, LLC a Limited Member (the “Limited Member”) with a 30% ownership interest in Damascus Centre, LLC; and

**WHEREAS**, Pledgor is a Member of Damascus 100, LLC; and

**WHEREAS**, as a condition precedent to making the loan evidenced by the Note and in order to secure payment of the Obligations, as hereinafter defined, FREIT requires that the Pledgor enter into and execute this Pledge and Security Agreement upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. As security for (i) the prompt and complete payment when due of the Note, and for any and all liabilities that Pledgor now or in the future may have to FREIT pursuant to the Note, and (ii) the prompt and complete payment when due of all obligations contained in this Agreement (the obligations described in subparagraphs (i) and (ii) herein are referred to collectively as the “Obligations”), the Pledgor hereby pledges, assigns, transfers and grants to

FREIT a security interest in all of Pledgor's Membership Interest in the Damascus 100, LLC, including, but not limited to, Pledgor's and his successor's assignee's, legal representative's, heir's and legatee's rights to receive refinancing proceeds, distributions and other cash flow, from Damascus 100, LLC (collectively, the "Collateral"). The assignment hereunder is intended to be and shall constitute an unconditional, absolute and present assignment to FREIT of all of Pledgor's right, title and interest in and to the Collateral (subject to the terms and conditions hereof). FREIT agrees that any proceeds from Collateral shall be applied first to the Obligations outstanding and after payment in full of such Obligations outstanding under the Note, the balance shall be paid to Pledgor.

2. The Pledgor hereby agrees that none of the following events, either alone or together, shall affect FREIT's interest in the Collateral:

(a) if the terms of any liability which Pledgor may have to FREIT, arising out of the Note or any one or more of the Obligations is amended or Lender otherwise permits any renewals or substitutions of the Note or any of the Obligations; or

(b) if FREIT releases or accepts substitutions for any other collateral that may serve as security for the Obligations.

Pledgor shall also be liable to FREIT for any guarantee for Pledgor's pro rata share of Damascus 100, LLC's obligations to FREIT for any guaranty whether by way of the personal guaranty of FREIT or through a bond a letter of credit or any other surety which FREIT is required to make with respect to Damascus 100, LLC, all of which are deemed to be obligations as defined in this Agreement.

3. Upon occurrence of a Default, as defined in the Note or this Agreement, the Collateral and all rights arising thereunder shall be transferred and paid over to FREIT. Prior to a Default, Pledgor may exercise any voting rights Pledgor may have as a Member of Damascus 100, LLC, provided any such exercise shall not impair or diminish the Collateral or the pledge made hereby. Additionally, FREIT may exercise any and all other rights that it has as a secured party pursuant to the applicable provisions of the Uniform Commercial Code, N.J.S.A. 12A:1-101, et seq. (the "Code") and this Agreement shall constitute a security agreement in accordance with the terms of the Code. FREIT does not have to exercise any rights, which it may have

against Pledgor before exercising its rights against the Collateral. Additionally, the Pledgor agrees that if the law requires FREIT to give notice of the sale of the Collateral or any interest therein (which sale need not be a public sale), ten (10) days shall be sufficient notice.

4. The Pledgor hereby waives the right to be treated as a “Debtor” under the terms of Article 9 of the Code in connection with FREIT’s exercise of its remedies, to the extent such a waiver is permitted by the Code.

5. The Pledgor hereby appoints FREIT as attorney in fact to arrange for the transfer of the Collateral to FREIT upon the occurrence of a Default, as defined in the Note.

6. The Pledgor represents that Pledgor’s principal residence is the address set forth in the first paragraph of this Agreement.

7. Any transfer or further pledge of the Collateral without the express prior written consent of FREIT shall constitute a default under the Note and the Obligations.

8. The Pledgor will, at Pledgor’s expense and in such manner and form as FREIT may require, execute, deliver, file and record any financing statement, specific assignment or other paper, in order to create, preserve, perfect or validate any security interest or to enable FREIT to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, the Pledgor hereby authorizes FREIT to execute and file, in the name of the Pledgor financing statements which FREIT in its sole discretion may deem necessary or appropriate to further perfect the security interests provided for herein. Pledgor shall also deliver to FREIT contemporaneously herewith, the Membership certificate or certificates, if any, evidencing his ownership in the Damascus 100, LLC, together with a duly executed stock power.

9. FREIT may delay enforcement of any of its rights pursuant to the terms of this Pledge and Security Agreement without losing such rights.

10. If any part of this Pledge and Security Agreement is deemed by a court of law to be invalid, such other provisions as have not been declared to be invalid shall remain in effect.

11. This Pledge and Security Agreement shall be governed in accordance with the laws of the State of New Jersey without regard to conflict of law principles, and the Pledgor does hereby agree to be subject to the jurisdiction of the Courts of the State of New Jersey.

12. Any terms not defined shall have the meanings ascribed to them in the Note.

13. This Pledge and Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

/s/ Carolyn Jacob

\_\_\_\_\_

PLEDGOR:

/s/ Robert S. Hekemian, Jr.

\_\_\_\_\_

Robert S. Hekemian, Jr.

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Allan Tubin

\_\_\_\_\_

Donald Barney

By: \_\_\_\_\_

Donald Barney, President

**PLEDGE AND SECURITY AGREEMENT**

**THIS AGREEMENT** made as of the 31<sup>st</sup> day of October 2006, by and between Bryan Hekemian, having an address at 2 Saddle Brook Drive (hereinafter the “Pledgor”), and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, having an office located at 505 Main Street, Hackensack, New Jersey 07601 (hereinafter the “FREIT” or “Pledgee”).

**WITNESSETH:**

**WHEREAS**, Pledgor is indebted to FREIT in the principal amount of \$429,883.77 together with all interest thereon, represented by a Promissory Note of even date herewith (the “Note”); and

**WHEREAS**, FREIT is the Managing Member (the “Managing Member”) with a 70% ownership interest in Damascus Centre, LLC, a New Jersey limited liability company pursuant to an Operating Agreement dated June 1, 2003(the “Operating Agreement”); and

**WHEREAS**, Damascus 100, LLC a Limited Member (the “Limited Member”) with a 30% ownership interest in Damascus Centre, LLC; and

**WHEREAS**, Pledgor is a Member of Damascus 100, LLC; and

**WHEREAS**, as a condition precedent to making the loan evidenced by the Note and in order to secure payment of the Obligations, as hereinafter defined, FREIT requires that the Pledgor enter into and execute this Pledge and Security Agreement upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. As security for (i) the prompt and complete payment when due of the Note, and for any and all liabilities that Pledgor now or in the future may have to FREIT pursuant to the Note, and (ii) the prompt and complete payment when due of all obligations contained in this Agreement (the obligations described in subparagraphs (i) and (ii) herein are referred to collectively as the “Obligations”), the Pledgor hereby pledges, assigns, transfers and grants to

FREIT a security interest in all of Pledgor's Membership Interest in the Damascus 100, LLC, including, but not limited to, Pledgor's and his successor's assignee's, legal representative's, heir's and legatee's rights to receive refinancing proceeds, distributions and other cash flow, from Damascus 100, LLC (collectively, the "Collateral"). The assignment hereunder is intended to be and shall constitute an unconditional, absolute and present assignment to FREIT of all of Pledgor's right, title and interest in and to the Collateral (subject to the terms and conditions hereof). FREIT agrees that any proceeds from Collateral shall be applied first to the Obligations outstanding and after payment in full of such Obligations outstanding under the Note, the balance shall be paid to Pledgor.

2. The Pledgor hereby agrees that none of the following events, either alone or together, shall affect FREIT's interest in the Collateral:

(a) if the terms of any liability which Pledgor may have to FREIT, arising out of the Note or any one or more of the Obligations is amended or Lender otherwise permits any renewals or substitutions of the Note or any of the Obligations; or

(b) if FREIT releases or accepts substitutions for any other collateral that may serve as security for the Obligations.

Pledgor shall also be liable to FREIT for any guarantee for Pledgor's pro rata share of Damascus 100, LLC's obligations to FREIT for any guaranty whether by way of the personal guaranty of FREIT or through a bond a letter of credit or any other surety which FREIT is required to make with respect to Damascus 100, LLC, all of which are deemed to be obligations as defined in this Agreement.

3. Upon occurrence of a Default, as defined in the Note or this Agreement, the Collateral and all rights arising thereunder shall be transferred and paid over to FREIT. Prior to a Default, Pledgor may exercise any voting rights Pledgor may have as a Member of Damascus 100, LLC, provided any such exercise shall not impair or diminish the Collateral or the pledge made hereby. Additionally, FREIT may exercise any and all other rights that it has as a secured party pursuant to the applicable provisions of the Uniform Commercial Code, N.J.S.A. 12A:1-101, et seq. (the "Code") and this Agreement shall constitute a security agreement in accordance with the terms of the Code. FREIT does not have to exercise any rights, which it may have

against Pledgor before exercising its rights against the Collateral. Additionally, the Pledgor agrees that if the law requires FREIT to give notice of the sale of the Collateral or any interest therein (which sale need not be a public sale), ten (10) days shall be sufficient notice.

4. The Pledgor hereby waives the right to be treated as a “Debtor” under the terms of Article 9 of the Code in connection with FREIT’s exercise of its remedies, to the extent such a waiver is permitted by the Code.

5. The Pledgor hereby appoints FREIT as attorney in fact to arrange for the transfer of the Collateral to FREIT upon the occurrence of a Default, as defined in the Note.

6. The Pledgor represents that Pledgor’s principal residence is the address set forth in the first paragraph of this Agreement.

7. Any transfer or further pledge of the Collateral without the express prior written consent of FREIT shall constitute a default under the Note and the Obligations.

8. The Pledgor will, at Pledgor’s expense and in such manner and form as FREIT may require, execute, deliver, file and record any financing statement, specific assignment or other paper, in order to create, preserve, perfect or validate any security interest or to enable FREIT to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, the Pledgor hereby authorizes FREIT to execute and file, in the name of the Pledgor financing statements which FREIT in its sole discretion may deem necessary or appropriate to further perfect the security interests provided for herein. Pledgor shall also deliver to FREIT contemporaneously herewith, the Membership certificate or certificates, if any, evidencing his ownership in the Damascus 100, LLC, together with a duly executed stock power.

9. FREIT may delay enforcement of any of its rights pursuant to the terms of this Pledge and Security Agreement without losing such rights.

10. If any part of this Pledge and Security Agreement is deemed by a court of law to be invalid, such other provisions as have not been declared to be invalid shall remain in effect.

11. This Pledge and Security Agreement shall be governed in accordance with the laws of the State of New Jersey without regard to conflict of law principles, and the Pledgor does hereby agree to be subject to the jurisdiction of the Courts of the State of New Jersey.

12. Any terms not defined shall have the meanings ascribed to them in the Note.

13. This Pledge and Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

/s/ Allan Tubin

\_\_\_\_\_

PLEDGOR:

/s/ Bryan Hekemian

\_\_\_\_\_

Bryan Hekemian

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Allan Tubin

\_\_\_\_\_

Donald Barney

By: \_\_\_\_\_

Donald Barney, President

**PLEDGE AND SECURITY AGREEMENT**

**THIS AGREEMENT** made as of the 31<sup>st</sup> day of October 2006, by and between David Hekemian, having an address at 2 Columbus Ave., Apt 19A (hereinafter the “Pledgor”), and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, having an office located at 505 Main Street, Hackensack, New Jersey 07601 (hereinafter the “FREIT” or “Pledgee”).

**WITNESSETH:**

**WHEREAS**, Pledgor is indebted to FREIT in the principal amount of \$429,883.77 together with all interest thereon, represented by a Promissory Note of even date herewith (the “Note”); and

**WHEREAS**, FREIT is the Managing Member (the “Managing Member”) with a 70% ownership interest in Damascus Centre, LLC, a New Jersey limited liability company pursuant to an Operating Agreement dated June 1, 2003(the “Operating Agreement”); and

**WHEREAS**, Damascus 100, LLC a Limited Member (the “Limited Member”) with a 30% ownership interest in Damascus Centre, LLC; and

**WHEREAS**, Pledgor is a Member of Damascus 100, LLC; and

**WHEREAS**, as a condition precedent to making the loan evidenced by the Note and in order to secure payment of the Obligations, as hereinafter defined, FREIT requires that the Pledgor enter into and execute this Pledge and Security Agreement upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. As security for (i) the prompt and complete payment when due of the Note, and for any and all liabilities that Pledgor now or in the future may have to FREIT pursuant to the Note, and (ii) the prompt and complete payment when due of all obligations contained in this Agreement (the obligations described in subparagraphs (i) and (ii) herein are referred to collectively as the “Obligations”), the Pledgor hereby pledges, assigns, transfers and grants to

FREIT a security interest in all of Pledgor's Membership Interest in the Damascus 100, LLC, including, but not limited to, Pledgor's and his successor's assignee's, legal representative's, heir's and legatee's rights to receive refinancing proceeds, distributions and other cash flow, from Damascus 100, LLC (collectively, the "Collateral"). The assignment hereunder is intended to be and shall constitute an unconditional, absolute and present assignment to FREIT of all of Pledgor's right, title and interest in and to the Collateral (subject to the terms and conditions hereof). FREIT agrees that any proceeds from Collateral shall be applied first to the Obligations outstanding and after payment in full of such Obligations outstanding under the Note, the balance shall be paid to Pledgor.

2. The Pledgor hereby agrees that none of the following events, either alone or together, shall affect FREIT's interest in the Collateral:

(a) if the terms of any liability which Pledgor may have to FREIT, arising out of the Note or any one or more of the Obligations is amended or Lender otherwise permits any renewals or substitutions of the Note or any of the Obligations; or

(b) if FREIT releases or accepts substitutions for any other collateral that may serve as security for the Obligations.

Pledgor shall also be liable to FREIT for any guarantee for Pledgor's pro rata share of Damascus 100, LLC's obligations to FREIT for any guaranty whether by way of the personal guaranty of FREIT or through a bond a letter of credit or any other surety which FREIT is required to make with respect to Damascus 100, LLC, all of which are deemed to be obligations as defined in this Agreement.

3. Upon occurrence of a Default, as defined in the Note or this Agreement, the Collateral and all rights arising thereunder shall be transferred and paid over to FREIT. Prior to a Default, Pledgor may exercise any voting rights Pledgor may have as a Member of Damascus 100, LLC, provided any such exercise shall not impair or diminish the Collateral or the pledge made hereby. Additionally, FREIT may exercise any and all other rights that it has as a secured party pursuant to the applicable provisions of the Uniform Commercial Code, N.J.S.A. 12A:1-101, et seq. (the "Code") and this Agreement shall constitute a security agreement in accordance with the terms of the Code. FREIT does not have to exercise any rights, which it may have

against Pledgor before exercising its rights against the Collateral. Additionally, the Pledgor agrees that if the law requires FREIT to give notice of the sale of the Collateral or any interest therein (which sale need not be a public sale), ten (10) days shall be sufficient notice.

4. The Pledgor hereby waives the right to be treated as a “Debtor” under the terms of Article 9 of the Code in connection with FREIT’s exercise of its remedies, to the extent such a waiver is permitted by the Code.

5. The Pledgor hereby appoints FREIT as attorney in fact to arrange for the transfer of the Collateral to FREIT upon the occurrence of a Default, as defined in the Note.

6. The Pledgor represents that Pledgor’s principal residence is the address set forth in the first paragraph of this Agreement.

7. Any transfer or further pledge of the Collateral without the express prior written consent of FREIT shall constitute a default under the Note and the Obligations.

8. The Pledgor will, at Pledgor’s expense and in such manner and form as FREIT may require, execute, deliver, file and record any financing statement, specific assignment or other paper, in order to create, preserve, perfect or validate any security interest or to enable FREIT to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, the Pledgor hereby authorizes FREIT to execute and file, in the name of the Pledgor financing statements which FREIT in its sole discretion may deem necessary or appropriate to further perfect the security interests provided for herein. Pledgor shall also deliver to FREIT contemporaneously herewith, the Membership certificate or certificates, if any, evidencing his ownership in the Damascus 100, LLC, together with a duly executed stock power.

9. FREIT may delay enforcement of any of its rights pursuant to the terms of this Pledge and Security Agreement without losing such rights.

10. If any part of this Pledge and Security Agreement is deemed by a court of law to be invalid, such other provisions as have not been declared to be invalid shall remain in effect.

11. This Pledge and Security Agreement shall be governed in accordance with the laws of the State of New Jersey without regard to conflict of law principles, and the Pledgor does hereby agree to be subject to the jurisdiction of the Courts of the State of New Jersey.

12. Any terms not defined shall have the meanings ascribed to them in the Note.

13. This Pledge and Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

/s/ Allan Tubin

\_\_\_\_\_

PLEDGOR:

/s/ David Hekemian

\_\_\_\_\_

David Hekemian

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Allan Tubin

\_\_\_\_\_

/s/ Donald W. Barney

By: \_\_\_\_\_

Donald Barney, President

**PLEDGE AND SECURITY AGREEMENT**

**THIS AGREEMENT** made as of the 31<sup>st</sup> day of October 2006, by and between Christopher P. Bell, having an address at 326 First Street (hereinafter the “Pledgor”), and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, having an office located at 505 Main Street, Hackensack, New Jersey 07601 (hereinafter the “FREIT” or “Pledgee”).

**WITNESSETH:**

**WHEREAS**, Pledgor is indebted to FREIT in the principal amount of \$80,603.21 together with all interest thereon, represented by a Promissory Note of even date herewith (the “Note”); and

**WHEREAS**, FREIT is the Managing Member (the “Managing Member”) with a 70% ownership interest in Damascus Centre, LLC, a New Jersey limited liability company pursuant to an Operating Agreement dated June 1, 2003(the “Operating Agreement”); and

**WHEREAS**, Damascus 100, LLC a Limited Member (the “Limited Member”) with a 30% ownership interest in Damascus Centre, LLC; and

**WHEREAS**, Pledgor is a Member of Damascus 100, LLC; and

**WHEREAS**, as a condition precedent to making the loan evidenced by the Note and in order to secure payment of the Obligations, as hereinafter defined, FREIT requires that the Pledgor enter into and execute this Pledge and Security Agreement upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. As security for (i) the prompt and complete payment when due of the Note, and for any and all liabilities that Pledgor now or in the future may have to FREIT pursuant to the Note, and (ii) the prompt and complete payment when due of all obligations contained in this Agreement (the obligations described in subparagraphs (i) and (ii) herein are referred to collectively as the “Obligations”), the Pledgor hereby pledges, assigns, transfers and grants to

FREIT a security interest in all of Pledgor's Membership Interest in the Damascus 100, LLC, including, but not limited to, Pledgor's and his successor's assignee's, legal representative's, heir's and legatee's rights to receive refinancing proceeds, distributions and other cash flow, from Damascus 100, LLC (collectively, the "Collateral"). The assignment hereunder is intended to be and shall constitute an unconditional, absolute and present assignment to FREIT of all of Pledgor's right, title and interest in and to the Collateral (subject to the terms and conditions hereof). FREIT agrees that any proceeds from Collateral shall be applied first to the Obligations outstanding and after payment in full of such Obligations outstanding under the Note, the balance shall be paid to Pledgor.

2. The Pledgor hereby agrees that none of the following events, either alone or together, shall affect FREIT's interest in the Collateral:

(a) if the terms of any liability which Pledgor may have to FREIT, arising out of the Note or any one or more of the Obligations is amended or Lender otherwise permits any renewals or substitutions of the Note or any of the Obligations; or

(b) if FREIT releases or accepts substitutions for any other collateral that may serve as security for the Obligations.

Pledgor shall also be liable to FREIT for any guarantee for Pledgor's pro rata share of Damascus 100, LLC's obligations to FREIT for any guaranty whether by way of the personal guaranty of FREIT or through a bond a letter of credit or any other surety which FREIT is required to make with respect to Damascus 100, LLC, all of which are deemed to be obligations as defined in this Agreement.

3. Upon occurrence of a Default, as defined in the Note or this Agreement, the Collateral and all rights arising thereunder shall be transferred and paid over to FREIT. Prior to a Default, Pledgor may exercise any voting rights Pledgor may have as a Member of Damascus 100, LLC, provided any such exercise shall not impair or diminish the Collateral or the pledge made hereby. Additionally, FREIT may exercise any and all other rights that it has as a secured party pursuant to the applicable provisions of the Uniform Commercial Code, N.J.S.A. 12A:1-101, et seq. (the "Code") and this Agreement shall constitute a security agreement in accordance with the terms of the Code. FREIT does not have to exercise any rights, which it may have

against Pledgor before exercising its rights against the Collateral. Additionally, the Pledgor agrees that if the law requires FREIT to give notice of the sale of the Collateral or any interest therein (which sale need not be a public sale), ten (10) days shall be sufficient notice.

4. The Pledgor hereby waives the right to be treated as a “Debtor” under the terms of Article 9 of the Code in connection with FREIT’s exercise of its remedies, to the extent such a waiver is permitted by the Code.

5. The Pledgor hereby appoints FREIT as attorney in fact to arrange for the transfer of the Collateral to FREIT upon the occurrence of a Default, as defined in the Note.

6. The Pledgor represents that Pledgor’s principal residence is the address set forth in the first paragraph of this Agreement.

7. Any transfer or further pledge of the Collateral without the express prior written consent of FREIT shall constitute a default under the Note and the Obligations.

8. The Pledgor will, at Pledgor’s expense and in such manner and form as FREIT may require, execute, deliver, file and record any financing statement, specific assignment or other paper, in order to create, preserve, perfect or validate any security interest or to enable FREIT to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, the Pledgor hereby authorizes FREIT to execute and file, in the name of the Pledgor financing statements which FREIT in its sole discretion may deem necessary or appropriate to further perfect the security interests provided for herein. Pledgor shall also deliver to FREIT contemporaneously herewith, the Membership certificate or certificates, if any, evidencing his ownership in the Damascus 100, LLC, together with a duly executed stock power.

9. FREIT may delay enforcement of any of its rights pursuant to the terms of this Pledge and Security Agreement without losing such rights.

10. If any part of this Pledge and Security Agreement is deemed by a court of law to be invalid, such other provisions as have not been declared to be invalid shall remain in effect.

11. This Pledge and Security Agreement shall be governed in accordance with the laws of the State of New Jersey without regard to conflict of law principles, and the Pledgor does hereby agree to be subject to the jurisdiction of the Courts of the State of New Jersey.

12. Any terms not defined shall have the meanings ascribed to them in the Note.

13. This Pledge and Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

/s/ Allan Tubin

\_\_\_\_\_

PLEDGOR:

/s/ Christopher p. Bell

\_\_\_\_\_

Christopher P. Bell

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Allan Tubin

\_\_\_\_\_

/s/ Donald W. Barney

By: \_\_\_\_\_

Donald Barney, President

**EXHIBIT 10.4.10****PLEDGE AND SECURITY AGREEMENT**

**THIS AGREEMENT** made as of the 31<sup>st</sup> day of October 2006, by and between Allan Tubin, having an address at 142 Windsor Road (hereinafter the “Pledgor”), and **FIRST REAL ESTATE INVESTMENT TRUST of NEW JERSEY**, its successors and/or assigns, having an office located at 505 Main Street, Hackensack, New Jersey 07601 (hereinafter the “FREIT” or “Pledgee”).

**W I T N E S S E T H :**

**WHEREAS**, Pledgor is indebted to FREIT in the principal amount of \$80,603.21 together with all interest thereon, represented by a Promissory Note of even date herewith (the “Note”); and

**WHEREAS**, FREIT is the Managing Member (the “Managing Member”) with a 70% ownership interest in Damascus Centre, LLC, a New Jersey limited liability company pursuant to an Operating Agreement dated June 1, 2003(the “Operating Agreement”); and

**WHEREAS**, Damascus 100, LLC a Limited Member (the “Limited Member”) with a 30% ownership interest in Damascus Centre, LLC; and

**WHEREAS**, Pledgor is a Member of Damascus 100, LLC; and

**WHEREAS**, as a condition precedent to making the loan evidenced by the Note and in order to secure payment of the Obligations, as hereinafter defined, FREIT requires that the Pledgor enter into and execute this Pledge and Security Agreement upon the terms and conditions hereinafter set forth;

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein and other good and valuable consideration, the parties hereto agree as follows:

1. As security for (i) the prompt and complete payment when due of the Note, and for any and all liabilities that Pledgor now or in the future may have to FREIT pursuant to the Note, and (ii) the prompt and complete payment when due of all obligations contained in this Agreement (the obligations described in subparagraphs (i) and (ii) herein are referred to collectively as the “Obligations”), the Pledgor hereby pledges, assigns, transfers and grants to FREIT a security interest in all of Pledgor’s Membership Interest in the Damascus 100, LLC, including, but not limited to, Pledgor’s and his successor’s assignee’s, legal representative’s, heir’s and legatee’s rights to receive refinancing proceeds, distributions and other cash flow, from Damascus 100, LLC (collectively, the “Collateral”). The assignment hereunder is intended to be and shall constitute an unconditional, absolute and present assignment to FREIT of all of Pledgor’s right, title and interest in and to the Collateral (subject to the terms and conditions hereof). FREIT agrees that any proceeds from Collateral shall be applied

first to the Obligations outstanding and after payment in full of such Obligations outstanding under the Note, the balance shall be paid to Pledgor.

2. The Pledgor hereby agrees that none of the following events, either alone or together, shall affect FREIT's interest in the Collateral:

(a) if the terms of any liability which Pledgor may have to FREIT, arising out of the Note or any one or more of the Obligations is amended or Lender otherwise permits any renewals or substitutions of the Note or any of the Obligations; or

(b) if FREIT releases or accepts substitutions for any other collateral that may serve as security for the Obligations.

Pledgor shall also be liable to FREIT for any guarantee for Pledgor's pro rata share of Damascus 100, LLC's obligations to FREIT for any guaranty whether by way of the personal guaranty of FREIT or through a bond a letter of credit or any other surety which FREIT is required to make with respect to Damascus 100, LLC, all of which are deemed to be obligations as defined in this Agreement.

3. Upon occurrence of a Default, as defined in the Note or this Agreement, the Collateral and all rights arising thereunder shall be transferred and paid over to FREIT. Prior to a Default, Pledgor may exercise any voting rights Pledgor may have as a Member of Damascus 100, LLC, provided any such exercise shall not impair or diminish the Collateral or the pledge made hereby. Additionally, FREIT may exercise any and all other rights that it has as a secured party pursuant to the applicable provisions of the Uniform Commercial Code, N.J.S.A. 12A:1-101, et seq. (the "Code") and this Agreement shall constitute a security agreement in accordance with the terms of the Code. FREIT does not have to exercise any rights, which it may have against Pledgor before exercising its rights against the Collateral. Additionally, the Pledgor agrees that if the law requires FREIT to give notice of the sale of the Collateral or any interest therein (which sale need not be a public sale), ten (10) days shall be sufficient notice.

4. The Pledgor hereby waives the right to be treated as a "Debtor" under the terms of Article 9 of the Code in connection with FREIT's exercise of its remedies, to the extent such a waiver is permitted by the Code.

5. The Pledgor hereby appoints FREIT as attorney in fact to arrange for the transfer of the Collateral to FREIT upon the occurrence of a Default, as defined in the Note.

6. The Pledgor represents that Pledgor's principal residence is the address set forth in the first paragraph of this Agreement.

7. Any transfer or further pledge of the Collateral without the express prior written consent of FREIT shall constitute a default under the Note and the Obligations.

8. The Pledgor will, at Pledgor's expense and in such manner and form as FREIT may require,

execute, deliver, file and record any financing statement, specific assignment or other paper, in order to create, preserve, perfect or validate any security interest or to enable FREIT to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, the Pledgor hereby authorizes FREIT to execute and file, in the name of the Pledgor financing statements which FREIT in its sole discretion may deem necessary or appropriate to further perfect the security interests provided for herein. Pledgor shall also deliver to FREIT contemporaneously herewith, the Membership certificate or certificates, if any, evidencing his ownership in the Damascus 100, LLC, together with a duly executed stock power.

9. FREIT may delay enforcement of any of its rights pursuant to the terms of this Pledge and Security Agreement without losing such rights.

10. If any part of this Pledge and Security Agreement is deemed by a court of law to be invalid, such other provisions as have not been declared to be invalid shall remain in effect.

11. This Pledge and Security Agreement shall be governed in accordance with the laws of the State of New Jersey without regard to conflict of law principles, and the Pledgor does hereby agree to be subject to the jurisdiction of the Courts of the State of New Jersey.

12. Any terms not defined shall have the meanings ascribed to them in the Note.

13. This Pledge and Security Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the day and year first above written.

WITNESS:

PLEDGOR:

/s/ Carolyn Jacob

/s/ Allan Tubin

\_\_\_\_\_

\_\_\_\_\_

Allan Tubin

**FIRST REAL ESTATE INVESTMENT  
TRUST OF NEW JERSEY**

/s/ Allan Tubin

/s/ Donald W. Barney

\_\_\_\_\_

By: \_\_\_\_\_

Donald Barney, President