BRT REALTY TRUST
Form 10-K
December 13, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)

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

For the fiscal year ended
September 30, 2016
Or

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

Commission file number 001-07172
BRT REALTY TRUST
(Exact name of registrant as specified in its charter)

Massachusetts	13-2755856
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
60 Cutter Mill Road, Great Neck, New York	11021
(Address of principal executive offices)	(Zip Code)

516-466-3100
Registrant's telephone number, including area code
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Shares of Beneficial Interest, $3.00 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE
(Title of Class)
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No ý

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

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 ý No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K o

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 o	Accelerated filer ý	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was approximately $54.4 million based on the last sale price of the common equity on March 31, 2016, which is the last business day of the registrant's most recently completed second quarter.

As of December 1, 2016, the registrant had 13,898,835 Shares of Beneficial Interest outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual meeting of shareholders of BRT Realty Trust to be filed not later than January 30, 2017 are incorporated by reference into Part III of this Form 10-K.

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Forward-Looking Statements

This Annual Report on Form 10-K, together with other statements and information publicly disseminated by us, contains certain forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends concerning matters that are not historical facts. Forward looking statements are generally identifiable by use of words such as "may," "will," "will likely result," "shall," "should," "could," "believe," "expect," "intend," "anticipate," "estimate," "project" or similar expressions or variations thereof.

Forward-looking statements contained in this Annual Report on Form 10- K are based on our beliefs, assumptions and expectations of our future performance taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or within our control, and which could materially affect actual results, performance or achievements. Factors which may cause actual results to vary from our forward-looking statements include, but are not limited to:

- factors described in this Annual Report on Form 10-K, including those set forth under the captions "Risk Factors" and "Business";
- our acquisition strategy, which may not produce the cash flows or income expected;
- competition could adversely affect our ability to acquire properties;
- competition could limit our ability to lease apartments or increase or maintain rental income;
- losses from catastrophes may exceed all insurance coverage;
- a limited number of multi-family property acquisition opportunities acceptable to us;
- national and local economic and business conditions;
- general and local real estate property market conditions;
- the condition of Fannie Mae or Freddie Mac, which could adversely impact us;
- our failure to comply with laws, including those requiring access to our properties by disabled persons, which could result in substantial costs;
- insufficient cash flows, which could limit our ability to make required payments on our debt obligations;
- an inability to renew, repay, or refinance our outstanding debt;
- limitation of credit by institutional lenders;
- impairment in the value of real estate property we own;
- failure of property managers to properly manage properties;
- disagreements with, or misconduct by, joint venture partners;
- changes in national and local government policies;
- increases in real estate taxes at properties we acquire due to such acquisitions or other factors;
- changes in Federal, state and local governmental laws and regulations;
- changes in interest rates; and
- the availability of and costs associated with sources of capital and liquidity.

We caution you not to place undue reliance on forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. Except to the extent required by applicable law or regulation, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of the filing of this Annual Report on Form 10-K or to reflect the occurrence of unanticipated events.

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PART I

Item l. Business.

General

We are an internally managed real estate investment trust, also known as a REIT, that is primarily focused on the ownership, operation and development of multi-family properties. These activities are primarily conducted through joint ventures in which we typically have an 80% equity interest in the entity owning the property. At September 30, 2016, we own 33 multi-family properties (four of which are wholly-owned) located in ten states with an aggregate of 9,420 units and a net book value of approximately $783.1 million. At November 30, 2016, we own 32 multi-family properties (four of which are wholly owned) located in 11 states with an aggregate of 9,066 units, including a development project at which the construction of a 339 unit multi-family property is contemplated. Most of our properties are located in the Southeast United States and Texas. We commenced our multi-family activities in March 2012.

For more than the past five years, we also engaged in two other principal business activities: (i) real estate lending; and (ii) the ownership, operation and development of commercial, mixed use and other real estate assets.

Our real estate lending activities involved originating and holding for investment short-term senior mortgage loans secured by commercial and multi-family real estate property in the United States. These lending activities decreased during the past five years (i.e., $0, $0, $5.0 million, $5.5 million and $70.3 million of loan originations in 2016, 2015, 2014, 2013 and 2012, respectively). As of November 1, 2014, we are no longer engaged in real estate lending.

We also own and operate other real estate assets. During the past several years, these other real estate assets primarily consisted of our interest in a consolidated joint venture, which we refer to as the Newark Joint Venture, which owned several properties (including development sites) in Newark, New Jersey. At September 30, 2015, the net book value of the Newark Joint Venture's real estate assets was $141.4 million. On February 23, 2016, we sold all of our interest in the Newark Joint Venture for $16.9 million, and in the quarter ended March 31, 2016, recognized a $15.5 million gain on this sale. As a result of this sale, the $19.5 million mortgage loan owed to us by the Newark Joint Venture (the "NJV Loan Receivable"), which prior to such sale had been eliminated in consolidation, is reflected on our consolidated balance sheet as a real estate loan. See Notes 1 and 4 to our consolidated financial statements. At September 30, 2016, the net book value of our other real estate assets, including the NJV Loan Receivable, is $30.0 million. See " - Our Other Real Estate Assets and Activities."

Information regarding our multi-family property and other real estate assets segments is included in Note 4 to our consolidated financial statements and is incorporated herein by this reference. The financial information, including our consolidated financial statements, included herein has been reclassified to present our real estate lending activities and the assets, liabilities and results of operations of the Newark Joint Venture as discontinued operations. See Notes 1 and 4 to our consolidated financial statements.

We were organized as a business trust under the laws of the Commonwealth of Massachusetts in June 1972. Our address is 60 Cutter Mill Road, Suite 303, Great Neck, New York 11021, telephone number 516-466-3100. Our website can be accessed at www.brtrealty.com, where copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other filings with the Securities and Exchange Commission, or SEC, can be obtained free of charge. These SEC filings are added to our website as soon as reasonably practicable.

Unless otherwise indicated or the context otherwise requires, all references to (i) "us", "we" or terms of like import refer to BRT Realty Trust and its consolidated subsidiaries and the term "BRT" refers to BRT Realty Trust and its wholly owned subsidiaries, (ii) a year (e.g., 2016) refers to the applicable fiscal year ended September 30th, (iii) the sale of properties includes the sale of our partnership interest in a venture that owned Village Green, a Little Rock, AK multi-family property, and (iv) "same store properties" refer to properties that we owned and operated for the entirety of both periods being compared, except for properties that are in the construction or lease-up phase, or properties that are undergoing development or significant redevelopment. We move properties previously excluded from our same store portfolio for these reasons into the same store designation once they have stabilized or the development or redevelopment is complete and such status has been reflected fully in all quarters during the applicable periods of comparison. For newly constructed or lease-up properties or properties undergoing development or significant redevelopment, we consider a property stabilized upon attainment of 90% physical occupancy.

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Our Multi-Family Property Activities

Generally, our multifamily properties are garden apartment, mid-rise or town home style properties that provide residents with amenities, such as a clubhouse, swimming pool, laundry facilities and cable television access. Residential leases are typically for a one year term and may require security deposits equal to one month's rent. Substantially all of the units at these properties are leased at market rates. Set forth below is selected information regarding the multi-family properties owned by us as of September 30, 2016:

Property Name and Location	Number of Units	Age(1)	Acquisition Date	Our Percentage Ownership (%)	Average Monthly Rental Rate per Occupied Unit 2016 (2)($)	Average Monthly Rental Rate per Occupied Unit 2015 (2)($)	Average Monthly Rental Rate per Occupied Unit 2014 (2)($)	Average Monthly Rental Rate per Occupied Unit 2013 (2)($)
The Fountains Apartments—Palm Beach Gardens, FL(3)	542	45	3/22/2012	80	1,239	1,169	1,050	1,000
Waverly Place Apartments—Melbourne, FL(3)	208	29	3/30/2012	80	866	798	722	655
Silvana Oaks Apartments—N. Charleston, SC	208	6	10/4/2012	100	1,077	998	970	903
Avondale Station—Decatur, GA	212	62	11/19/2012	100	920	852	776	708
Spring Valley Apartments—Panama City, FL(6)	160	29	1/11/2013	80	849	807	760	699
Stonecrossing Apartments—Houston, TX(3)	240	38	4/19/2013	91	906	884	856	832
Pathways—Houston, TX(3)	144	37	6/7/2013	91	909	886	823	791
Autumn Brook Apartments—Hixon, TN(6)	156	27	6/25/2013	75	795	756	746	743
Ashwood Park — Pasadena, TX(3)	144	32	10/15/2013	80	746	696	642	632
Meadowbrook Apartments—Humble, TX(3)	260	34	10/15/2013	80	757	705	641	659
Parkside Apartments—Humble, TX(3)	160	33	10/15/2013	80	781	734	669	690
Brixworth at Bridge Street—Huntsville, AL	208	31	10/18/2013	80	688	655	650	668
Newbridge Commons—Columbus, OH	264	17	11/21/2013	100	762	729	691	684
	400	33	1/21/2014	80	642	621	609	—

Waterside at Castleton—Indianapolis, IN								
Southridge—Greenville, SC(4)	350	1	1/31/2014	74	1,255	N/A	N/A	—
Crossings of Bellevue—Nashville, TN	300	31	4/2/2014	80	1,032	955	907	—
Sandtown Vista—Atlanta, GA(6)	350	6	6/26/2014	80	922	847	817	—
Kendall Manor—Houston, TX	272	35	7/8/2014	80	833	796	769	—
Avalon Apartments—Pensacola, FL	276	8	12/22/2014	98	970	912	—	—
Apartments at Venue—Valley, AL	618	5	7/27/2015	61	724	715	—	—
Parkway Falls—San Marcos, TX	192	2	9/10/2015	80	998	852	—	—
Cedar Lakes - Lake St. Louis, MO	420	30	9/25/2015	80	788	715	—	—
Factory at GARCO Park—N. Charleston, SC(5)	271	N/A	10/13/2015	65	N/A	N/A	—	—
Woodland Trails—LaGrange, GA	236	7	11/18/2015	100	832	849	—	—
Cinco Ranch— Katy, TX	268	8	1/22/2016	75	1,177	—	—	—
River Place — Macon, GA	240	28	2/1/2016	80	622	—	—	—
Civic Center I—Southaven, MS	392	14	2/29/2016	60	825	—	—	—
Shavano Park— San Antonio, TX	288	2	5/6/2016	65	953	—	—	—
Chatham Court— Dallas, TX	494	31	5/11/2016	50	813	—	—	—
Waters Edge— Columbia, SC	204	20	5/31/2016	80	821	—	—	—
Lenox Park— Atlanta, GA	271	27	8/15/2016	74	1,190	—	—	—
Civic Center II — Southaven, MS	384	10	9/1/2016	60	879	—	—	—
Verandas at Alamo Ranch—San Antonio, TX	288	1	9/19/2016	72	974	—	—	—
Total	9,420							

(1)Reflects the approximate age of the property based on the year original construction was completed.
(2)Gives effect to rent concessions. Monthly rental rate per unit reflects our period of ownership.

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(3) Ashwood Park, Meadowbrook Apartments and Parkside Apartments are owned by one joint venture, Waverly Place Apartments and The Fountains Apartments are owned by one joint venture and Stonecrossing Apartments and Pathways are owned by one joint venture.
(4) A ground up project we developed with a joint venture partner. We sold this property in October 2016 during its lease-up phase.
(5) This development is substantially complete and we anticipate lease up will begin in January 2017.
(6) This property was sold subsequent to September 30, 2016.

Set forth below is selected information regarding the average physical occupancy of the multi-family properties owned by us as of September 30, 2016:

Property Name and Location	Number of Units	Age(1)	Acquisition Date	Average Physical Occupancy in 2016 (%) (2)	Average Physical Occupancy in 2015 (%) (2)	Average Physical Occupancy in 2014 (%) (2)	Average Physical Occupancy in 2013 (%) (2)
The Fountains Apartments—Palm Beach Gardens, FL(3)	542	45	3/22/2012	96.0	96.3	96.6	94.9
Waverly Place Apartments—Melbourne, FL(3)	208	29	3/30/2012	97.9	94.0	95.9	96.1
Silvana Oaks Apartments—N. Charleston, SC	208	6	10/4/2012	93.3	93.6	93.4	93.1
Avondale Station—Decatur, GA	212	62	11/19/2012	94.6	97.1	96.8	96.0
Spring Valley Apartments—Panama City, FL(6)	160	29	1/11/2013	95.4	96.9	95.2	94.7
Stonecrossing Apartments—Houston, TX(3)	240	38	4/19/2013	92.1	93.5	94.3	96.8
Pathways—Houston, TX(3)	144	37	6/7/2013	89.8	92.6	93.7	96.6
Autumn Brook Apartments—Hixon, TN(6)	156	27	6/25/2013	93.2	95.1	95.4	96.4
Ashwood Park — Pasadena, TX(3)	144	32	10/15/2013	95.8	96.5	95.0	97.2
Meadowbrook Apartments—Humble, TX(3)	260	34	10/15/2013	94.4	95.0	94.6	96.0
Parkside Apartments—Humble, TX(3)	160	33	10/15/2013	93.0	95.5	93.9	92.5
Brixworth at Bridge Street—Huntsville, AL	208	31	10/18/2013	96.8	93.7	93.3	86.1
Newbridge Commons—Columbus, OH	264	17	11/21/2013	96.9	95.4	90.5	87.0
Waterside at Castleton—Indianapolis, IN	400	33	1/21/2014	94.1	92.1	90.7	—
	350	1	1/31/2014	62.8	N/A	N/A	—

Southridge—Greenville, SC(4)							
Crossings of Bellevue—Nashville, TN	300	31	4/2/2014	97.8	97.1	97.9	—
Sandtown Vista—Atlanta, GA(6)	350	6	6/26/2014	94.7	95.4	92.8	—
Kendall Manor—Houston, TX	272	35	7/8/2014	93.9	94.4	91.2	—
Avalon Apartments—Pensacola, FL	276	8	12/22/2014	91.9	90.9	—	—
Apartments at Venue—Valley, AL	618	5	7/27/2015	90.3	93.4	—	—
Parkway Falls—San Marcos, TX	192	2	9/10/2015	93.6	95.3	—	—
Cedar Lakes - Lake St. Louis, MO	420	30	9/25/2015	91.9	93.4	—	—
Factory at GARCO Park—N. Charleston, SC(5)	271	N/A	10/13/2015	N/A	N/A	—	—
Woodland Trails—LaGrange, GA	236	7	11/18/2015	94.6	96.2	—	—
Cinco Ranch— Katy, TX	268	8	1/22/2016	90.5	—	—	—
River Place — Macon, GA	240	28	2/1/2016	97.2	—	—	—
Civic Center I—Southaven, MS	392	14	2/29/2016	97.7	—	—	—
Shavano Park— San Antonio, TX	288	2	5/6/2016	83.4	—	—	—
Chatham Court— Dallas, TX	494	31	5/11/2016	93.4	—	—	—
Waters Edge— Columbia, SC	204	20	5/31/2016	94.2	—	—	—
Lenox Park— Atlanta, GA	271	27	8/15/2016	94.0	—	—	—
Civic Center II — Southaven, MS	384	10	9/1/2016	97.4	—	—	—
Verandas at Alamo Ranch—San Antonio, TX	288	1	9/19/2016	85.8	—	—	—
Total	9,420						

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(1) Reflects the approximate age of the property based on the year original construction was completed.
(2) Average physical occupancy per unit reflects our period of ownership.
(3) Ashwood Park, Meadowbrook Apartments and Parkside Apartments are owned by one joint venture, Waverly Place Apartments and The Fountains Apartments are owned by one joint venture and Stonecrossing Apartments and Pathways are owned by one joint venture.
(4) A ground up project we developed with a joint venture partner. We sold this property in October 2016 during its lease-up phase.
(5) This development is substantially complete and we anticipate lease up will begin in January 2017.
(6) This property was sold subsequent to September 30, 2016.

The following table set forth certain information, presented by state, related to our properties as of September 30, 2016 (dollars in thousands):

State	Number of Properties	Number of Units	Estimated 2017 Revenue(1)	Percent of 2017 Estimated Revenue
Texas	11	2,750	$ 29,265	32.9 %
Florida	4	1,186	14,076	15.9 %
Georgia	5	1,309	11,123	12.5 %
Mississippi	2	776	8,166	9.2 %
Alabama	2	826	6,966	7.8 %
South Carolina	4	1,033	5,689	6.4 %
Tennessee	2	456	4,065	4.6 %
Missouri	1	420	3,854	4.3 %
Indiana	1	400	3,152	3.6 %
Ohio	1	264	2,440	2.8 %
Total	33	9,420	$ 88,796	100 %

(1) Reflects our estimate of the rental and other revenues to be generated in 2017 by our multi-family properties located in such state. Excludes the effect of property acquisitions and dispositions that occurred after September 30, 2016.

The following table sets forth the properties we acquired between October 1, 2016 and November 30, 2016 (dollars in thousands):

Location	Purchase Date	No. of Units	Purchase Price	Acquisition mortgage debt	Initial BRT Equity	Ownership Percentage(%)	Property Acquisition Costs
Fredricksburg, VA	11/4/2016	220	$38,490	$ 29,940	$8,720	80 %	$ 643
Columbia, SC	11/10/2016	374	58,300	41,000	5,670	32 %	71
Columbia, SC (1)	11/10/2016	339	5,915	—	8,665	46 %	—
		933	$102,705	$ 70,940	$23,055		$ 714

(1) This is a ground-up development project at which the construction of a 339 unit multi-family complex is expected to be completed in various stages from March 2018 to March 2019.

Our Acquisition Process and Underwriting Criteria

We identify multi-family property acquisition opportunities primarily through relationships developed over time by our officers with our former borrowers, current joint venture partners, real estate investors and brokers. We are interested in acquiring the following types of multi-family properties:

- Class B or better properties with strong and stable cash flows in markets where we believe there exists opportunity for rental growth and with potential for further value creation;

- Class B or better properties that offer significant potential for capital appreciation through repositioning or rehabilitating the asset to drive rental growth;

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- properties available at opportunistic prices providing an opportunity for a significant appreciation in value; and
- development of Class A properties in markets where we believe we can generate significant returns from the operation and if appropriate, sale of the development.

Our current goal is to acquire properties with cap rates ranging from 5% to 6.25% and that will provide stable risk adjusted total returns (i.e., operating income plus capital appreciation). In identifying opportunities that will achieve such goal, we seek acquisitions that will achieve an approximate 7% to 9% annual return on invested cash and an internal rate of return of approximately 9% to 18%. We have also focused, but have not limited ourselves, to acquiring properties located in the Southeast United States and Texas. Subject to the foregoing, we are opportunistic in pursuing multi-family property acquisitions and do not mandate any specific acquisition criteria, though we take the following into account in evaluating an acquisition opportunity: location, size of the target market, property quality, availability and terms and conditions of long term fixed rate mortgage debt, potential for capital appreciation or recurring income, extent and nature of contemplated capital improvements and property age. We generally acquire properties with a joint venture partner with knowledge and experience in owning and operating multi-family properties in the target market as this enhances our understanding of such market and assists us in managing our risk with respect to a particular acquisition.

Approvals of the acquisition of a multi-family property are based on a review of property information as well as other due diligence activities undertaken by us and, as applicable, our venture partner. Those activities include a consideration of economic, demographic and other factors with respect to the target market and sub-market (including the stability of its population and the potential for population growth, the economic and employment base, presence of and barriers to entry of alternative housing stock, market prices for comparable properties, the competitive positioning of the proposed acquisition and the regulatory environment (i.e. applicable rent regulation)), a review of an independent third party property condition report, a Phase I environmental report with respect to the property, a review of recent and projected results of operations for the property prepared by the seller, us or our joint venture partner, an assessment of our joint venture partner's knowledge and expertise with respect to the acquisition and operation of multi-family properties and the relevant market and sub-market, a site visit to the property and the surrounding area, an inspection of a sample of units at the property, the potential for rent increases and the possibility of enhancing the property and the costs thereof. To the extent a property to be acquired requires renovations or improvements, or if we and our joint venture partner believe that improving a property will generate greater rent, funds are generally set aside by us and our joint venture partner at the time of acquisition to provide the capital needed for such renovation and improvements. At September 30, 2016, an aggregate of $7.4 million has been set aside to fund improvements at specific multi-family properties.

A key consideration in our acquisition process is the evaluation of the availability of mortgage debt to finance the acquisition (or the ability to assume the mortgage debt on the property) and the terms and conditions (e.g. interest rate, amortization and maturity) of such debt. Typically, approximately 25% to 35% of the purchase price is paid in cash and the balance is financed with mortgage debt. We believe that the use of leverage of up to 75% allows us the ability to earn a greater return on our investment than we would otherwise earn. Generally, the mortgage debt obtained in connection with an acquisition matures five to ten years thereafter, is interest only for one to three years after the acquisition, and provides for a fixed interest rate and for the amortization of the principal of such debt over 30 years.

Before a property is acquired, the acquisition must be reviewed and approved by our investment committee. Approval requires the assent of not less than four of the seven members of this committee, all of whom are our executive officers. The approval of our board of trustees is required for any single multi-family property acquisition in which our equity investment exceeds $15 million.

We are partners in two multi-family development opportunities with the same joint venture partner or its affiliates. We pursue these opportunities when we believe the potential higher returns justify the additional risks. The factors considered in pursuing these opportunities generally include the factors considered in evaluating a standard acquisition opportunity, and we place additional emphasis on our joint venture partner's ability to execute a development project. Though we may from time-to-time pursue other development activities, we do not anticipate development properties will constitute a significant part of our portfolio.

Property Sales

We monitor our portfolio to identify appropriate disposition candidates. Factors considered in deciding whether to dispose of a property generally include our evaluation of the current market price of such property to projected economics for such property and adverse changes in the factors considered by us in acquiring such property. We also believe it is important for us to maintain strong relationships with our joint venture partners. Accordingly, we also take into account our partners' desires with

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respect to property sales. If our partners deem it in their own economic interest to dispose of a property at an earlier date than we would otherwise dispose of a property, we may accommodate such request.

Set forth below is information regarding properties sold, other than the sale of our interests in the Newark Joint Venture, during 2016 (dollars in thousands):

Property Name and Location	Sale Date	No. of Units	Sales Price	Gain on Sale	Non-controlling partner's share of the gain
New York, NY(1)	10/1/2015	1	$652	$609	—
Grove at Trinity Pointe - Cordova, TN	3/2/2016	464	31,100	6,764	$ 2,195
Mountain Park Estates - Kennesaw, GA	3/15/2016	450	64,000	17,429	10,037
Courtney Station - Pooler, GA	4/6/2016	300	38,500	5,710	1,405
Madison at Schilling Farms - Collierville, TN	6/1/2016	324	34,300	4,586	917
Village Green - Little Rock, AK (2)	6/6/2016	172	2,372	386	—
Sundance - Wichita, KS	9/1/2016	496	30,400	10,718	4,149
New York, NY(1)	9/30/2016	1	725	662	—
		2,208	$202,049	$46,864	$ 18,703

(1) Sale of a cooperative apartment unit included in our other real estate segment.
(2) Sale of a partnership interest.

The following table summarizes information regarding properties sold from October 1, 2016 through November 30, 2016:

Property Name and Location	Sale Date	No. of Units	Sales Price	Estimated Gain on Sale	Non-controlling partner's share of the estimated gain
Southridge - Greenville, SC	10/19/2016	350	$68,000	$ 18,937	$ 9,669
Spring Valley - Panama City, FL(1)	10/26/2016	160	14,720	7,390	3,732
Sandtown Vistas - Atlanta, GA	11/21/2016	350	36,750	8,796	4,046
Autumn Brook - Hixson, TN(1)	11/30/2016	156	10,775	479	120
		1,016	$130,245	$ 35,602	$ 17,567

(1) Property classified as held for sale at September 30, 2016.

Joint Venture Arrangements

The arrangements with our multi-family property joint venture partners are deal specific and vary from transaction to transaction. Generally, these arrangements provide for us and our partner to receive net cash flow available for distribution in the following order of priority (and in certain cases, we are entitled to these distributions on a senior or preferential basis):

- a preferred return of 10% on each party's unreturned capital contributions, until such preferred return has been paid in full,
- the return in full of each party's capital contribution, and
- the remaining net cash flow is distributed based upon satisfaction of performance hurdles which vary by transaction.

Though, as noted above, each joint venture operating agreement contains different terms, such agreements generally provide for a buy-sell procedure under specified circumstances, including (i) after the passage of time (e.g., two years after the acquisition), (ii) if the partners are unable to agree on major decisions, (iii) upon a change in control of our subsidiary owning the interest in the joint venture, or (iv) one or more of the foregoing. Further, these arrangements may also allow us, and in some cases, our joint venture partner, to force the sale of the property after it has been owned by the joint venture for a specified period (e.g., four to five years after the acquisition).

Property Management

The day-to-day management of our multi-family properties is overseen by property management companies operating in the market in which the property is located. Some of these management companies are owned by our joint venture partners or their affiliates. Generally, we can terminate these management companies upon specified notice or for cause, subject to the

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approval of the mortgage lender and, in some cases, our joint venture partner. We believe satisfactory replacements for property managers are available, if required.

Mortgage Debt

The following table sets forth scheduled principal (including amortization) mortgage payments due for all our properties as of September 30, 2016 (amounts in thousands):

YEAR	Principal Payments Due
2017	$ 5,650
2018	6,828
2019	127,067
2020	32,431
2021	46,683
Thereafter	402,723
Total	$ 621,382

As of September 30, 2016, the weighted average annual interest rate of the mortgage debt on our 33 multi-family properties is 3.98% and the weighted average remaining term to maturity of such debt is approximately seven years. The mortgage debt associated with our multi-family properties is generally non-recourse to (i) the joint venture that owns the property, subject to standard carve-outs and (ii) to us and our subsidiary acquiring the equity interest in such joint venture. We, at the parent entity level (i.e., BRT Realty Trust), are the standard carve-out guarantor with respect to the Avalon, Silvana Oaks,Woodland Trails, Stonecrossing, Pathway and Avondale properties. (The term "standard carve-outs" refers to recourse items to an otherwise non-recourse mortgage and are customary to mortgage financing. While carve-outs vary from lender to lender and transaction to transaction, the carve-outs may include, among other things, a voluntary bankruptcy filing, environmental liabilities, the sale, financing or encumbrance of the property in violation of loan documents, damage to property as a result of intentional misconduct or gross negligence, failure to pay valid taxes and other claims which could create a lien on a property and the conversion of security deposits, insurance proceeds or condemnation awards.) At September 30, 2016, the principal amount of mortgage debt outstanding with respect to the properties at which we are the carve-out guarantor is approximately $83.3 million.

Insurance

The multi-family properties are covered by all risk property insurance covering 100% of the replacement cost for each building and business interruption and rental loss insurance (covering up to twelve months of loss). On a case-by-case basis, based on an assessment of the likelihood of the risk, availability of insurance, cost of insurance and in accordance with standard market practice, we obtain earthquake, windstorm, flood, terrorism and boiler and machinery insurance. We carry comprehensive liability insurance and umbrella policies for each of our properties which provide no less than $5 million of coverage per incident. We request certain extension of coverage, valuation clauses, and deductibles in accordance with standard market practice and availability.

Although we may carry insurance for potential losses associated with our multi-family properties, we may still incur losses due to uninsured risks, deductibles, co-payments or losses in excess of applicable insurance coverage and those losses may be material. In addition, certain insurance coverage is part of blanket policies in which a loss on an unrelated property could affect the coverage limits on a joint venture property.

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Changes in our Multi-Family Portfolio

Set forth below is a summary of our multi-family property acquisition activities from October 1, 2012 through November 30, 2016:

Year	Number of Multi-Family Properties Acquired	Number of Units Acquired
2012	5	1,451
2013	9	2,334
2014	13	4,174
2015	4	1,506
2016	11	3,336
2017 (1)	3	933
Total	45	13,734

(1) Includes the purchase of land in Columbia, SC on which we are in the process of developing a 339 unit multi-family complex.

Set forth below is a summary of our multi-family dispositions from October 1, 2015 through November 30, 2016. There were no sales prior to 2015:

Year	Number of Multi-Family Properties Sold	Number of Units Sold
2015	3	1,175
2016	6	2,206
2017	4	1,016
Total	13	4,397

Our Other Real Estate Assets and Activities

Other Real Estate Assets

We also own the following other real estate assets with an aggregate net book value of $30.0 million at September 30, 2016:

- an 8.7 acre vacant parcel of land in South Daytona Beach, Florida,
- 15 cooperative apartments, 14 of which are rent controlled or rent stabilized, in two buildings in upper Manhattan, New York, and
- a subordinated leasehold interest in a portion (approximately 29% of a 99,000 square foot facility) of a shopping center in Yonkers, NY, and
- the NJV Loan Receivable. This loan matures in June 2017 and bears an annual interest rate of 11%. Six percent (6%) is to be paid on a monthly basis and five percent (5%) is deferred and is to be paid on December 31, 2016 and at maturity in June 2017. At September 30, 2016, the amount of deferred interest that has accrued is $2.4 million. The NJV Loan Receivable is secured by various contiguous parcels on Market Street (between University Avenue and Washington Street) in Newark, NJ. The site is approximately 68,000 square feet and has approximately 303,000 square feet of rentable space. See Item 7. "Management Discussion and Analysis of Financial Condition and Results of Operations - Sale of Interests in Newark Joint Venture" and Note 4 to our consolidated financial statements for information regarding the Newark Joint Venture, the sale of our interests therein and the NJV Loan Receivable.

We also have a 50% equity interest in an unconsolidated joint venture that owns 19 cooperative apartment units located in Lawrence, New York - this interest is excluded from the $30.0 million net book value of our other real estate assets.

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Corporate Level Financing Arrangement

As of September 30, 2016, $37.4 million (excluding deferred costs of $402,000) in principal amount of our junior subordinated notes is outstanding. These notes mature in April 2036, are redeemable at any time at our option, contain limited covenants and from August 1, 2012 through April 30, 2016 bore an interest rate of 4.9%. From May 1, 2016 through maturity, these notes bear an interest rate of three month LIBOR plus 200 basis points. At September 30, 2016, the interest rate on these notes is 2.76%.

Competition

We compete to acquire real estate assets and in particular, multi-family properties, with other owners and operators of such properties including other multi-family REITs, pension and investment funds, real estate developers and private real estate investors. Competition to acquire such properties is based on price and ability to secure financing on a timely basis and complete an acquisition. To the extent that a potential joint venture partner introduces us to a multi-family acquisition opportunity, we compete with other sources of equity capital to participate in such joint venture based on the financial returns we are willing to offer such potential partner and the other terms and conditions of the joint venture arrangement. We also compete for tenants at our multi-family properties—such competition depends upon various factors, including alternative housing options available in the applicable sub-market, rent, amenities provided and proximity to employment and quality of life venues.

Many of our competitors possess greater financial and other resources than we possess.

Environmental Regulation

We are subject to regulation at the federal, state and municipal levels and are exposed to potential liability should our properties or actions result in damage to the environment or to other persons or properties. These conditions include the presence or growth of mold, potential leakage of underground storage tanks, breakage or leaks from sewer lines and risks pertaining to waste handling. The potential costs of compliance, property damage restoration and other costs for which we could be liable or which could occur without regard to our fault or knowledge, are unknown and could potentially be material.

In the course of acquiring and owning multi family properties, we or our joint venture partner engage an independent environmental consulting firm to perform a level 1 environmental assessment (and if appropriate, a level 2 assessment) to identify and mitigate these risks as part of the due diligence process. We believe these assessment reports provide a reasonable basis for discovery of potential hazardous conditions prior to acquisition. Should any potential environmental risks or conditions be discovered during our due diligence process, the potential costs of remediation will be assessed carefully and factored into the cost of acquisition, assuming the identified risks and factors are deemed to be manageable and within reason. Some risks or conditions may be identified that are significant enough to cause us to abandon the possibility of acquiring a given property. As of the date of this report, we have no knowledge of any material claims made or pending against us with regard to environmental damage for which we may be found liable, nor are we aware of any potential hazards to the environment related to any of our properties which could reasonably be expected to result in a material loss.

Our Structure

We share facilities, personnel and other resources with several affiliated entities including, among others, Gould Investors L.P., a master limited partnership involved primarily in the ownership and operation of a diversified portfolio of real estate assets, and One Liberty Properties, Inc., an NYSE listed equity REIT. Eight individuals (including Jeffrey A. Gould, Chief Executive Officer and President, Mitchell Gould, Executive Vice President and George Zweier, Chief Financial Officer), devote substantially all of their business time to our activities, while our other personnel (including several officers) share their services on a part-time basis with us and other affiliated entities that share our executive offices. (Including our full and part-time personnel , we estimate that we have the equivalent of 12 full time employees. The allocation of expenses for the shared facilities, personnel and other resources is computed in accordance with a Shared Services Agreement by and among us and the affiliated entities. The allocation is based on the estimated time devoted by executive, administrative and clerical personnel to the affairs of each entity that is a party to this agreement.

In addition, through December 31, 2015, we were party to an Advisory Agreement, as amended, between us and REIT Management Corp., our former advisor. REIT Management is wholly owned by Fredric H. Gould, a member of our

Board of Trustees and the former chairman of such board, and he and certain of our executive officers, including our Chairman of the Board and Chief Executive Officer, received compensation from REIT Management. Pursuant to this agreement, REIT Management furnished advisory and administrative services with respect to our business, including, without limitation, developing and maintaining banking and financing relationships, participating in the analysis and approvals of multi-family property acquisitions and dispositions and providing investment advice. We paid fees pursuant to this agreement of $694,000, $2.4 million and $2.0 million in 2016, 2015 and 2014, respectively. Approximately $214,000 of the 2014 fees, respectively, is included in discontinued operations.

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Effective as of December 31, 2015, the Advisory Agreement terminated. In lieu thereof, we retained related parties to provide the services previously provided pursuant to such agreement (the "Services"). The aggregate fees paid in 2016 and to be paid in 2017 for the provision of these services is $862,500 and $1.2 million, respectively.

Item 1A. Risk Factors.

Set forth below is a discussion of certain risks affecting our business. Any adverse effects arising from the realization of any of the risks discussed, including our financial condition and results of operation, may, and likely will, adversely affect many aspects of our business.

We face numerous risks associated with the real estate industry that could adversely affect our results of operations through decreased revenues or increased costs.

As a real estate company, we are subject to various changes in real estate conditions, and any negative trends in such real estate conditions may adversely affect our results of operations through decreased revenues or increased costs. These conditions include:

- changes in national, regional and local economic conditions, which may be negatively impacted by concerns about inflation, deflation, government deficits, unemployment rates and decreased consumer confidence particularly in markets in which we have a high concentration of properties;
- increases in interest rates, which could adversely affect our ability to obtain financing or to buy or sell properties on favorable terms or at all;
- the inability of residents and tenants to pay rent;
- the existence and quality of the competition, such as the attractiveness of our properties as compared to our competitors' properties based on considerations such as convenience of location, rental rates, amenities and safety record;
- increased operating costs, including increased real property taxes, maintenance, insurance and utility costs (including increased prices for fossil fuels);
- weather conditions that may increase or decrease energy costs and other weather-related expenses;
- oversupply of apartments or single-family housing or a reduction in demand for real estate in the markets in which our properties are located;
- a favorable interest rate environment that may result in a significant number of potential residents of our multi-family properties deciding to purchase homes instead of renting;
- changes in, or increased costs of compliance with, laws and/or governmental regulations, including those governing usage, zoning, the environment and taxes; and
- rent control or stabilization laws, or other laws regulating rental housing, which could prevent us from raising rents to offset increases in operating costs.

Moreover, other factors may adversely affect our results of operations, including potential liability under environmental and other laws and other unforeseen events, many of which are discussed elsewhere in the following risk factors. Any or all of these factors could materially adversely affect our results of operations through decreased revenues or increased costs.

Our acquisition, development and property improvement activities are limited by available funds.

Our ability to acquire additional multi-family properties, develop new properties and improve the properties in our portfolio is limited by the funds available to us. At September 30, 2016, we had approximately $27.4 million of cash and cash equivalents and approximately $7.4 million designated as restricted cash for multi-family property improvements. Our multi-family acquisition and improvement activities are constrained by funds available to us which will limit growth in our revenues and operating results.

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If interest rates increase or credit markets tighten, it may be more difficult for us to refinance our mortgage debt at favorable rates as it matures or to secure financing for acquisitions.

The following table sets forth scheduled principal (excluding amortization) mortgage payments due at maturity on the mortgages on the properties we own as of September 30, 2016 and the weighted average interest rate thereon (dollars in thousands):

Year	Principal Payments Due at Maturity	Weighted Average Interest Rate
2017	—	—
2018	—	—
2019	$107,475	3.53 %
2020	39,022	3.10 %
2021	38,673	4.15 %
2022 and thereafter	368,248	4.18 %
	$553,418	3.97 %

Increases in interest rates or reduced access to credit markets may make it difficult for us to refinance our mortgage debt as it matures or limit the availability of mortgage debt thereby limiting our acquisition and/or refinancing activities. Even in the event that we are able to secure mortgage debt on, or otherwise refinance our mortgage debt, due to increased costs associated with securing financing and other factors beyond our control, we may be unable to refinance the entire mortgage debt as it matures or be subject to unfavorable terms (such as higher loan fees, interest rates and periodic payments) if we do refinance the mortgage debt. Either of these results could reduce income from those properties and reduce operating cash flow and net income, which may adversely affect the investment goals of our stockholders.

Interest rates have been at historically low levels the past several years. If we are required to refinance mortgage debt that matures over the next several years at higher interest rates than such mortgage debt currently bears, our operating cash flow may be significantly reduced.

We are not currently required to pay any dividends to maintain our status as a REIT.

We are required to distribute annually at least 90% of our taxable income to qualify as a REIT under Federal tax law. Because current tax laws allow us to offset our net operating loss carry-forward ("NOL's") ($69.2 million at December 31, 2015 and an estimated $15 million to $20 million after giving effect to properly sales effected from January 1, 2016 through November 30, 2016), against our taxable income until the NOL's are used or expire, we are not currently required (and have not been required since 2010) to pay a dividend in order to maintain our REIT status. See Note 8 to our consolidated financial statements. The non-payment of cash dividends may negatively impact the price of our common shares.

We may not be able to compete with competitors, many of which have greater financial and other resources than we possess.

We compete with many third parties engaged in the ownership and operation of multi-family properties, including other REITs, specialty finance companies, public and private investors, investment and pension funds and other entities. Many of these competitors have substantially greater financial and other resources than we do. Larger and more established competitors enjoy significant competitive advantages that result from, among other things, enhanced operating efficiencies and more extensive networks providing greater and more favorable access to capital, financing and tax credit allocations and more favorable acquisition opportunities. Larger multi-family property operators have the ability and capacity to acquire a greater number of higher quality properties at more favorable locations and on more favorable terms and conditions.

We may incur impairment charges in 2017.

We evaluate on a quarterly basis our real estate portfolios for indicators of impairment. Impairment charges reflect management's judgment of the probability and severity of the decline in the value of real estate assets we own. These charges and provisions may be required in the future as a result of factors beyond our control, including, among other things, changes in the economic environment and market conditions affecting the value of real property assets. If we are required to take impairment charges, our results of operations will be adversely impacted.

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Our liquidity and operating results may be adversely effected if the NJV Loan Receivable or the interest that has accrued and continues to accrue thereon is not paid when due.

At September 30, 2016, the NJV Loan Receivable was $19.5 million, and the unpaid deferred interest thereon is $2.4 million. The deferred interest is included in other assets on our consolidated balance sheet. Deferred interest of $2.1 million was originally scheduled to be paid in June 2016 and at the borrowers request, we have from time to time extended the payment date thereof; most recently the payment date was extended through December 31, 2016. The failure of the borrower to pay all or some of such principal and interest when due may (i) limit our ability to acquire multi-family properties and (ii) result in our being required to take a loss provision with respect to this asset, which may adversely effect our operating results. See "Management's Discussion and Analysis - Sale of Interest in the Newark Joint Venture" and Note 4 to our consolidated financial statements.

We may need to make significant capital improvements and incur deferred maintenance costs with respect to our multi-family properties and may not have sufficient funds for such purposes.

Our multi-family properties, face competition from newer, and updated properties. At September 30, 2016, the weighted average age (based on the number of units) of our multi-family properties is approximately 21 years. To remain competitive and increase occupancy at these properties and/or make them attractive to potential tenants or purchasers, we may have to make significant capital improvements and/or incur deferred maintenance costs with respect to these properties. At September 30, 2016, $7.4 million, which is reflected as restricted cash on our consolidated balances sheet, has been earmarked for improvements at specific properties and may not be used for other properties. The cost of future improvements and deferred maintenance is unknown and the amounts earmarked for specific properties may be insufficient to effectuate needed improvements. Our results of operations and financial conditions may be adversely affected if we are required to expend significant funds (other than funds earmarked for such purposes) to repair or improve our properties.

Our transactions with affiliated entities involve conflicts of interest.

Entities affiliated with us and with certain of our executive officers provide services to us and on our behalf. These transactions raise the possibility that we may not receive terms as favorable as those that we would receive if the transactions were entered into with unaffiliated entities.

Senior management and other key personnel are critical to our business and our future success may depend on our ability to retain them.

We depend on the services of Jeffrey A. Gould, our president and chief executive officer, and other members of senior management to carry out our business and investment strategies. Although Jeffrey A. Gould devotes substantially all of his business time to our affairs, he devotes a limited amount of his business time to entities affiliated with us. In addition to Jeffrey A. Gould, only two other executive officers, Mitchell Gould, our executive vice president, and George Zweier, a vice president and our chief financial officer, devote all or substantially all of their business time to us. The remainder of our executive management personnel share their services on a part-time basis with entities affiliated with us and located in the same executive offices pursuant to a shared services agreement. We rely on part-time executive officers to provide certain services to us, including legal and accounting services, since we do not employ full-time executive officers to handle these services. If the shared services agreement is terminated, we will have to obtain such services or hire employees to perform them. We may not be able to replace these services or hire such employees in a timely manner or on terms, including cost and level of expertise, that are as favorable as those we receive under the shared services agreement.

In addition, in the future we may need to attract and retain qualified senior management and other key personnel, both on a full-time and part-time basis. The loss of the services of any of our senior management or other key personnel or our inability to recruit and retain qualified personnel in the future, could impair our ability to carry out our business and our investment strategies.

We do not carry key man life insurance on members of our senior management.

We could be negatively impacted by changes in our relationship with Fannie Mae or Freddie Mac, changes in the condition of Fannie Mae or Freddie Mac and by changes in government support for multi-family housing.

Fannie Mae and Freddie Mac have been a major source of financing for multi-family real estate in the United States and we have used loan programs sponsored by these agencies to finance many of our acquisitions of multi-family properties. There has been ongoing discussion by the government with regard to the long term structure and viability of Fannie Mae and Freddie Mac, which could result in adjustments to guidelines for their loan products. Should these agencies have their mandates changed or reduced, lose key personnel, be disbanded or reorganized by the government or otherwise discontinue providing liquidity for the multi-family sector, our ability to obtain financing through loan programs sponsored by the agencies

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could be negatively impacted. In addition, changes in our relationships with Fannie Mae and Freddie Mac, and the lenders that participate in these loan programs, with respect to our existing mortgage financing could impact our ability to obtain comparable financing for new acquisitions or refinancing for our existing multi-family real estate investments. Should our access to financing provided through Fannie Mae and Freddie Mac loan programs be reduced or impaired, it would significantly reduce our access to debt capital and/or increase borrowing costs and could significantly limit our ability to acquire properties on acceptable terms and reduce the values to be realized upon property sales.

Most of our multi-family properties are located in a limited number of markets, which makes us susceptible to adverse developments in such markets.

In addition to general, national and regional conditions, the operating performance of our multi-family residential properties is impacted by the economic conditions, including economic conditions of the specific markets in which our properties are concentrated. At September 30, 2016, approximately 33%, 16%, 13% and 9% of our estimated 2017 revenues from multi-family properties are attributable to properties located in Texas, Florida, Georgia and Mississippi, respectively. Accordingly, adverse economic developments, including economic developments, in such markets could adversely impact the operations of these properties and therefore our operating results and cash flow. The concentration of our properties in a limited number of markets exposes us to risks of adverse developments which are greater than the risks of owning properties with a more geographically diverse portfolio.

Our revenues are significantly influenced by demand for multi-family properties generally, and a decrease in such demand will likely have a greater adverse effect on our revenues than if we owned a more diversified real estate portfolio.

Our current portfolio is focused predominately on multi-family properties, and we expect that going forward we will continue to focus predominately on the acquisition and operation of such properties. As a result, we are subject to risks inherent in investments in a single industry, and a decrease in the demand for multi-family properties would likely have a greater adverse effect on our rental revenues than if we owned a more diversified real estate portfolio.

We are subject to certain limitations associated with selling multi-family properties, which could limit our operational and financial flexibility.

Our ability to sell properties and the terms (including sales price and the timing of the sale) at which such properties may be sold may be limited by various factors and conditions, including factors and conditions over which we have limited or no control. These factors and conditions include:

- the agreement of our joint venture partner to sell a property;
- adverse market conditions, including the limited availability of mortgage debt required by a buyer to acquire a property or increased interest rates;
- the need to expend funds to correct defects or to make improvements before a property can be sold; and
- federal tax laws that may limit our ability to profit on the sale of properties that we have owned for less than two years.

The foregoing factors and conditions may limit our ability to dispose of properties, which may have a material adverse effect on our financial condition and the market value of our securities.

The failure of third party property management companies to properly manage our properties may result in a decrease in occupancy rates, rental rates or both, which could adversely impact our results of operations

We and our joint venture partners rely on third party property management companies to manage our properties. These management companies are responsible for, among other things, leasing and marketing rental units, selecting tenants (including an evaluation of the creditworthiness of tenants), collecting rent, paying operating expenses, and maintaining the property. If these property management companies do not perform their duties properly or we or our joint venture partners do not effectively supervise the activities of these companies, occupancy rates, rental rates or both may decline at such properties. At September 30, 2016, one property manager and its affiliates manage seven properties, a second property manager and its affiliates manage six properties and 13 other property managers manage four or fewer properties. The loss of our managers, and in particular, the property managers that manages seven and six properties respectively, could result in a decrease in occupancy rates, rental rates or both. Further, some of management companies are owned by our joint venture partners or their

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affiliates. The termination of a management company may require the approval of the mortgagee, our joint venture partner or both. If we are unable to terminate an underperforming property manager, on a timely basis, our occupancy rates, rental rates or both, could be adversely impacted.

Increased competition and increased affordability of residential homes could limit our ability to retain our tenants or increase or maintain rents.

Our multi-family properties compete with numerous housing alternatives, including other multi-family and single-family rental homes, as well as owner occupied single and multi-family homes. Our ability to retain tenants and increase or maintain rents or occupancy levels could be adversely affected by the alternative housing in a particular area and, due to declining housing prices, mortgage interest rates and government programs to promote home ownership, the increasing affordability of owner occupied single and multi-family homes.

Development, redevelopment and construction risks could affect our operating results.

We intend to continue to develop and redevelop multi-family properties. These activities may be exposed to the following risks:

- we may abandon opportunities that we have already begun to explore for a number of reasons, including changes in local market conditions or increases in construction or financing costs, and, as a result, we may fail to recover expenses already incurred in exploring those opportunities

- occupancy rates and rents at a development property may fail to meet our original expectations for a number of reasons, including changes in market and economic conditions beyond our control and the development by competitors of competing properties

- we may be unable to obtain, or experience delays in obtaining, necessary zoning, occupancy, or other required governmental or third party permits and authorizations, which could result in increased costs or the delay or abandonment of development opportunities

- we may incur costs that exceed our original estimates due to increased material, labor or other costs

- we may be unable to complete construction and lease-up of a development project on schedule, resulting in increased construction and financing costs and a decrease in expected rental revenues and

- we may be unable to obtain financing with favorable terms, or at all, for the proposed development of a property, which may cause us to delay or abandon a development opportunity.

Risks involved in conducting real estate activity through joint ventures.

We have in the past and intend in the future to continue to acquire properties through joint ventures with other persons or entities when we believe that circumstances warrant the use of such structure. Joint venture investments involve risks not otherwise present when acquiring real estate directly, including the possibility that:

- our partner might become bankrupt, insolvent or otherwise refuse or be unable to meet their obligations to us or the venture (including their obligation to make capital contributions or property distributions when due);
- we may incur liabilities as a result of action taken by our partner;
- our partner may not perform its property oversight responsibilities;
- our partner may have economic or business interests or goals which are or become inconsistent with our business interests or goals, including inconsistent goals relating to the sale or refinancing of properties held in the joint venture or the timing of the termination or liquidation of the joint venture;
- our partner may be in a position to take action or withhold consent contrary to our instructions or requests, including actions that may make it more difficult to maintain our qualification as a REIT;
- our partner might engage in unlawful or fraudulent conduct with respect to our jointly owned properties or other properties in which they have an ownership interest;

- our partner may trigger a buy-sell arrangement, which could cause us to sell our interest, or acquire our partner's interest, at a time when we otherwise would not have initiated such a transaction;

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- disputes between us and our partners may result in litigation or arbitration that would increase our expenses and divert management's attention from operating our business;
- disagreements with our partners with respect to property management (including with respect to whether a property should be sold, refinanced, or improved) could result in an impasse resulting in the inability to operate the property effectively; and
- our partners may have other competing real estate interests in the markets in which our properties are located that could infuence the partners to take actions favoring their properties to the detriment of the jointly owned properties.

Seven of our multi-family property joint ventures are owned with one joint venture partner or its affiliates, four of our multi-family property joint ventures are owned with a second joint venture partner or its affiliates and four of our multi-family property joint ventures are owned with a third partner. We may be adversely effected if we are unable to maintain a satisfactory working relationship with either of these joint venture partners or if either partner becomes financially distressed.

Compliance with REIT requirements may hinder our ability to maximize profits.

We must continually satisfy tests concerning, among other things, our sources of income, the amounts we distribute to our shareholders and the ownership of securities, to qualify as a REIT for Federal income tax purposes. We may also be required to make distributions to shareholders at disadvantageous times or when we do not have funds readily available for distribution. Accordingly, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

To qualify as a REIT, we must also ensure that at the end of each calendar quarter at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investment in securities cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of such issuer. In addition, no more than 5% of the value of our assets can consist of the securities of any one issuer, other than a qualified REIT security. If we fail to comply with these requirements, we must dispose of the portion of our assets in excess of such amounts within 30 days after the end of the calendar quarter in order to avoid losing our REIT status and suffering adverse tax consequences. This requirement could cause us to dispose of assets for consideration of less than their true value and could lead to a material adverse impact on our results of operations and financial condition.

Because real estate investments are illiquid, we may not be able to dispose of properties needed.

Real estate investments generally cannot be sold quickly. We may not be able to reconfigure our portfolio promptly in response to economic or other conditions. Further, even if we are able to sell properties, we may be unable to reinvest the proceeds of such sales in opportunities that are as favorable as the properties sold. Our inability to reconfigure our portfolio to profitably reinvest the proceeds of property sales promptly could adversely affect our financial condition and results of operations.

We could be adversely affected if we or any of our subsidiaries are required to register as an investment company under the Investment Company Act of 1940 as amended (the “1940 Act”).

We conduct our operations so that neither we, nor any of our subsidiaries is required to register as investment companies under the 1940 Act. If we or any of our subsidiaries is required to register as an investment company but fail to do so, the unregistered entity would be prohibited from engaging in certain business, and criminal and civil actions could be brought against such entity. In addition, the contracts of such entity would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of the entity and liquidate its business.

We depend on our subsidiaries for cash flow and will be adversely impacted if these subsidiaries are prohibited from distributing cash to us.

We conduct, and intend to conduct, all our business operations through our subsidiaries. Accordingly, our only source of cash to fund our operations and pay our obligations is distributions from our subsidiaries of their net earnings and cash flows. We cannot assure you that our subsidiaries will be able to, or be permitted to, make distributions to us that will enable us to fund our operations. Each of our subsidiaries is or will be a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from such entities. In addition, because we operate through our subsidiaries, your claims as shareholders will be structurally subordinated to all existing and future liabilities and obligations of our subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, our assets and those of our subsidiaries will be able to satisfy your claims as shareholders only after all our and our subsidiaries' liabilities and obligations have been paid in full.

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Liabilities relating to environmental matters may impact the value of our properties.
We may be subject to environmental liabilities arising from the ownership of properties. Under various federal, state and local laws, an owner or operator of real property may become liable for the costs of removal of certain hazardous substances released on its property. These laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of such hazardous substances.
The presence of hazardous substances on our properties may adversely affect our ability to finance or sell the property and we may incur substantial remediation costs. The discovery of material environmental liabilities attached to such properties could have a material adverse effect on our results of operations and financial condition.
Our revenues and the value of our portfolio may be negatively affected by casualty events occurring on our properties.
The joint ventures in which we are an equity participant carry all risk property insurance covering the property and any improvements to the property owned by the joint venture for the cost of replacement in the event of a casualty. Further, we carry insurance for such purpose on properties owned by us. However, the amount of insurance coverage maintained for any property may be insufficient to pay the full replacement cost following a casualty event. In addition, the rent loss coverage under a policy may not extend for the full period of time that a tenant or tenants may be entitled to a rent abatement that is a result of, or that may be required to complete restoration following, a casualty event. In addition, there are certain types of losses, such as those arising from earthquakes, floods, hurricanes and terrorist attacks, that may be uninsurable or that may not be economically feasible to insure. Changes in zoning, building codes and ordinances, environmental considerations and other factors may make it impossible for a joint venture or us, as the case may be, to use insurance proceeds to replace damaged or destroyed improvements at a property. If any of these or similar events occur, the amount of coverage may not be sufficient to replace a damaged or destroyed property. As a result, our returns and the value of our investment may be reduced.
Compliance or failure to comply with the Americans with Disabilities Act of 1990 or other safety regulations and requirements could result in substantial costs.

The Americans with Disabilities Act generally requires that public buildings, including our properties, be made accessible to disabled persons. Non-compliance could result in the imposition of fines by the federal government or the award of damages to private litigants. From time-to-time claims may be asserted against us with respect to some of our properties under the Americans with Disabilities Act. If, under the Americans with Disabilities Act, we are required to make substantial alterations and capital expenditures in one or more of our properties, including the removal of access barriers, it could adversely affect our financial condition and results of operations.

Our properties are subject to various federal, state and local regulatory requirements, such as state and local fire and life safety requirements. If we fail to comply with these requirements, we could incur fines or private damage awards. We do not know whether existing requirements will change or whether compliance with future requirements will require significant unanticipated expenditures that will affect our cash flow and results of operations.

Breaches of information technology systems could materially harm our business and reputation.

We, our joint venture partners and the property managers managing our properties collect and retain on information technology systems certain financial, personal and other sensitive information provided by third parties, including tenants, vendors and employees. Such persons also rely on information technology systems for the collection and distribution of funds. There can be no assurance that we, our joint venture partners or property managers will be able to prevent unauthorized access to sensitive information or the unauthorized distribution of funds. Any loss of this information or unauthorized distribution of funds as a result of a breach of information technology systems may result in loss of funds to which we are entitled, legal liability and costs (including damages and penalties), as well as damage to our reputation, that could materially and adversely affect our business and financial performance.

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Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our executive office is located at 60 Cutter Mill Road, Suite 303, Great Neck, New York. We believe that such facilities are satisfactory for our current and projected needs.

The information set forth under "Item 1—Business" is incorporated herein by this reference to the extent responsive to the information called for by this item.

Item 3. Legal Proceedings.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

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PART II

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

Our common shares of beneficial interest, or common shares, are listed on the New York Stock Exchange, or the NYSE, under the symbol "BRT." The following table shows for the periods indicated, the high and low sales prices of the common shares as reported in the consolidated transaction reporting system.

	Fiscal 2016		Fiscal 2015	
Fiscal Quarters	High	Low	High	Low
First Quarter	$7.48	$6.02	$7.50	$6.91
Second Quarter	7.15	5.41	7.35	6.71
Third Quarter	7.28	6.93	7.30	6.74
Fourth Quarter	8.25	7.01	7.19	6.76

On November 30, 2016, the high and low sales prices of our common shares was $7.99 and $7.88, respectively.

As of November 30, 2016, there were approximately 902 holders of record of our common shares.

We have not paid any cash dividends since 2010. Our tax loss carry forward at December 31, 2015, was $69.2 million and we estimate that after giving effect to our operations and to our share of the gains from properties sold from January 1, 2016 through November 30, 2016, that the tax loss carryforward at November 30, 2016 ranges from $15 million to $20 million; therefore, we are not currently required by Federal tax code provisions relating to REITs to pay cash dividends to maintain our status as a REIT.

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Stock Performance Graph

This graph compares the performance of our shares with the Standard & Poor's 500 Stock Index, an index consisting of publicly traded mortgage REITs (i.e., FTSE NAREIT Mortgage REITs) and an index consisting of apartment REITs (i.e., FTSE NAREIT Equity Apartments). The graph assumes $100 invested on September 30, 2011 and assumes the reinvestment of dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

	9/11	9/12	9/13	9/14	9/15	9/16
BRT Realty Trust	$100.00	$104.50	$115.27	$120.58	$113.99	$128.62
S&P 500	100.00	130.20	155.39	186.05	184.91	213.44
FTSE NAREIT Mortgage REITs	100.00	133.19	122.01	137.70	132.67	157.72
FTSE NAREIT Equity Apartments	100.00	118.87	116.77	136.37	170.20	186.37

* $100 invested on 9/30/11 in stock or index, including reinvestment of dividends. Fiscal year ending September 30.

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Issuer Purchases of Equity Securities
On March 11, 2016, our Board of Trustees authorized us to repurchase up to $5.0 million of our shares through September 30, 2017. The table below provides information regarding our repurchase of our common shares pursuant to such authorization during the periods presented.

	(a)	(b)	(c)	(d)
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 - July 31, 2016	1,878	$7.19	1,878	$4,513,013
August 1 - August 31, 2016	5,701	7.24	5,701	4,471,730
September 1- September 30, 2016	288	7.37	288	4,469,607
Total	7,867		7,867	

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Item 6. Selected Financial Data.

The following table, not covered by the report of the independent registered public accounting firm, sets forth selected historical financial data for each of the fiscal years indicated. This table should be read in conjunction with the detailed information and financial statements appearing elsewhere herein.

(Dollars in thousands, except per share amounts)	2016	2015	2014	2013	2012
Operating statement data:					
Total revenues(1)	$94,264	$77,095	$61,813	$28,984	$8,099
Total expenses(2)	104,101	87,376	74,030	38,330	12,330
Gain on sale of real estate	46,477	15,005	—	—	—
Income (loss) from continuing operations	32,479	4,724	(12,217)	(3,335)	(3,626)
Income (loss) from discontinued operations	12,679	(6,329)	(3,949)	5,424	5,176
Net (loss) income attributable to common shareholders	31,289	(2,388)	(9,454)	5,013	4,430
Earnings (loss) per beneficial share:					
Income (loss) from continuing operations	$1.21	$(0.02)	$(0.81)	$(0.21)	$(0.23)
Income (loss) from discontinued operations	1.02	(0.15)	0.15	0.56	0.55
Basic and diluted (loss) earnings per share	$2.23	$(0.17)	$(0.66)	$0.35	$0.32
Balance sheet data:					
Total assets(3)	$874,899	$820,869	$734,620	$549,491	$385,956
Real estate properties, net(3)	759,576	591,727	522,591	310,541	128,509
Cash and cash equivalents	27,399	15,556	22,639	55,782	75,314
Restricted cash-construction holdback/multi-family	7,383	6,518	9,555	3,090	—
Assets related to discontinued operations(4)	—	173,228	134,188	142,607	148,036
Mortgages payable, net of deferred fees (5)	588,457	451,159	382,690	230,570	90,361
Junior subordinated notes	36,998	36,978	36,958	36,938	36,918
Total BRT Realty Trust shareholders' equity	151,290	122,655	138,791	138,791	133,449

(1) The increases from 2012 through 2016 are due primarily to the operations of our multi-family properties.

(2) The increases from 2012 through 2016 are due primarily to increased expenses (i.e., operating expense, interest expense and depreciation and amortization) related to the operations of our multi-family properties

(3) The increases from 2012 through 2016 are due to our multi-family property acquisitions.

(4) Primarily reflects the assets of the Newark Joint Venture

(5) Approximately $154.6 million of the increase from 2013 to 2014 and approximately $141.9 million of the increase from 2012 to 2013 is due to the mortgage debt incurred in the multi-family property acquisitions.

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Funds from Operations; Adjusted Funds from Operations.

In view of our multi-family property activities, we disclose funds from operations ("FFO") and adjusted funds from operations ("AFFO") because we believe that such metrics are a widely recognized and appropriate measure of the performance of an equity REIT.

We compute FFO in accordance with the "White Paper on Funds From Operations" issued by the National Association of Real Estate Investment Trusts ("NAREIT") and NAREIT's related guidance. FFO is defined in the White Paper as net income (loss), computed in accordance with generally accepted accounting principles, excluding gains (or losses) from sales of property, plus depreciation and amortization, plus impairment write-downs of depreciable real estate and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect funds from operations on the same basis. In computing FFO, we do not add back to net income the amortization of costs in connection with our financing activities or depreciation of non-real estate assets. We compute AFFO by adjusting FFO for loss on extinguishment of debt, our straight-line rent accruals, restricted stock expense, restricted stock unit ("RSU") expense, and deferred mortgage costs (including our share of our unconsolidated joint ventures). Since the NAREIT White Paper does not provide guidelines for computing AFFO, the computation of AFFO may vary from one REIT to another.

We believe that FFO and AFFO are useful and standard supplemental measures of the operating performance for equity REITs and are used frequently by securities analysts, investors and other interested parties in evaluating equity REITs, many of which present FFO and AFFO when reporting their operating results. FFO and AFFO are intended to exclude GAAP historical cost depreciation and amortization of real estate assets, which assures that the value of real estate assets diminish predictability over time. In fact, real estate values have historically risen and fallen with market conditions. As a result, we believe that FFO and AFFO provide a performance measure that, when compared year over year, should reflect the impact to operations from trends in occupancy rates, rental rates, operating costs, interest costs and other matters without the inclusion of depreciation and amortization, providing a perspective that may not be necessarily apparent from net income. We also consider FFO and AFFO to be useful to us in evaluating potential property acquisitions.

FFO and AFFO do not represent net income or cash flows from operations as defined by GAAP. FFO and AFFO should not be considered to be an alternative to net income as a reliable measure of our operating performance; nor should FFO and AFFO be considered an alternative to cash flows from operating, investing or financing activities (as defined by GAAP) as measures of liquidity.

FFO and AFFO do not measure whether cash flow is sufficient to fund all of our cash needs, including principal amortization and capital improvements. FFO and AFFO do not represent cash flows from operating, investing or financing activities as defined by GAAP.

Management recognizes that there are limitations in the use of FFO and AFFO. In evaluating our performance, management is careful to examine GAAP measures such as net income (loss) and cash flows from operating, investing and financing activities. Management also reviews the reconciliation of net income (loss) to FFO and AFFO.

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The table below provides a reconciliation of net income (loss) determined in accordance with GAAP to FFO and AFFO for each of the indicated years (amounts in thousands):

	2016	2015	2014	2013	2012
Net income (loss) attributable to common shareholders	$31,289	$(2,388)	$(9,454)	$5,013	$4,430
Add: depreciation of properties	24,329	20,681	15,562	7,076	1,992
Add: our share of depreciation in unconsolidated joint ventures	20	20	20	34	270
Add: amortization of deferred leasing costs	15	71	62	64	59
Deduct: gain on sales of real estate and partnership interests	(62,329)	(15,005)	—	(6,250)	(792)
Adjustment for non-controlling interest	13,319	221	(4,012)	(1,549)	(600)
Funds from operations	6,643	3,600	2,178	4,388	5,359
Adjust for: straight-line rent accruals	(200)	(411)	(542)	(263)	(23)
Add: loss on extinguishment of debt	4,547	—	—	—	—
Add: amortization of restricted stock and RSU expense	1,005	906	805	691	757
Add: amortization of deferred mortgage costs	1,645	2,242	1,825	1,371	580
Adjustment for non-controlling interest	(2,729)	(703)	(424)	(463)	(247)
Adjusted funds from operations	$10,911	$5,634	$3,842	$5,724	$6,426

The table below provides a reconciliation of net income (loss) per common share (on a diluted basis) determined in accordance with GAAP to FFO and AFFO.

	2016	2015	2014	2013	2012
Net income (loss) attributable to common shareholders	$2.23	$(0.17)	$(0.66)	$0.35	$0.32
Add: depreciation of properties	1.74	1.46	1.10	0.51	0.14
Add: our share of depreciation in unconsolidated joint ventures	—	—	—	—	0.02
Add: amortization of deferred leasing costs	—	—	—	—	—
Deduct: gain on sales of real estate and partnership interests	(4.45)	(1.07)	—	(0.44)	(0.06)
Adjustment for non-controlling interest	0.95	0.02	(0.28)	(0.11)	(0.04)
Funds from operations	0.47	0.24	0.16	0.31	0.38
Adjustment for: straight-line rent accruals	(0.01)	(0.04)	(0.04)	(0.02)	—
Add: loss on extinguishment of debt	0.32	—	—	—	—
Add: amortization of restricted stock and RSU expense	0.07	0.07	0.06	0.05	0.05
Add: amortization of deferred mortgage costs	0.12	0.16	0.13	0.1	0.04
Adjustment for non-controlling interest	(0.19)	(0.07)	(0.03)	(0.03)	(0.04)
Adjusted funds from operations	$0.78	$0.36	$0.28	$0.40	$0.44

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

Overview

We are a REIT that is focused primarily at the ownership, operation and development of multi-family properties. These properties derive revenue primarily from tenant rental payments. Generally, we invest 80% of the equity in a joint venture that acquires a multi-family property, with the balance of the equity contributed by our joint venture partner. We commenced these activities in 2012 and as of November 30, 2016 and September 30, 2016, 2015, 2014, 2013 and 2012, we owned 31, 33, 28, 27, 14 and five multi-family properties, respectively, with an aggregate of 8,998, 9,420, 8,300, 7,609, 3,786 and 1,452 units, respectively.

During the past five years, we also engaged in two other principal business activities: real estate lending; and the ownership, operation and development of commercial and mixed use real estate assets.

Our real estate lending activities involved originating and holding for investment short-term senior mortgage loans secured by commercial and multi-family real estate property in the United States. Revenue was generated from the interest income (i.e, the interest borrowers paid on our loans) and to a lesser extent, loan fee income generated on the origination and extension of loans. These lending activities decreased during the past five years (i.e., $0, $0, $5.0 million, $5.5 million and $70.3 million of loan originations in 2016, 2015, 2014, 2013 and 2012, respectively). As of November 1, 2014, we were no longer engaged in real estate lending.

As a result of the sale of our interests in the Newark Joint Venture, our ownership, operation and development of commercial, mixed use and other real estate assets is comprised of the ownership and operations of various real estate assets located in New York and Florida and the ownership of the NJV Loan Receivable. At September 30, 2016, the net book value of these other assets is $30.0 million.

The financial information (including our consolidated financial statements) included herein reclassifies, as discontinued operations, for all periods presented, our real estate lending activities and the assets, liabilities and results of operations of the Newark Joint Venture. See Notes 1 and 4 to our consolidated financial statements.

Highlights of 2016

The following summarizes certain of our activities in 2016 and our financial condition at year-end:

- we acquired 11 multi-family properties (the "2016 Acquisitions") with an aggregate of 3,336 units for an aggregate of $318.7 million, including aggregate mortgage debt of $238.2 million and $67.3 million of our equity (including a development property at which the construction of 271 units is contemplated);
- we sold six multi-family properties, which we refer to as the 2016 Sold Properties, with an aggregate of 2,206 units, and two cooperative apartment units for an aggregate of $202.0 million and an aggregate gain (net of aggregate mortgage prepayment charges of $4.5 million), of $42.3 million - $16.4 million of this gain was allocated to our joint venture partners;
- we sold our interests in the Newark Joint Venture for $16.9 million and recognized a $15.5 million gain on the sale for tax and financial statement purposes. See "- Sale of Interests in Newark Joint Venture";
- we repurchased 326,421 shares for $2.1 million ;
- we obtained $14.7 million of supplemental mortgage debt on four multi-family properties; and
- we have cash and cash equivalents of approximately $27.4 million and approximately $35.3 million, at September 30, 2016 and November 30, 2016, respectively.

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Sale of Interest in Newark Joint Venture; NJV Loan Receivable

On February 23, 2016, we sold our equity interest in the Newark Joint Venture for $16.9 million and, during the second quarter of 2016, recognized a $15.5 million gain on the sale for both tax and financial statement purposes. In addition, we (i) may be paid up to an additional $900,000 by the newly formed parent of the Newark Joint Venture (“Holdco”) upon the achievement of specified investment returns, development of certain properties, realization of specified cost savings and any one or more of the foregoing and (ii) have been granted a nominal profit participation interest in Holdco. We have not and do not anticipate generating significant income, if any, from these residual interests and we do not intend to recognize any income from these interests unless and until such amounts are actually received. The buyer is an affiliate of our former partners in the Newark Joint Venture.

As a result of the sale, the Newark Joint Venture’s results of operations are presented as discontinued operations and the NJV Loan Receivable in principal amount of $19.5 million owed to us by this venture that prior to March 2016 was eliminated in consolidation is reflected on our consolidated balance sheet. The NJV Loan Receivable matures in June 2017 and bears an annual interest rate of 11%. Six percent (6%) is to be paid on a monthly basis and five percent (5%) is deferred (the"Deferred Interest"). The Deferred Interest was to be paid in June 2016 and at maturity in June 2017.

We have agreed from time-to-time to defer the payment of the Deferred Interest that was due in June 2016, and most recently, entered into an agreement with the Newark Joint Venture pursuant to which we agreed, among other things, to defer, until December 31, 2016, the payment of the outstanding Deferred Interest; provided, however, that in the event a transaction is completed prior to January 1, 2017 that results in, among other things, (a) in the release of certain of the mortgages securing the NJV Loan Receivable, and (b) our receipt of not less (i) than $5.9 million in principal amount of the NJV Loan Receivable and (ii) $750,000 of the then outstanding Deferred Interest, the payment of the remaining balance of the Deferred Interest (including, without limitation, the Deferred Interest that accrues thereafter), will be deferred until June 2017. At September 30, 2016, and November 30, 2016, the amount of Deferred Interest that has been accrued is $2.4 million and $2.5 million, respectively.

We have been advised by affiliates of the Newark Joint Venture that the venture is discussing with an institutional lender a possible repayment, which we refer to as the Repayment Transaction, of all or a portion of the NJV Loan Receivable. We can provide no assurance that the Repayment Transaction will be effected or that such transaction will be completed on terms favorable to us.

The NJV Loan Receivable is secured by various contiguous parcels on Market Street (between University Avenue and Washington Street) in Newark, NJ. The site is approximately 68,000 square feet and has approximately 303,000 square feet of rentable space.

Other Developments

From October 1, 2016 through November 30, 2016, we (i) acquired three multi-family properties with an aggregate of 933 units (including a 5.8 acre land parcel on which we contemplate developing a 339 unit multi-family property), for $102.7 million, including mortgage debt of $70.9 million (excluding $42 million of construction financing available for the development project) and (ii) sold four multi-family properties (including two properties classified as held for sale) with an aggregate of 1,016 units for $130.2 million. We estimate that the aggregate gain on the sales, net of mortgage prepayment charges of $ 799,000, is $34.8 million, of which approximately $17.2 million will be allocated to the minority interests. The four properties we sold contributed, in 2016, revenues of $10.3 million and operating expenses, interest expense and depreciation of $9.7 million. We estimate that in 2017, the three properties acquired will contribute approximately $7.9 million of revenues and have operating expenses, interest expense and depreciation of $7.7 million.

On December 8, 2016, our board of trustees approved a plan of conversion pursuant to which we will change our jurisdiction and form of organization from a Massachusetts business trust to a Maryland corporation. When the conversion becomes effective, each outstanding share of beneficial interest in the Massachusetts business trust will be converted into one share of the Maryland corporation The conversion is intended to qualify as a tax-free reorganization under the federal income tax laws. Completion of the conversion is subject to, among other things, approval of the plan of conversion and other related proposals to be submitted to our shareholders for their approval at our annual meeting of shareholders which we anticipate will take place in March 2017. Following the conversion, the business of the Maryland corporation will be the same as the business of the Massachusetts business trust - the conversion will not result in any change in our company's headquarters, business, jobs, management, number of employees, assets, liabilities or net worth.

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Years Ended September 30, 2016 and 2015

Revenues

The following table compares our revenues for the years indicated:

(Dollars in thousands):	2016	2015	Increase (Decrease)	% Change
Rental and other revenue from real estate properties	$90,945	$77,023	$ 13,922	18.1 %
Other income	3,319	72	3,247	N/A
Total revenues	$94,264	$77,095	$ 17,169	22.3 %

Rental and other revenue from real estate properties. The components of the increase are as follows:

- $12.9 million from the operations of the 2016 Acquisitions;
- $11.0 million due to the inclusion, for a full year, of the operations of four properties that were acquired in 2015 (the "2015 Acquisitions");
- $2.8 million from operations of our Southridge property, which prior to its sale in October 2016 was engaged in lease up activities; and
- $2.2 million due primarily to rental rate increases from the operations of same store properties. Seven properties accounted for 78% of the increase at same store properties. Average rents at same store properties increased to $892 per occupied unit in 2016 from $841 per occupied unit in the prior year.

These increases were offset by the loss of rental and other revenue of $8.2 million from the sale of the 2016 Sold Properties. The results for 2015 include $6.8 million of rental revenue from three multi-family properties sold in 2015 (the "2015 Sold Properties").

Other Income.

The increase is due to the inclusion of interest, including $2.4 million of Deferred Interest, on the NJV Loan Receivable. Through December 31, 2015, the interest income on the NJV Loan Receivable was eliminated in consolidation. As a result of the sale of our interest in the Newark Joint Venture, this interest income is now reflected on our consolidated statement of operations. See "Overview".

Expenses

The following table compares our expenses for the periods indicated:

(Dollars in thousands)	2016	2015	Increase (Decrease)	% Change
Real estate operating expenses	$43,262	$38,609	$ 4,653	12.1 %
Interest expense	23,878	19,297	4,581	23.7 %
Advisor's fees, related party	693	2,448	(1,755)	(71.7)%
Property acquisition costs	3,852	1,885	1,967	104.4 %
General and administrative	8,536	6,683	1,853	27.7 %
Provision for Federal tax	700	—	700	NA
Depreciation	23,180	18,454	4,726	25.6 %
Total expenses	$104,101	$87,376	$ 16,725	19.1 %

Operating expenses related to real estate properties. The components of the increase are as follows:

- $5.7 million from the operations of the 2016 Acquisitions;
- $5.4 million to the inclusion, for a full year, of the operations of the 2015 Acquisitions;
- $1.0 million from the operations of a property engaged in lease up activities; and
- $129,000 from operations of the same store properties.

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The increase was offset by a decline in operating expenses of $3.3 million from the sale of the 2016 Sold Properties. The results for 2015 include operating expenses of $4.3 million from the 2015 Sold Properties.

Interest expense. The increase is primarily due to mortgage interest expense of:

- $4.0 million from the mortgage debt incurred in the 2016 Acquisitions;
- $3.3 million due to the inclusion, for a full year, of the interest expense associated with the mortgage debt incurred in the 2015 Acquisitions;
- $825,000 from four same store properties that obtained supplemental debt; and
- $596,000 from the cessation of the capitalization of interest from a development property in connection with the commencement of lease up activities.

The increase was offset by $2.3 million from the sale of the 2016 Sold Properties. The results for 2015 include interest expense of $1.6 million from the 2015 Sold Properties. The increase in the interest expense was also offset by a $256,000 decrease in such expense on our junior subordinated notes due to the reduction in the interest rate on such notes. From August 1, 2012 through April 29, 2016, these notes carried an interest rate of 4.9% and commencing May 1, 2016, these notes bear an interest rate of three months LIBOR and 200 basis points. At September 30, 2016, the interest rate on these notes is 2.76%.

Advisor's fee, related party. The decrease is due to the termination of the advisory agreement effective December 31, 2015.

General and administrative expense. These costs increased primarily as a result of the inclusion of $863,000 of fees for the Services, $368,000 of professional fees primarily related to the Conversion and $262,000 related to higher compensation paid primarily to our chief executive officer. General and administrative expense is allocated between our two segments in 2016 and 2015 in proportion to the estimated time spent by our full time personnel on such segments.

Depreciation. The components of the increase are as follows:

- $4.8 million from the operations of the 2016 Acquisitions;
- $4.3 million from the inclusion, for a full year, of the operations of the 2015 Acquisitions; and
- $1.1 million from the operations of a property in connection with the commencement of lease up activities.

The increase was offset by $3.2 million from the sales of the 2016 Sold Properties. The results for 2015 include depreciation of $1.2 million from the 2015 Sold Properties. The increase was also offset by $1.0 million from the finalization of purchase price allocations with respect to certain properties acquired.

Property acquisition costs. The increase is due to increased acquisition activity, including the payment of $2.2 million of acquisition fees to our venture partners.

Provision for Federal tax. This amount reflects the federal alternative minimum tax that we are required to pay as a result of the use of our loss carry forwards to offset 2016 taxable income.

Other revenue and expense items

Gain on sale of real estate. We sold five multi-family properties and two cooperative apartment units for $199.7 million. We recognized a gain of $46.5 million from the sale of these properties, of which $18.8 million was allocated to non-controlling interests. The 2015 period includes the sale of three multi-family properties (the "2015 Sold Properties") for a $14.4 million gain, of which $5.2 million was allocated to non-controlling interests.

Gain on sale of partnership interest. In 2016, we sold our interest in a joint venture that owned Village Green, Little Rock, AK multi-family property and recognized a $386,000 gain on the sale. There was no corresponding gain in 2015.

Loss on extinguishment of debt. In 2016, we incurred an aggregate $4.5 million of mortgage prepayment charges in connection with the sale of two properties. There was no corresponding charge in 2015.

Discontinued Operations

In 2016, we sold our interest in the Newark Joint Venture and reclassified the operations of the venture to discontinued operations for all comparative periods. The $12.7 million of income from discontinued operations reflects the $15.5 million gain on the sale of our interest in the venture, net of the venture's operating losses of $2.8

million incurred during 2016.

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Years Ended September 30, 2015 and 2014

Revenues

The following table compares our revenues for the years indicated:

(Dollars in thousands):	2015	2014	Increase (Decrease)	% Change
Rental and other revenue from real estate properties	$77,023	$61,725	$ 15,298	24.8 %
Other income	72	88	(16)	(18.2)%
Total revenues	$77,095	$61,813	$ 15,282	24.7 %

Rental and other revenue from real estate properties. The components of the increase are as follows:

- $11.6 million to the inclusion, for a full year, of operations of the 12 properties acquired in 2014 (the "2014 Acquisitions") and, to a lesser extent, higher rental rates at several of these properties;
- $3.6 million from the operations of the 2015 Acquisitions; and
- $2.1 million primarily due to rental rate increases at same store properties; in particular, rental rate increases at The Fountains Apartments and Mountain Park Estates, which account for approximately $1.1 million of the increase.

Included in 2015 and 2014 are revenues of $6.8 million and $8.9 million, respectively, from the 2015 Sold Properties.

Expenses

The following table compares our expenses for the periods indicated:

(Dollars in thousands)	2015	2014	Increase (Decrease)	% Change
Real estate operating expenses	$38,609	$32,984	$ 5,625	17.1 %
Interest expense	19,297	16,434	2,863	17.4 %
Advisor's fees, related party	2,448	1,801	647	35.9 %
Property acquisition costs	1,885	2,542	(657)	(25.8)%
General and administrative	6,683	6,324	359	5.7 %
Depreciation	18,454	13,945	4,509	32.3 %
Total expenses	$87,376	$74,030	$ 13,346	18.0 %

Operating expenses related to real estate properties. The components of the increase are as follows:

- $5.4 million, due to the inclusion, for a full year, of the operations at the 2014 Acquisitions; and
- $1.5 million from the operations at the 2015 Acquisitions.

Included in 2015 and 2014 are operating expenses of $4.4 million and $5.4 million, respectively, from the 2015 Sold Properties.

Interest expense. The components of the increase are as follows:

- $2.2 million, due to the inclusion, for a full year, of the interest on the mortgage debt incurred in the 2014 Acquisitions;
- $910,000, due to the interest on the mortgage debt incurred in connection with the 2015 Acquisitions; and
- $257,000 from supplemental financing obtained in 2015 at three properties.

Included in 2015 and 2014 is interest expense of $1.6 million and $2.1 million, respectively, attributable to the interest expense associated with the mortgage debt of the 2015 Sold Properties.

Advisor's fee, related party. The fee, calculated based on invested assets, increased primarily due to the inclusion, for a full year, of the 2014 Acquisitions. Approximately $214,000 of the fees paid to the advisor in 2014 is recorded in discontinued operations.

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Property acquisition costs. The change is due to decreased acquisition activity in 2015. We acquired four properties in 2015 and 13 properties in 2014.

General and administrative expense. The increase is due primarily to the inclusion of $357,000 of expenses, which in 2014, had been included in discontinued operations. These expenses, which had been borne by our real estate lending segment, were borne in 2015 by our multi-family and other real estate assets segments. There were also increases in professional fees of $138,000 primarily related to the buyout of our partners' interests in several joint ventures and a $100,000 increase in restricted stock expense due to the (i) higher stock price associated with the restricted stock awards granted in the past several years in comparison to the awards granted in 2010 that vested in 2015 and (ii) to a lesser extent, the increase in the number of such awards granted over the past several years. These increases were offset by a $138,000 reduction in state franchise tax expense resulting from a refund of prior years' taxes. General and administrative expense is allocated between our two segments in 2015 and 2014 in proportion to the estimated time spent by our full time personnel on such segments.

Depreciation. The components of the increase are:

•$1.9 million due to the inclusion, for the full year of the operations of the 2014 Acquisitions;

•$1.0 million from the operations of the 2015 Acquisitions; and

•$1.4 million reflecting the net effect of purchase price allocation adjustments.

Included in 2015 and 2014 is depreciation of $1.2 million and $1.1 million, respectively, related to the 2015 Sold Properties.

Other revenue and expense items

Gain on sale of property. In 2015, we recognized an aggregate gain of $14.4 million from the 2015 Sold Properties. We also sold certain other residential properties, which are included in our other real estate asset segment, for an aggregate gain of $601,000. There were no corresponding gains in 2014.

Discontinued Operations

Discontinued operations reflect the operations of the Newark Joint Venture. We sold our interest in this Venture in March 2016. The 2014 period also incurs $1.4 million in income related to our real estate lending activities which ceased in October 2014.

Net Income/Loss Attributable to Non-controlling Interests

The following table compares our net income/loss attributable to Non-controlling Interests for the reported periods by our reportable segments:

(Dollars in Thousands)	2015	2014	Increase/(decrease)
Multi- family	$(4,878)	$759	$ (5,637)
Other	4,095	5,953	(1,858)
Total	$(783)	$6,712	$ (7,495)

The change with respect to our multi-family activities primarily reflects the allocation to our joint venture partners of approximately $5.2 million, representing their share of the gain on the sale of three multi-family properties in 2015. The change with respect to our other real estate segment reflects primarily the allocation in 2014 to our partner in the Newark Joint Venture of such partner's share of certain interest expense. This expense related to a one time payment of deferred interest to BRT on debt eliminated in consolidation.

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Disclosure of Contractual Obligations

The following table sets forth as of September 30, 2016 our known contractual obligations:

(Dollars in thousands)	Payment due by Period Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years	Total
Long-Term Debt Obligations(1)	$30,830	$181,102	$117,676	$511,481	$841,089
Operating Lease Obligation	207	427	446	216	1,296
Purchase Obligations(2)(3)	4,667	9,334	9,334	—	23,335
Total	$35,704	$190,863	$127,456	$511,697	$865,720

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(1) Includes payments of principal (including amortization payments) and interest and excludes deferred costs. Assumes that interest rate on the junior subordinated notes will be 2.76% per annum.

(2) Assumes that $550,000 will be paid annually for the next five years pursuant to the shared services agreement (i.e., the same amount paid in 2016 pursuant to this agreement), and $1.15 million will be paid annually through September 30, 2021, to personnel performing the services previously performed pursuant to the Advisory Agreement. See "Business—Our Structure."

(3) Assumes that approximately $3.0 million of property management fees will be paid annually to the managers of our multi-family properties. Such sum reflects the amount we anticipate paying in 2017 on the multi-family properties we own at September 30, 2016. These fees are typically charged based on a percentage of rental revenues from a property. No amount has been reflected as payable pursuant thereto after five years as such amount is not determinable.

The following table sets forth as of September 30, 2016 information regarding the components of our long-term debt obligations:

(Dollars in thousands)	Payment due by Period Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years	Total
Multi-family properties	$29,605	$178,652	$115,226	$459,103	$782,586
Junior subordinated notes	1,032	2,064	2,064	51,422	56,582
Other	193	386	386	956	1,921
Total	$30,830	$181,102	$117,676	$511,481	$841,089

Liquidity and Capital Resources

We require funds to acquire properties (including investments in joint ventures that acquire properties), repay borrowings, pay operating expenses and make capital improvements. In 2016, our primary sources of capital and liquidity were the operations of our multi-family properties (including distributions from the joint ventures that own such properties), proceeds from the sale of our interest in the Newark Joint Venture, $33.6 million in equity contributions from our joint venture partners, our available cash (including restricted cash), mortgage debt financing (an aggregate of $283.8 million, of which $238.2 million was used to acquire 11 multi-family properties) and $28.2 million of our share of the gains from the sale of the 2016 Properties Sold. Our available cash (including restricted cash) at September 30, 2016 and November 30, 2016, is approximately $34.8 million and $43.0 million, respectively. Our primary sources of liquidity and capital resources for 2017 are expected to be available cash and funds from multi-family property operations. We anticipate that the operating expenses will be funded from cash generated from the operations of these properties and that the $60.1 million of debt service (including $12.2 million of principal payments) payable from 2017 through 2018 will be funded from the cash generated from operations of these properties. (The mortgage debt with respect to these properties generally is non-recourse to us and our subsidiary holding our interest in the applicable joint venture). We anticipate that capital improvements at these properties will be funded by approximately $7.4 million of restricted cash available at September 30, 2016 to these properties. Other potential liquidity and capital resources for 2017 include the proceeds from the sale of multi-family properties, the Repayment Transaction and the equity contributions from our joint venture partners..

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We believe that available cash and distributions from multi family properties will provide us with sufficient funds to meet our operating expenses in 2017 and 2018. Our ability to acquire additional multi-family properties is limited by our available cash and our ability to obtain mortgage debt. Further, to the extent that our NOL becomes fully utilized and we have ordinary taxable income, we will be required to make distributions to shareholders to maintain our REIT status and as a result, will be limited in our ability to use gains from property sales as a source of funds for property acquisitions.

We anticipate that the construction and other costs associated with the N. Charleston, SC development project and the Columbia, SC development project will be funded by capital previously contributed by our joint venture partners and us and remaining in-place construction financing of up to $16.7 million and $42.0 million respectively.

Statements of Cash Flows

As of September 30, 2016 and 2015, we had cash and cash equivalents of $27.4 million and $15.6 million, respectively. The change in cash and cash equivalents was the result of the following activities (dollars in thousands):

	For the Years ended September 30,		
	2016	2015	2014
Cash flow from operating activities	$10,080	$8,407	$(4,835)
Cash flow from investing activities	(135,783)	(67,388)	(219,324)
Cash flow from financing activities	137,546	51,356	190,435
Net increase (decrease) in cash and cash equivalents	11,843	(7,625)	(33,724)
Cash and cash equivalents at beginning of year	15,556	23,181	56,905
Cash and cash equivalents at end of year	$27,399	$15,556	$23,181

2016 compared to 2015

The increase in cash flow from the operating activities in 2016 was primarily the result of positive cash flow from the operations of our multi-family properties offset by an increase in deposits and escrows.

Cash flows used in investing activities increased primarily due to the acquisition of the 2016 Acquisitions in the current year compared to the 2015 Acquisitions. The increase was offset by the increase in the proceeds from the sale of the 2016 Sold Properties compared to the sale of the 2015 Sold properties.

The increase in cash flow from financing activities in 2016 is due to a net increase in mortgage activity in the current year due to the net increase in the number of properties purchased offset by payoffs of mortgages.

2015 compared to 2014

The increase in cash flow from operating activities in 2015 was primarily due to the inclusion in 2014 of a receivable from the September 2014 Newark Joint Venture financing and an increase in accounts payable and accrued liabilities.

The decrease in cash flow used in investing activities in 2015 is due to fewer property acquisitions (four purchases in 2015 compared to 13 purchases in 2014) and the decrease in collections from real estate loans due to the termination of real estate lending activities. The decrease was offset by the proceeds from the 2015 Sold Properties.

The decrease in cash flow from financing activities in 2015 is due primarily to reduced mortgage borrowing activity (i.e., fewer property acquisitions), and the payoff of mortgages on the 2015 Sold Properties.

Off Balance Sheet Arrangements

Not applicable.

Significant Accounting Estimates and Critical Accounting Policies

Our significant accounting policies are more fully described in Note 1 to our consolidated financial statements. The preparation of financial statements and related disclosure in conformity with accounting principles generally accepted in the United States requires management to make certain judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. Certain of our accounting policies are particularly important to understand our financial position and results of operations and require the application of significant judgments and estimates by our management; as a result they are subject to a degree of uncertainty. These significant accounting policies include the following:

Principles of Consolidation

We have entered into, and may continue to enter into, various joint venture agreements with unrelated third parties to hold or develop real estate assets. We must determine for each of these joint ventures whether to consolidate the entity or account for our investment under the equity or cost basis of accounting. Investments acquired or created are continually evaluated based on the accounting guidance relating to variable interest entities ("VIEs"), which requires the consolidation of VIEs in which we are considered to be the primary beneficiary. If the investment is determined not to be a VIE, then the investment is evaluated for consolidation (primarily using a voting interest model) under the remaining consolidation guidance relating to real estate entities. If we are the manager of a limited liability company, we also consider the consolidation guidance relating to the rights of non-managing members to assess whether any rights held by such members overcome the presumption of control by us. We evaluate our accounting for investments on a quarterly basis or when a reconsideration event (as defined in GAAP) with respect to our investments occurs. The analysis required to identify VIEs and primary beneficiaries is complex and requires substantial management judgment.

Carrying Value of Real Estate Portfolio

We conduct a quarterly review of each real estate asset owned by us and our joint ventures. This review is conducted in order to determine if indicators of impairment are present on the real estate.

In reviewing the value of the real estate assets owned, whether by us or our joint ventures, if there is an indicator of impairment, we seek to arrive at the fair value of each real estate asset by using one or more valuation techniques, such as comparable sales, discounted cash flow analysis or replacement cost analysis. Our real estate assets and our joint ventures' real estate assets are evaluated for indicators of impairment. If the analysis suggests that the undiscounted cash flows to be generated by the property will be insufficient to recover the investment made by us or any joint venture, as the case may be, an impairment provision will be calculated based upon the excess of the carrying amount of the property over its fair value using a discounted cash flow model. Real estate assets are valued at the lower of the recorded cost or estimated fair value. Any impairment taken with respect to our real estate assets reduces our net income, assets and shareholders' equity to the extent of the amount of the allowance, but it will not affect our cash flow until such time as the property is sold. No such charges were taken in the past three years.

Revenue Recognition

Rental revenue from residential properties is recorded when due from residents and is recognized monthly as it is earned. Rental payments are due in advance. Leases on residential properties are generally for terms that do not exceed one year.

Rental revenue from commercial properties, including the base rent that each tenant is required to pay in accordance with the terms of their respective leases, net of any rent concessions and lease incentives, is reported on a straight-line basis over the non-cancellable term of the lease.

Purchase Price Allocations

We allocate the purchase price of properties to net tangible and identified intangible assets acquired based on their fair values. In making estimates of fair values for purposes of allocating purchase price, we use a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property, our own analysis of recently acquired and existing comparable properties in our portfolio and other market data. We also consider information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired.

Cash Distribution Policy

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, since our organization. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute currently (within the time frames prescribed by the Code and the applicable regulations) to our shareholders at least 90% of our ordinary taxable income. It is the current intention of our management to maintain our REIT status. As a REIT, we generally will not be subject to corporate Federal income tax on taxable income we distribute currently in accordance with the Code and applicable regulations to shareholders. If we fail to qualify as a REIT in any taxable year, we will be subject to Federal income taxes at regular corporate rates and may not be able to qualify as a REIT for four subsequent tax years. Even if we qualify for Federal taxation as a REIT, we may be subject

to certain state and local taxes on our income and to Federal income and excise taxes on undistributed taxable income, i.e., taxable income not distributed in the amounts and in the time frames prescribed by the Code and applicable regulations thereunder.
We have not paid cash dividends since 2010. We had an net operating loss carry-forward of $69.2 million at December 31, 2015, and estimate that after giving effect to property sales effected from January 1, 2016 through November 30, 2016, that we

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have tax loss carry-forwards ranging from $15 million to $20 million. Since we can offset our future taxable income, if any, against our tax loss carry-forward until the earlier of 2029 or the tax loss carry-forward has been fully used, we are not currently required under the Internal Revenue Code to pay a dividend to maintain our REIT status.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Our junior subordinated notes bear interest at the rate of three month LIBOR plus 200 basis points. A 100 basis point increase in the rate would result in an increase in interest expense over the next twelve months of $374,000 and a 100 basis point decrease in the rate would result in a $318,000 decrease in interest expense over the next twelve months. Prior to May 1, 2016, these notes bore interest at an annual fixed rate of 4.9%. See "Item1. Business - Corporate Level Financing Arrangement."

With the exception of five mortgages (three which are subject to an interest rate swap agreements), all of our mortgage debt is fixed rate. For the variable rate debt not subject to interest rate swaps, an increase of 100 basis points in the interest rate would have a negative annual effect of approximately $515,000 and a decrease of 100 basis points in the interest rate would have a $271,000 positive effect on income before taxes.

As of September 30, 2016, we had three interest rate swap agreements outstanding. The fair value of our interest rate swaps is dependent upon existing market interest rates and swap spreads, which change over time. At September 30, 2016, if there had been an increase of 100 basis points in forward interest rates, the fair market value of the interest rate swaps would have increased by $4.0 million causing the net unrealized loss on derivative instruments to decreased by approximately $4.0 million. If there had been a decrease of 100 basis points in forward interest rates, the fair market value of the interest rate swaps and net unrealized loss on derivative instruments would have increased by approximately $4.1 million. These changes would not have any material impact on our net income or cash.

Item 8. Financial Statements and Supplementary Data.

The information required by this item appears in a separate section of this Report following Part IV.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

A review and evaluation was performed by our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as of the end of the period covered by this Annual Report on Form 10-K. Based on that review and evaluation, the CEO and CFO have concluded that our disclosure controls and procedures, as designed and implemented as of September 30, 2016, were effective.

Changes in Internal Controls over Financial Reporting

There have been no changes in our internal controls over financial reporting, as defined in in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, that occurred during the three months ended September 30, 2016 that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, a company's principal executive and principal financial officers and effected by a company's board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of a company;

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- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of a company are being made only in accordance with authorizations of management and directors of a company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company's assets that could have a material effect on the financial transactions.

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

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of September 30, 2016. In making this assessment, our management used criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013).

Based on its assessment, our management concluded that, as of September 30, 2016, our internal control over financial reporting was effective based on those criteria.

Our independent auditors, BDO USA, LLP, have issued an audit report on the effectiveness of internal control over financial reporting. This report appears on page F-2 of this Annual Report on Form 10-K.

Item 9B.   Other Information.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Apart from certain information concerning our executive officers which is set forth below in Part I of this report, the other information required by Item 10 is incorporated herein by reference to the applicable information to be in the proxy statement to be filed by January 30, 2017 for our 2017 Annual Meeting of Shareholders.

Executive Officers of Registrant

Set forth below is a list of our executive officers whose terms will expire at our 2016 annual Board of Trustees' meeting. The business history of officers who are also Trustees will be provided in our proxy statement to be filed not later than January 30, 2017. References to a particular year for these biographies refer to the calendar year.

Name	Office
Israel Rosenzweig(1)	Chairman of the Board of Trustees
Jeffrey A. Gould(2)	President and Chief Executive Officer; Trustee
Mitchell K. Gould (3)	Executive Vice President
Matthew J. Gould(2)	Senior Vice President; Trustee
Simeon Brinberg(4)	Senior Counsel
David W. Kalish(5)	Senior Vice President, Finance
Mark H. Lundy(4)	Senior Vice President and General Counsel
George E. Zweier	Vice President and Chief Financial Officer
Isaac Kalish(5)	Vice President and Treasurer
Steven Rosenzweig(1)	Vice President

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(1) Steven Rosenzweig is the son of Israel Rosenzweig.

(2) Jeffrey A. Gould and Matthew J. Gould are sons of Fredric H. Gould, the former chairman of our board of trustees and currently, a trustee.

(3) Mitchell K. Gould is a cousin of Fredric H. Gould

(4) Mark H. Lundy is the son-in-law of Simeon Brinberg.

(5) Isaac Kalish is the son of David W. Kalish.

Mitchell K. Gould (age 44), employed by us since 1998, has been a Vice President since 1999 and Executive Vice President since 2007.

Simeon Brinberg (age 82) served as our Secretary from 1983 through 2013, as a Senior Vice President from 1988 through 2013, and as Senior Counsel since 2006. Mr. Brinberg has been a Vice President of Georgetown Partners, Inc., the managing general partner of Gould Investors L.P., since 1988. Since 1989, Mr. Brinberg has been a Vice President, Senior Vice President or Senior Counsel of One Liberty Properties, Inc. Mr. Brinberg is a member of the New York Bar.

David W. Kalish (age 69), a certified public accountant, has been our Senior Vice President, Finance since 1998. Mr. Kalish was our Vice President and Chief Financial Officer from 1990 until 1998. He has been Chief Financial Officer of One Liberty Properties, Inc. and Georgetown Partners, Inc. since 1990.

Mark H. Lundy (age 54) has been our General Counsel since 2007, Senior Vice President since 2005 and from 1993 to 2005 he served as a Vice President. He served as a Vice President of One Liberty Properties from 2000 to 2006 and has been its Secretary and Senior Vice President since June 1993 and 2006, respectively. Since 2013, Mr. Lundy has served as President and Chief Operating Officer, and from 1990 through 2013 as a Vice President (including Senior Vice President), of Georgetown Partners, Inc. He is licensed to practice law in New York and Washington, D.C.

George E. Zweier (age 52), a certified public accountant, has served as our Chief Financial Officer and a Vice President since 1998.

Isaac Kalish (age 41), a certified public accountant, has been associated with us since 2004, served as Assistant Treasurer from 2007 through 2014 and as Vice President and Treasurer since 2013 and 2014, respectively. Mr. Kalish has served as Vice President and Assistant Treasurer of One Liberty Properties since 2013 and 2007, respectively, as Assistant Treasurer of Georgetown Partners, Inc. from 2012 through 2013, and as its Treasurer since 2013.

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Steven Rosenzweig (age 41), has served as a Vice President since March 2015 and has been associated with us since February 2013. For more than five years prior thereto, he was affiliated with Willkie Farr & Gallagher LLP. He is licensed to practice law in New York.

Item 11. Executive Compensation.

The information concerning our executive compensation required by Item 11 will be included in the proxy statement to be filed by January 30, 2017 with respect to our 2017 Annual Meeting of Shareholders, and is incorporated herein by reference.

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

Except as set forth below, the information required by Item 12 will be included in the proxy statement to be filed by January 30, 2017 with respect to to our 2017 Annual Meeting of Shareholders, and is incorporated herein by reference.

Equity Compensation Plan Information

The table below provides information as of September 30, 2016 with respect to our common shares that may be issued upon exercise of outstanding options, warrants and rights:

	Number of securities to be issued upon exercise (or vesting) of outstanding options, restricted stock units, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available-for future issuance under equity compensation plans—excluding securities reflected in column(a) (c)
Equity compensation plans approved by security holders (1)	450,000	—	150,000
Equity compensation plans not approved by security holders	—	—	—
Total	450,000	—	150,000

(1) Reflects the number of common shares underlying restricted stock units. Such units vest in 2021 subject to the satisfaction of time and performance based vesting conditions. There is no exercise price associated with such units.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information concerning relationships and certain transactions required by Item 13 will be included in the proxy statement to be filed by January 30, 2017 with respect to our 2017 Annual Meeting of Shareholders, and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information concerning our principal accounting fees required by Item 14 will be included in the proxy statement to be filed by January 30, 2017 with respect to our 2017 Annual Meeting of Shareholders, and is incorporated herein by reference.

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PART IV
Item 15. Exhibits, Financial Statement Schedules.
(a)
1. All Financial Statements.
The response is submitted in a separate section of this report following Part IV.
2. Financial Statement Schedules.
The response is submitted in a separate section of this report following Part IV.
3. Exhibits:
In reviewing the agreements included as exhibits to this Annual Report on Form10-K, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

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Exhibit No.		Title of Exhibits
3.1		Third Amended and Restated Declaration of Trust (incorporated by reference to Exhibit 3.1 to our Form 10-K for the year ended September 30, 2005).
3.2		By-laws (incorporated by reference to Exhibit 3.2 to our Form 10-K for the year ended September 30, 2005).
3.3		Amendment to By-laws, dated December 10, 2007 (incorporated by reference to Exhibit 3.1 to our Form 8-K filed December 11, 2007).
3.4		Amendment No. 2 to By-laws dated June 6, 2016 (incorporated by reference to exhibit 3.3 to our Current Report on Form 8-K filed on June 10, 2016).
4.1		Junior Subordinated Supplemental Indenture, dated as of March 15, 2011, between us and the Bank of New York Mellon (incorporated by reference to Exhibit 4.1 to our Form 8-K filed March 18, 2011).
4.2		Form of Certificate for Shares of Beneficial Interest (incorporated by reference to Exhibit 4.1 to Registration Statement on Form S-8 (Registration No. 333-104461) filed on April 11, 2003).
10.1	*	Amended and Restated Advisory Agreement, effective as of January 1, 2007, between us and REIT Management Corp. (incorporated by reference to Exhibit 10.1 to our Form 8-K filed November 27, 2006).
10.2	*	Amendment No. 1 dated as of December 8, 2011 to Amended and Restated Advisory Agreement between us and REIT Management (incorporated by reference to exhibit 10.2 to our Form 10-Q for the period ended December 31, 2011).
10.3	*	Amendment No. 2 dated as of March 12, 2014 and effective as of June 30, 2014 to Amended and Restated Advisory Agreement between us and REIT Management, as amended. (incorporated by reference to Exhibit 10.1 to our Form 10-Q for the period ended March 31, 2014)
10.4	*	Shared Services Agreement, dated as of January 1, 2002, by and among Gould Investors L.P., us, One Liberty Properties, Inc., Majestic Property Management Corp., Majestic Property Affiliates, Inc. and REIT Management Corp. (incorporated by reference to Exhibit 10.2 to our Form 10-K filed December 11, 2008).
10.5		Amended and Restated Limited Liability Company Operating Agreement by and among TRB Newark Assemblage LLC, TRB Newark TRS, LLC, RBH Capital, LLC and RBH Partners LLC (incorporated by reference to Exhibit 10.1 to our Form 8-K filed June 9, 2009).
10.6	*	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.5 to our Form 10-K for the year ended September 30, 2010).
10.7	*	Form of Restricted Shares Agreement for the 2012 Incentive Plan (incorporated by reference to Exhibit 10.1 to our Form 10-Q for the period ended December 31, 2013).
10.8	*	2009 Incentive Plan, as amended (incorporated by reference to exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended December 31, 2011).

10.9	*	2012 Incentive Plan (incorporated by reference to exhibit 99.1 to our Registration Statement on Form S-8 filed on June 11, 2012 (File No. 333-182044)).
10.10		Bond agreement dated as of December 1, 2011 by and among the New Jersey Economic Development Authority, RBH-TRB East Mezz Urban Renewal Entity, LLC and TD Bank, N.A. (incorporated by reference to exhibit 10.3 to our Form 10-Q for the period ended December 31, 2011).
10.11		Note dated December 29, 2011 issued by RBH-TRB East Mezz Urban Renewal Entity LLC in favor of New Jersey Economic Development Authority (incorporated by reference to exhibit 10.4 to our Form 10-Q for the period ended December 31, 2011).
10.12		Multi-Family Loan and Security Agreement (Non-Recourse) by and between Landmark at Garden Square, LLC, and Berkadia Commercial Mortgage LLC, dated as of March 22, 2012 (incorporated by reference to exhibit 10.1 to our Form 10-Q for the period ended March 31, 2012).

Exhibit No.	Title of Exhibits
10.13	Consolidated, Amended and Restated Multi-family Note entered into as of March 22, 2012, by and between Landmark at Garden Square, LLC and Berkadia Commercial Mortgage LLC. (incorporated by reference to exhibit 10.2 to our Form 10-Q for the period ended March 31, 2012).
10.14	Mortgage and Security Agreement made as of February 3, 2012, given by RBH-TRB East Mezz Urban Renewal Entity, LLC, in favor of New Jersey Economic Development Authority (incorporated by reference to exhibit 10.4 to our Form 10-Q for the period ended March 31, 2012).
10.15	Guaranty of Completion made as of the 3rd day of February, 2012, by RBH-TRB Newark Holdings, LLC, and RBH-TRB East Mezz Urban Renewal Entity, LLC, in favor of TD Bank, N.A. (incorporated by reference to exhibit 10.5 to our Form 10-Q for the period ended March 31, 2012).
10.16	Security Agreement dated as of February 3, 2012, by and between RBH-TRB East Mezz Urban Renewal Entity, LLC and TD Bank, N.A. (incorporated by reference to exhibit 10.6 to our Form 10-Q for the period ended March 31, 2012).
10.17	Leasehold Mortgage, Assignment of Leases and Rents and Security Agreement dated February 3, 2012 in the amount of $32,700,000 from Teachers Village School QALICB Urban Renewal, LLC to NJCC CDE Essex LLC, and Gateway SUB-CDE I, LLC. (incorporated by reference to exhibit 10.7 to our Form 10-Q for the period ended March 31, 2012).
10.18	Leasehold Mortgage, Assignment of Leases and Rents and Security Agreement dated February 3, 2012 in the amount of $27,000,000 from Teachers Village School QALICB Urban Renewal, LLC to NJCC CDE Essex LLC, and Gateway SUB-CDE I, LLC. (incorporated by reference to exhibit 10.8 to our Form 10-Q for the period ended March 31, 2012).
10.19	Joint and Several Completion Guaranty dated as of February 3, 2012, by Teachers Village School QALICB Urban Renewal, LLC, and RBH-TRB Newark Holdings, LLC, to TD Bank, N.A. Gateway SUB-CDE I, LLC, and NJCC CDE Essex LLC. (incorporated by reference to exhibit 10.9 to our Form 10-Q for the period ended March 31, 2012).
10.20	Guaranty of New Markets Tax Credits made as of February 3, 2012, by Teachers Village School QALICB Urban Renewal, LLC, and RBH-TRB Newark Holdings, LLC, for the benefit of GSB NMTC Investor LLC. (incorporated by reference to exhibit 10.10 to our Form 10-Q for the period ended March 31 2012).
10.21	Multi-Family Loan and Security Agreement dated as of the June 20, 2012 by and between Madison 324, LLC and CWCapital LLC. (incorporated by reference to exhibit 10.1 to our Form 10-Q for the period ended June 30, 2012)
10.22	Multi-Family Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of the 20th day of June, 2012, executed by Madison 324, LLC to Joseph B. Pitt, JR, as trustee for the benefit of CWCapital LLC. (incorporated by reference to exhibit 10.2 to our Form 10-Q for the period ended June 30, 2012).
10.23	Multi-Family Note dated as of June 20, 2012 in face amount of $25,680,000 issued by Madison 324, LLC in favor of CWCapital LLC. (incorporated by reference to exhibit 10.3 to our Form 10-Q for the period ended June 30, 2012).

10.24	Guaranty of New Markets Tax Credits made as of September 11, 2012, by Teachers Village Project A QALICB Urban Renewal Entity, LLC, and RBH-TRB Newark Holdings, LLC for the benefit of GSB NMTC Investor LLC, its successors and assigns (incorporated by reference to exhibit 10.32 to our Form 10-K for the year ended September 30, 2012).

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Exhibit No.	Title of Exhibits
10.25	Guaranty of Payment and Recourse Carveouts made as of the 11th day of September, 2012, by RBH-TRB Newark Holdings, LLC and Ron Beit-Halachmy, in favor of Goldman Sachs Bank USA. (incorporated by reference to exhibit 10.33 to our Form 10-K for the year ended September 30, 2012).
10.26	Joint and Several Completion Guaranty dated as of September 11, 2012, made on a joint and several basis by Teachers Village Project A QALICB Urban Renewal Entity, LLC and RBH-TRB Newark Holdings LLC, to Goldman Sachs Bank USA. (incorporated by reference to exhibit 10.34 to our Form 10-K for the year

	ended September 30, 2012).
10.27	Environmental Indemnity Agreement dated as of September 11, 2012, made by Teachers Village Project A QALICB Urban Renewal Entity, LLC, to Goldman Sachs Bank USA. (incorporated by reference to exhibit 10.35 to our Form 10-K for the year ended September 30, 2012).
10.28	Environmental Indemnity Agreement dated as of September 11, 2012, made by Teachers Village Project A QALICB Urban Renewal Entity, LLC, to GSB NMTC Investor LLC; Carver CDC-Subsidiary CDE 21, LLC; NCIF New Markets Capital Fund IX CDE, LLC; GSNMF Sub-CDE 2 LLC; and BACDE NMTC Fund 4, LLC.

	(incorporated by reference to exhibit 10.36 to our Form 10-K for the year ended September 30, 2012).
10.29	Building Loan Agreement dated as of September 11, 2012 by and among GSB NMTC Investor LLC, and NCIF New Markets Capital Fund IX CDE, LLC; NCIF New Markets Capital Fund IX CDE LLC, Carver CDC-Subsidiary CDE-21, LLC, BACDE NMTC Fund 4 LLC, GSNMF Sub-CDE 2 LLC and Teachers Village Project A QALICB Urban Renewal Entity, LLC. (incorporated by reference to exhibit 10.37 to our Form 10-K for the year ended September 30, 2012).
10.30	Mortgage, Assignment of Leases and Rents and Security Agreement dated

September 2012 in the amount of $15,699,999 from Teachers Village Project A QALICB Urban Renewal Entity, LLC to NCIF New Markets Capital Fund IX CDE, LLC, Carver CDC-Subsidiary CDE 21, LLC, BACDE NMTC Fund 4, LLC and GSNMF Sub-CDE 2, LLC. (incorporated by reference to exhibit 10.38 to our Form 10-K for the year ended September 30, 2012).

10.31 Mortgage, Assignment of Leases and Rents and Security Agreement dated September 2012 in the amount of $9,000,000 from Teachers Village Project A QALICB Urban Renewal Entity, LLC, to Goldman Sachs Bank USA. (incorporated by reference to exhibit 10.39 to our Form 10-K for the year ended September 30,

	2012).
10.32	Loan Agreement dated as of September 11, 2012 between Goldman Sachs Bank USA, and RBH-TRB Newark Holdings, LLC (incorporated by reference to exhibit 10.40 to our Form 10-K for the year ended September 30, 2012).
10.33	Building Loan Agreement dated as of September 11, 2012 by and between Goldman Sachs Bank USA, and Teachers Village Project A QALICB Urban Renewal Entity, LLC (incorporated by reference to exhibit 10.41 to our Form 10-K for the year ended September 30, 2012 (incorporated by reference to exhibit 10.41 to our Form 10-K for the year ended September 30, 2012).
10.34	

Loan Agreement made as of the 11th day of September, 2012, by and between RBH-TRB-West I Mezz Urban Renewal Entity, LLC, and Goldman Sachs Bank USA, Carver CDC-Subsidiary CDE 21, LLC, and BACDE NMTC Fund 4, LLC, and GSNMF Sub-CDE 2 LLC, and Teachers Village Project A QALICB Urban Renewal Entity, LLC. (incorporated by reference to exhibit 10.42 to our Form 10-K for the year ended September 30, 2012).

10.35 Amended and Restated 2016 Incentive Plan (incorporated by reference to exhibit 10.1 to our Quarterly Report on Form 10-Q for the period ended March 31, 2016).

10.36 Membership Interest Purchase Agreement dated as of February 23, 2016 entered into between

	TRB Newark Assemblage, LLC ("TRB") and TRB Newark TRS, LLC ("TRB REIT" and together with TRB, collectively, the "Seller") and RBH Partners III, LLC, and joined by RBH-TRB Newark Holdings, LLC and GS-RBH Newark Holdings, LLC (incorporated by reference to exhibit 10.2 to our Quarterly Report on Form 10-Q for the period ended March 31, 2016).
10.37*	Form of Performance Awards Agreement (incorporated by reference to exhibit 10.1 to our Current Report on Form 8-K filed on June 10, 2016).

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Exhibit No.	Title of Exhibits
14.1	Revised Code of Business Conduct and Ethics of BRT Realty Trust, adopted June 12, 2006 (incorporated by reference to Exhibit 14.1 to the Form 8-K of BRT Realty Trust filed June 14, 2006).
21.1	Subsidiaries of the Registrant
23.1	Consent of BDO USA LLP
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (the "Act")
31.2	Certification of Senior Vice President—Finance pursuant to Section 302 of the Act.
31.3	Certification of Chief Financial Officer pursuant to Section 302 of the Act
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Act
32.2	Certification of Senior Vice President—Finance pursuant to Section 906 of the Act
32.3	Certification of Chief Financial Officer pursuant to Section 906 of the Act
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Definition Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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*Indicates management contract or compensatory plan or arrangement.

(b) Exhibits.

See Item 15(a)(3) above. Except as otherwise indicated with respect to a specific exhibit, the file number for all of the exhibits incorporated by reference is: 001-07172.

(c) Financial Statements.

See Item 15(a)(2) above.

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Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

	BRT REALTY TRUST
Date: December 13, 2016	By: /s/ JEFFREY A. GOULD Jeffrey A. Gould Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacity and on the dates indicated.

Signature	Title	Date
/s/ ISRAEL ROSENZWEIG Israel Rosenzweig	Chairman of the Board	December 13, 2016
/s/ JEFFREY A. GOULD Jeffrey A. Gould	Chief Executive Officer, President and Trustee (Principal Executive Officer)	December 13, 2016
/s/ ALAN GINSBURG Alan Ginsburg	Trustee	December 13, 2016
/s/ FREDRIC H. GOULD Fredric H. Gould	Trustee	December 13, 2016
/s/ MATTHEW J. GOULD Matthew J. Gould	Trustee	December 13, 2016
/s/ LOUIS C. GRASSI Louis C. Grassi	Trustee	December 13, 2016
/s/ GARY HURAND Gary Hurand	Trustee	December 13, 2016
/s/ JEFFREY RUBIN Jeffrey Rubin	Trustee	December 13, 2016
/s/ JONATHAN SIMON Jonathan Simon	Trustee	December 13, 2016

/s/ ELIE WEISS Elie Weiss	Trustee	December 13, 2016
/s/ GEORGE E. ZWEIER George E. Zweier	Chief Financial Officer, Vice President (Principal Financial and Accounting Officer)	December 13, 2016

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Item 8, Item 15(a)(1) and (2)

Index to Consolidated Financial Statements and Consolidated Financial Statement Schedules

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Consolidated Statements of Operations for the years ended September 30, 2016, 2015 and 2014	F-5
Consolidated Statements of Comprehensive Income (Loss) for the years ended September 30, 2016, 2015 and 2014	F-6
Consolidated Statements of Shareholders' Equity for the years ended September 30, 2016, 2015 and 2014	F-7
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Consolidated Financial Statement Schedule for the year ended September 30, 2016:	
III—Real Estate Properties and Accumulated Depreciation	F-31

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or the notes thereto.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Board of Trustees and Shareholders
BRT Realty Trust and Subsidiaries
Great Neck, New York

We have audited the accompanying consolidated balance sheets of BRT Realty Trust and Subsidiaries as of September 30, 2016 and 2015 and the related consolidated statements of operations and comprehensive (loss) income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2016. In connection with our audits of the financial statements, we have also audited the financial statement schedules listed in the accompanying index. These financial statements and schedules are the responsibility of BRT Realty Trust and Subsidiaries management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BRT Realty Trust and Subsidiaries at September 30, 2016 and 2015, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2016, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), BRT Realty Trust and Subsidiaries internal control over financial reporting as of September 30, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated December 13, 2016 expressed an unqualified opinion thereon.

/s/ BDO USA LLP
New York, New York
December 13, 2016

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Trustees and Shareholders
BRT Realty Trust and Subsidiaries
Great Neck, New York

We have audited BRT Realty Trust and Subsidiaries internal control over financial reporting as of September 30, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). BRT Realty Trust and Subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on BRT REalty Trust and Subsidiaries' internal control over financial reporting based on our audit.

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

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

In our opinion, BRT Realty Trust and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of BRT Realty Trust and Subsidiaries as of September 30, 2016, and 2015, and the related consolidated statements of operations and comprehensive (loss) income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2016 and our report dated December 13, 2016, expressed an unqualified opinion thereon.

/s/ BDO USA LLP
New York, New York
December 13, 2016

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BRT REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except per share data)

	September 30, 2016	2015
ASSETS		
Real estate properties, net of accumulated depreciation of $41,995 and $34,142	$759,576	$591,727
Real estate loan	19,500	—
Cash and cash equivalents	27,399	15,556
Restricted cash	7,383	6,518
Deposits and escrows	18,972	12,782
Other assets	8,073	6,882
Assets of discontinued operations	—	163,545
Real estate properties held for sale	33,996	23,859
Total Assets	$874,899	$820,869
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net of deferred costs of $5,873 and $4,905	$588,457	$451,159
Junior subordinated notes, net of deferred costs of $402 and $422	36,998	36,978
Accounts payable and accrued liabilities	20,716	14,780
Liabilities of discontinued operations	—	138,530
Mortgage payable held for sale	27,052	19,248
Total Liabilities	673,223	660,695
Commitments and contingencies	—	—
Equity:		
BRT Realty Trust shareholders' equity:		
Preferred shares, $1 par value:		
Authorized 10,000 shares, none issued	—	—
Shares of beneficial interest, $3 par value:		
Authorized number of shares, unlimited, 13,232 and 13,428 issued	39,696	40,285
Additional paid-in capital	161,321	161,842
Accumulated other comprehensive loss	(1,602)	(58)
Accumulated deficit	(48,125)	(79,414)
Total BRT Realty Trust shareholders' equity	151,290	122,655
Non-controlling interests	50,386	37,519
Total Equity	201,676	160,174
Total Liabilities and Equity	$874,899	$820,869

See accompanying notes to consolidated financial statements.

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BRT REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share data)

	Year Ended September 30,		
	2016	2015	2014
Revenues:			
Rental and other revenue from real estate properties	$90,945	$77,023	$61,725
Other income	3,319	72	88
Total revenues	94,264	77,095	61,813
Expenses:			
Real estate operating expenses—including $1,950, $1,233 and $1,120 to related parties	43,262	38,609	32,984
Interest expense	23,878	19,297	16,434
Advisor's fees, related party	693	2,448	1,801
Property acquisition costs—including $2,221,$1,293 and $1,677 to related parties	3,852	1,885	2,542
General and administrative—including $1,020, $171 and $286 to related party	8,536	6,683	6,324
Provision for Federal tax	700	—	—
Depreciation	23,180	18,454	13,945
Total expenses	104,101	87,376	74,030
Total revenues less total expenses	(9,837)	(10,281)	(12,217)
Gain on sale of real estate	46,477	15,005	—
Gain on sale of partnership interest	386	—	—
Loss on extinguishment of debt	(4,547)	—	—
Income (loss) from continuing operations	32,479	4,724	(12,217)
Discontinued operations:			
Loss from discontinued operations—including $214 to related party in 2014	(2,788)	(6,329)	(3,949)
Gain on sale of partnership interest	15,467	—	—
Income (loss) from discontinued operations	12,679	(6,329)	(3,949)
Net income (loss)	45,158	(1,605)	(16,166)
(Income) loss attributable to non-controlling interests	(13,869)	(783)	6,712
Net income (loss) attributable to common shareholders	$31,289	$(2,388)	$(9,454)
Basic and diluted per share amounts attributable to common shareholders:			
Income (loss) from continuing operations	$1.21	$(0.02)	$(0.81)
Income (loss) from discontinued operations	1.02	(0.15)	0.15
Basic and diluted earnings (loss) per share	$2.23	$(0.17)	$(0.66)
Amounts attributable to BRT Realty Trust:			
Income (loss) from continuing operations	$16,950	$(246)	$(11,550)
Income (loss) from discontinued operations	14,339	(2,142)	2,096
Net income (loss) attributable to common shareholders	$31,289	$(2,388)	$(9,454)
Weighted average number of common shares outstanding:			
Basic and diluted	14,017,279	14,133,352	14,265,589

See accompanying notes to consolidated financial statements.

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BRT REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands)

	Year Ended September 30,		
	2016	2015	2014
Net income (loss)	$45,158	$(1,605)	$(16,166)
Other comprehensive loss:			
Unrealized loss on derivative instruments	(1,544)	(50)	(2)
Other comprehensive loss	(1,544)	(50)	(2)
Comprehensive income (loss)	43,614	(1,655)	(16,168)
Comprehensive (income) loss attributable to non-controlling interests	(13,392)	(776)	6,712
Comprehensive income (loss) attributable to common shareholders	$30,222	$(2,431)	$(9,456)

See accompanying notes to consolidated financial statements.

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BRT REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended September 30, 2016, 2015 and 2014
(Dollars in thousands, except share data)

	Shares of Beneficial Interest	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	(Accumulated Deficit)	Non Controlling Interests	Total
Balances, September 30, 2013	$40,606	$165,763	$ (6)	$ (67,572)	$ 26,467	$165,258
Restricted stock vesting	359	(359)	—	—	—	—
Compensation expense—restricted stock	—	805	—	—	—	805
Contributions from non-controlling interests	—	—	—	—	22,062	22,062
Distributions to non-controlling interests	—	—	—	—	(3,318)	(3,318)
Net loss	—	—	—	(9,454)	(6,712)	(16,166)
Other comprehensive loss	—	—	(2)	—	—	(2)
Comprehensive loss	—	—	—	—	—	(16,168)
Balances, September 30, 2014	$40,965	$166,209	$ (8)	$ (77,026)	$ 38,499	$168,639
Restricted stock vesting	355	(355)	—	—	—	—
Compensation expense—restricted stock	—	906	—	—	—	906
Contributions from non-controlling interests	—	—	—	—	11,973	11,973
Distributions to non-controlling interests	—	—	—	—	(12,588)	(12,588)
Purchase of non-controlling interests	—	(3,531)	—	—	(1,148)	(4,679)
Shares repurchased - 345,081 shares	(1,035)	(1,387)	—	—		(2,422)
Net loss	—	—	—	(2,388)	783	(1,605)
Other comprehensive loss	—	—	(50)	—	—	(50)
Comprehensive loss	—	—	—	—	—	(1,655)
Balances, September 30, 2015	$40,285	$161,842	$ (58)	$ (79,414)	$ 37,519	$160,174
Restricted stock vesting	390	(390)	—	—	—	—
Compensation expense—restricted stock and restricted stock units	—	1,005	—	—	—	1,005
Contributions from non-controlling interests	—	—	—	—	33,613	33,613
Distributions to non-controlling interests	—	—	—	—	(32,825)	(32,825)
Deconsolidation of joint venture upon sale					(1,790)	(1,790)
Shares repurchased - 326,421 shares	(979)	(1,136)	—	—	—	(2,115)
Net income	—	—	—	31,289	13,869	45,158
Other comprehensive loss	—	—	(1,544)	—	—	(1,544)
Comprehensive income	—	—	—	—	—	43,614
Balances, September 30, 2016	$39,696	$161,321	$ (1,602)	$ (48,125)	$ 50,386	$201,676

See accompanying notes to consolidated financial statements.

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BRT REALTY TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	Year Ended September 30,		
	2016	2015	2014
Cash flows from operating activities:			
Net income (loss)	$45,158	$(1,605)	$(16,166)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Recovery of previously provided allowances	—	—	(10)
Depreciation and amortization	25,994	22,957	17,535
Amortization of deferred fee income	—	—	(393)
Amortization of restricted stock	1,005	906	805
Gain on sale of partnership interests	(15,853)	—	—
Gain on sale of real estate assets	(46,477)	(15,005)	—
Loss on extinguishment of debt	4,547	—	—
Increase in straight line rent	(27)	(411)	(569)
Effect of deconsolidation of non-controlling interest	(1,692)	—	—
Increases and decreases from changes in other assets and liabilities:			
(Increase) decrease in interest and dividends receivable	(2,380)	17	273
Increase in prepaid expenses	(278)	(93)	(548)
Increase in prepaid interest	—	(881)	(1,016)
Increase in deposits and escrows	(6,190)	(602)	(5,963)
Increase in accounts payable and accrued liabilities	4,897	1,739	7,416
Increase (decrease) in security deposits and other receivables	1,376	1,385	(6,199)
Net cash provided by (used in) operating activities	10,080	8,407	(4,835)
Cash flows from investing activities:			
Collections from real estate loans	—	2,000	34,045
Additions to real estate loans	—	—	(5,533)
Loan loss recoveries	—	—	10
Additions to real estate properties	(302,628)	(84,295)	(205,220)
Net costs capitalized to real estate owned	(46,844)	(59,407)	(43,130)
Net change in restricted cash-Newark	(1,952)	9,558	6,444
Net change in restricted cash-multi-family	(865)	3,037	(6,195)
Collection of loan fees	—	—	180
Purchase of non controlling interest	—	(4,679)	—
Proceeds from the sale of real estate owned	197,264	66,398	75
Proceeds from the sale of joint venture interests	19,242	—	—