

AMREP CORP.
Form DEF 14A
August 07, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No. ____)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

<input type="checkbox"/>	<input type="checkbox"/>	Preliminary Proxy Statement
<input type="checkbox"/>	<input type="checkbox"/>	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Definitive Proxy Statement
<input type="checkbox"/>	<input type="checkbox"/>	Definitive Additional Materials
<input type="checkbox"/>	<input type="checkbox"/>	Soliciting Material Pursuant to Rule 14a-12

AMREP CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

AMREP CORPORATION

(An Oklahoma corporation)

NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS

September 14, 2017

NOTICE IS HEREBY GIVEN that the 2017 Annual Meeting of Shareholders of AMREP Corporation (the “Company”) will be held at the Conference Center at 660 West Germantown Pike, Plymouth Meeting, Pennsylvania 19462 on September 14, 2017 at 9:00 A.M. Eastern Time for the following purposes:

- (1) To elect two directors in Class III to hold office until the 2020 annual meeting of shareholders and until their successors are elected and qualified;
- (2) To approve, on an advisory basis, the compensation paid to the Company’s named executive officers as disclosed in the accompanying proxy statement; and
- (3) To consider and act upon such other business as may properly come before the meeting.

In accordance with the Company’s By-Laws, the Board of Directors has fixed the close of business on July 26, 2017 as the record date for the determination of shareholders of the Company entitled to notice of and to vote at the meeting and any continuation or adjournment thereof. The list of such shareholders will be available for inspection by shareholders during the ten days prior to the meeting at the offices of the Company, 620 West Germantown Pike, Suite 175, Plymouth Meeting, Pennsylvania 19462.

Whether or not you expect to be present at the meeting, please mark, date and sign the enclosed proxy and return it to the Company in the self-addressed envelope enclosed for that purpose. The proxy is revocable and will not affect your right to vote in person in the event you attend the meeting.

By Order of the Board of Directors

Christopher V. Vitale, *Secretary*

Dated: August 7, 2017
Plymouth Meeting, Pennsylvania

**Important Notice Regarding the Availability of Proxy Materials
for the Shareholder Meeting to be Held on September 14, 2017**

The Proxy Statement and Annual Report to Shareholders are available at <http://www.edocumentview.com/axr>.

Upon the written request of any shareholder of the Company, the Company will provide to such shareholder a copy of the Company's annual report on Form 10-K for the year ended April 30, 2017, including the financial statements, filed with the Securities and Exchange Commission. Any request should be directed to AMREP Corporation, 620 West Germantown Pike, Suite 175, Plymouth Meeting, Pennsylvania 19462, Attention: Corporate Secretary. There will be no charge for such report unless one or more exhibits thereto are requested, in which case the Company's reasonable expenses of furnishing exhibits may be charged.

AMREP CORPORATION
620 West Germantown Pike, Suite 175
Plymouth Meeting, Pennsylvania 19462

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

To be Held at 9:00 A.M. Eastern Time on September 14, 2017

This proxy statement (the “Proxy Statement”) is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) of AMREP Corporation (the “Company”) for use at the Annual Meeting of Shareholders of the Company to be held on September 14, 2017, and at any continuation or adjournment thereof (the “Annual Meeting”). The Annual Meeting will be held at the Conference Center at 660 West Germantown Pike, Plymouth Meeting, Pennsylvania 19462.

The Annual Report of the Company on Form 10-K for the fiscal year ended April 30, 2017 filed on July 18, 2017 with the Securities and Exchange Commission is included in this mailing but does not constitute a part of the proxy solicitation material. This Proxy Statement and the accompanying Notice of 2017 Annual Meeting of Shareholders and proxy card are first being sent to shareholders on or about August 7, 2017. All references in this Proxy Statement to fiscal 2017 and fiscal 2016 mean the Company’s fiscal years ended April 30, 2017 and 2016.

QUESTIONS AND ANSWERS CONCERNING THE ANNUAL MEETING

What will be voted on at the Annual Meeting?

There are two matters scheduled for a vote:

Proposal Number 1: Election of two directors in Class III to hold office until the 2020 annual meeting of shareholders and until their successors are elected and qualified; and

Proposal Number 2: Approval, on an advisory basis, of the compensation paid to the Company's named executive officers as disclosed in this Proxy Statement.

What if another matter is properly brought before the Annual Meeting?

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote on those matters in accordance with their best judgment.

How does the Board recommend I vote on the proposals?

The Board recommends that you vote:

·“FOR” the election as directors of the nominees named in this Proxy Statement; and

·“FOR” the approval, on an advisory basis, of the compensation paid to the Company's named executive officers as disclosed in this Proxy Statement.

Who is entitled to vote at the Annual Meeting?

Only shareholders of record as of the close of business on July 26, 2017, the date fixed by the Board in accordance with the Company's By-Laws, are entitled to notice of and to vote at the Annual Meeting.

If I have given a proxy, how do I revoke that proxy?

Anyone giving a proxy may revoke it at any time before it is exercised by giving the Secretary of the Company written notice of the revocation, by submitting a proxy bearing a later date or by attending the Annual Meeting and voting.

How will my proxy be voted?

All properly executed, unrevoked proxies in the enclosed form that are received in time will be voted in accordance with the shareholders' directions and, unless contrary directions are given, will be voted "FOR" the election as directors of the nominees named in this Proxy Statement and "FOR" the approval, on an advisory basis, of the compensation paid to the Company's named executive officers as disclosed in this Proxy Statement.

What if a nominee is unwilling or unable to serve?

This is not expected to occur but, in the event that it does, proxies will be voted for a substitute nominee designated by the Board or, in the discretion of the Board, the position may be left vacant.

What are "broker non-votes"?

Under the rules that govern brokers, if brokers or nominees who hold shares in "street name" on behalf of beneficial owners do not have instructions on how to vote on matters deemed by the New York Stock Exchange to be "non-routine" (which include the proposals in this Proxy Statement), a broker non-vote of those shares will occur, which means the shares will not be voted on such matters. If your shares are held in "street name," you must cast your vote or

instruct your nominee or broker to do so if you want your vote to be counted with respect to the proposals in this Proxy Statement.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count votes as follows:

for Proposal Number 1 (for the election of directors), votes “For” and “Withhold” and broker non-votes; and

for Proposal Number 2 (approval, on an advisory basis, of the compensation paid to the Company’s named executive officers as disclosed in this Proxy Statement), votes “For” and “Against,” abstentions and broker non-votes. Abstentions are treated as shares present and entitled to vote on Proposal Number 2 and, therefore, will have the same effect as a vote “Against” Proposal Number 2.

Broker non-votes have no effect and will not be counted towards the vote total for any proposal.

How many votes are needed to approve each proposal?

With respect to Proposal Number 1 (for the election of directors), the two nominees receiving the highest number of “FOR” votes from the holders of shares present in person or represented by proxy and entitled to vote will be elected as directors. This is referred to as a plurality.

Proposal Number 2 (approval, on an advisory basis, of the compensation paid to the Company’s named executive officers as disclosed in this Proxy Statement) must receive “For” votes from the holders of a majority of shares present in person or represented by proxy and entitled to vote in order to be approved.

How many shares can be voted at the Annual Meeting?

As of July 26, 2017, the Company had issued and outstanding 8,089,204 shares of common stock, par value \$.10 per share (“Common Stock”). Each share of Common Stock is entitled to one vote on matters to come before the Annual Meeting.

How many votes will I be entitled to cast at the Annual Meeting?

You will be entitled to cast one vote for each share of Common Stock you held at the close of business on July 26, 2017, the record date for the Annual Meeting, as shown on the list of shareholders at that date prepared by the Company’s transfer agent for the Common Stock.

What is a “quorum?”

The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock of the Company authorized to vote will constitute a quorum for the transaction of business at the Annual Meeting. Abstentions will be counted in determining whether a quorum is present at the Annual Meeting. Broker non-votes will be counted for purposes of calculating whether a quorum is present at the Annual Meeting, but will not be counted for purposes of determining the number of votes present in person or represented by proxy and entitled to vote with respect to a particular proposal. Broker non-votes will not, therefore, impact the Company’s ability to obtain a quorum and will have no effect on the election of directors or approval, on an advisory basis, of the compensation paid to the Company’s named executive officers as disclosed in this Proxy Statement. A quorum must be present in order to transact business at the Annual Meeting.

Who may attend the Annual Meeting?

All shareholders of the Company who owned shares of record at the close of business on July 26, 2017 may attend the Annual Meeting. If you want to vote in person and you hold Common Stock in street name (*i.e.*, your shares are held in the name of a broker, dealer, custodian bank or other nominee), you must obtain a proxy card issued in your name from the firm that holds your shares and bring that proxy card to the Annual Meeting, together with a copy of a statement from that firm reflecting your share ownership as of the record date, and valid identification. If you hold your shares in street name and want to attend the Annual Meeting but not vote in person, you must bring to the Annual Meeting a copy of a statement from the firm that holds your shares reflecting your share ownership as of the record date and valid identification.

**COMMON STOCK OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

Set forth in the following table is information concerning the beneficial ownership, as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, of Common Stock by the persons who, to the knowledge of the Company, own beneficially more than 5% of the outstanding shares. The table also sets forth the same information concerning beneficial ownership for each director of the Company, each named executive officer of the Company, and all directors and named executive officers of the Company as a group. Unless otherwise indicated, (i) reported ownership is as of July 26, 2017, and (ii) the Company understands that the beneficial owners have sole voting and investment power with respect to the shares beneficially owned by them. In the case of directors and executive officers, the information below has been provided by such persons at the request of the Company.

Beneficial Owner	Shares Owned Beneficially		% of Class
Nicholas G. Karabots, et al Albert V. Russo (<i>Director</i>), Lena Russo, Clifton Russo, Lawrence Russo	2,096,061	(1)	25.9 %
Bauer Media Group USA, LLC	825,000	(3)	10.2 %
Robert E. Robotti (<i>Director</i>), et al	708,212	(4)	8.8 %
Gate City Capital Management, LLC	537,261	(5)	6.6 %
Other Directors and Named Executive Officers			
Edward B. Cloues, II	5,021	(6)	*
Theodore J. Gaasche	2,021	(7)	*
Christopher V. Vitale	31,500	(8)	*
Robert E. Wisniewski	7,500	(9)	*
Rory Burke	9,000	(10)	*
Clifford R. Martin	16,040	(11)	*
Directors and Named Executive Officers as a Group (8 persons)	2,055,182		25.4 %

* Indicates less than 1%.

The information in the table and in this footnote is based solely on Amendment No. 32 filed jointly by these persons on September 12, 2016 to the Schedule 13D filed with the Securities and Exchange Commission on (1) August 4, 1993. The following table sets forth information regarding the beneficial ownership of Common Stock by Mr. Karabots, Glendi Publications, Inc. and Kappa Media Group, Inc., each of P.O. Box 736, Fort Washington, PA 19034.

Beneficial Owner	Shares Owned Beneficially	
Nicholas G. Karabots	2,096,061	(a)
Glendi Publications, Inc.	967,544	(b)
Kappa Media Group, Inc.	1,026,517	(c)

Mr. Karabots has the sole power to vote or direct the vote, and the sole power to dispose or direct the disposition, (a) of such shares, of which 1,994,061 shares are owned indirectly through Glendi Publications, Inc. and Kappa Media Group, Inc.

(b) Mr. Karabots has the sole power to vote or direct the vote, and the sole power to dispose or direct the disposition, of these shares, which are directly owned by Glendi Publications, Inc.

(c) Mr. Karabots has the sole power to vote or direct the vote, and the sole power to dispose or direct the disposition, of these shares, which are directly owned by Kappa Media Group, Inc.

Other than the number of deferred common share units owned by Mr. Albert V. Russo, the information in the table and in this footnote is based solely on information received from Mr. Albert V. Russo. Albert V. Russo, Lena Russo, Clifton Russo and Lawrence Russo, each c/o American Simlex Company, 401 Broadway, New York, NY 10013, have reported that they share voting power as to 1,273,867 shares and that each of them has sole dispositive (2) power as to the following numbers of such shares: Albert V. Russo – 821,068; Lena Russo – 33,740; Clifton Russo – 237,617; and Lawrence Russo – 181,442. Mr. Albert V. Russo also owns 2,021 deferred common share units, where each deferred common share unit represents the right to receive one share of Common Stock within 30 days after the first day of the month to follow Mr. Albert V. Russo’s termination of service as a director of the Company.

The information in the table and this footnote is based solely on a Schedule 13G filed by this person with the (3) Securities and Exchange Commission on June 24, 2014. The principal address of Bauer Media Group USA, LLC is 270 Sylvan Avenue, Englewood Cliffs, NJ 07632.

Other than the number of deferred common share units owned by Mr. Robotti, the information in the table and in this footnote is based solely on information received from Mr. Robotti. The following table sets forth information regarding the beneficial ownership of Common Stock by Robert E. Robotti, Robotti & Company, Incorporated (4) (“R&CoI”), Robotti & Company, LLC (“R&CoL”) and Robotti & Company Advisors, LLC (“R&CoA”), each of 60 East 42nd Street, Suite 3100, New York, NY 10165, and Kenneth R. Wasiak, Ravenswood Management Company, L.L.C. (“RMC”), The Ravenswood Investment Company, L.P. (“RIC”) and Ravenswood Investments III, L.P. (“RI”), each of 104 Gloucester Road, Massapequa, NY 11758.

Beneficial Owner	Shares Owned Beneficially	
Robert E. Robotti	708,212	(a),(b),(c),(d),(e)
R&CoI	707,404	(a),(b)
R&CoL	7,770	(a)
R&CoA	699,634	(b)

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Kenneth R. Wasiak	364,630	(c),(d)
RMC	364,630	(c),(d)
RIC	225,258	(c)
RI	139,372	(d)

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- (a) Each of Mr. Robotti and R&CoI share with R&CoL the power to vote or direct the vote, and the power to dispose or direct the disposition, of 7,770 shares of Common Stock owned by the discretionary customers of R&CoL.
- (b) Each of Mr. Robotti and R&CoI share with R&CoA the power to vote or to direct the vote, and the power to dispose or direct the disposition, of 699,634 shares of Common Stock owned by the advisory clients of R&CoA.
- (c) Each of RMC and Messrs. Robotti and Wasiak share with RIC the power to vote or direct the vote, and the power to dispose or direct the disposition, of 225,258 shares of Common Stock owned by RIC.
- (d) Each of RMC and Messrs. Robotti and Wasiak share with RI the power to vote or to direct the vote, and the power to dispose or direct the disposition, of 139,372 shares of Common Stock owned by RI.

Includes 808 deferred common share units issued to Mr. Robotti, where each deferred common share unit (e)represents the right to receive one share of Common Stock within 30 days after the first day of the month to follow Mr. Robotti's termination of service as a director of the Company.

The information in the table and this footnote is based solely on a Schedule 13G filed by Gate City Capital Management, LLC with the Securities and Exchange Commission on May 10, 2017. The principal address of Gate City Capital Management, LLC is 70 West Madison Street, Suite 1400, Chicago, IL 60602. Gate City Capital Management, LLC has the sole power to vote or to direct the vote of 340,402 shares of Common Stock. Gate City Capital Management, LLC has the sole power to dispose or to direct the disposition of 537,261 shares of Common Stock. (5)

Includes 2,021 deferred common share units, where each deferred common share unit represents the right to (6)receive one share of Common Stock within 30 days after the first day of the month to follow Mr. Cloues' termination of service as a director of the Company.

Represents 2,021 deferred common share units, where each deferred common share unit represents the right to (7)receive one share of Common Stock within 30 days after the first day of the month to follow Mr. Gaasche's termination of service as a director of the Company.

Includes 1,000 restricted shares of Common Stock that will vest on July 13, 2018, 5,000 restricted shares of (8)Common Stock that will vest one-half on June 21, 2018 and one-half on June 21, 2019 and 6,000 restricted shares of Common Stock that will vest one-third on June 21, 2018, one-third on June 21, 2019 and one-third on June 21, 2020, subject in each case to the continued employment of Mr. Vitale on each vesting date.

Includes 7,500 restricted shares of Common Stock that will vest one-third on August 18, 2017, one-third on August (9)18, 2018 and one-third on August 18, 2019, subject in each case to the continued employment of Mr. Wisniewski on each vesting date.

Includes 3,000 restricted shares of Common Stock that will vest one-third on June 21, 2018, one-third on June 21, (10)2019 and one-third on June 21, 2020, subject in each case to the continued employment of Mr. Burke on each vesting date.

(11)

Includes 3,000 restricted shares of Common Stock that will vest one-half on June 21, 2018 and one-half on June 21, 2019 and 2,250 restricted shares of Common Stock that will vest one-third on June 21, 2018, one-third on June 21, 2019 and one-third on June 21, 2020, subject in each case to the continued employment of Mr. Martin on each vesting date.

PROPOSAL NUMBER 1

ELECTION OF DIRECTORS

The Board is a classified board divided into three classes – Class I, Class II and Class III. Class I and II each consists of one director and Class III consists of two directors. Each director serves for a term expiring at the annual meeting of shareholders held in the third year following the year of his election and until his successor is elected and qualified. At this Annual Meeting, two Class III directors will be elected to serve until the 2020 annual meeting of shareholders and until their successors are elected and qualified, except in the event of any such director's earlier death, resignation or removal. The terms of office of the Class I and Class II directors will expire at the annual meetings of shareholders to be held in 2018 and 2019, respectively, upon the election and qualification of their successors, except in the event of any such director's earlier death, resignation or removal.

At the recommendation of its Nominating and Corporate Governance Committee, the Board is nominating Theodore J. Gaasche and Albert V. Russo, who are the incumbent Class III directors, for reelection at the Annual Meeting. Although the Board does not expect that either of the persons nominated will be unable to serve as a director, should either of them become unavailable it is intended that the shares represented by proxies in the accompanying form will be voted for the election of a substitute nominee or nominees recommended to the Board by the Nominating and Corporate Governance Committee or, in the discretion of the Board, the position may be left vacant.

The following information relates to the nominees of the Board for election and the other directors of the Company.

Nominees to serve until the 2020 Annual Meeting of Shareholders (Class III):

THEODORE J. GAASCHE, age 55, has been a director of the Company since January 2013. Mr. Gaasche has been a consultant for Spartan Organization, Inc., a private company that advises various print, publishing and other portfolio companies, since February 2017 and serves as a director of certain entities related to Spartan Organization, Inc. Mr. Gaasche was the Executive Vice President, Operations of Spartan Organization, Inc. from January 2013 to January 2017. Mr. Gaasche was the President and Chief Executive Officer of the Company from August 2011 to January 2013. Mr. Gaasche had served as the Company's Vice President - Corporate Development from February 2011 to August 2011. From 2009 through July 2011, he served as Executive Vice President, Operations of Spartan Organization. Mr. Gaasche was the Company's Vice President - Corporate Development on a less than full-time basis while he also was employed by Spartan Organization. For over twenty years until 2008, Mr. Gaasche held positions of increasing responsibility at various divisions of SunGard Data Systems Inc., most recently as the Chief Executive Officer of SunGard Availability Services, a division of SunGard that provided disaster recovery, managed information

technology and related services. Mr. Gaasche brings to the Board his extensive business experience, including his knowledge of the Company as its prior President and Chief Executive Officer.

ALBERT V. RUSSO, age 63, has been a director of the Company since 1996. Mr. Russo is the Managing Partner of real estate entities 401 Broadway Building, Russo Associates and Pioneer Realty and is a Partner of American Simlex Company, a textile exporter, and has held these positions for more than the past five years. Mr. Russo has been involved in the ownership and management of commercial real estate for more than 25 years and contributes to the Board his specialized knowledge of the real estate business.

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Director continuing in office until the 2018 Annual Meeting of Shareholders (Class I):

EDWARD B. CLOUES, II, age 69, has been a director of the Company since 1994 and currently serves as the Chairman of the Board. Mr. Cloues has served as a director of Hillenbrand, Inc., a diversified global industrial company, since 2010. Mr. Cloues also serves as the Vice Chairman of the Board of Trustees of Virtua Health, Inc., a non-profit hospital and healthcare system, where he also chairs the Finance and Investment Committee, is the Vice Chairman of the Compensation Committee and is a member and past Chairman of the Audit Committee. He served as Chairman of the Board of Penn Virginia Corporation, an oil and gas exploration and development company, from 2011 to September 2016 and as the interim Chief Executive Officer of Penn Virginia Corporation from October 2015 to September 2016 during the Board-led reorganization of that company, including a chapter 11 filing under the U.S. Bankruptcy Code in May 2016 and the emergence from chapter 11 in September 2016 pursuant to a confirmed plan of reorganization. He also served as a director (since 2003) and Chairman of the Board (since 2011) of PVR GP, LLC, the General Partner of PVR Partners, L.P., a pipeline and natural resources master limited partnership, until its sale in March 2014. Mr. Cloues was also a director, the Chairman of the Board and the Chief Executive Officer of K-Tron International, Inc., a material handling equipment manufacturer, from 1998 until its sale in 2010. Prior to 1998, Mr. Cloues was a law firm partner at a major global law firm where he specialized in mergers and acquisitions and other business law matters. That law firm experience combined with the experience gained from his former 12 year chief executive position with K-Tron International, Inc., which had been publicly held prior to its sale, has given him a strong background in dealing with complex business transactions and general management issues. Additionally, he brings to the Board a broad understanding of governance and compensation issues as a result of his service on several public company boards.

Director continuing in office until the 2019 Annual Meeting of Shareholders (Class II):

ROBERT E. ROBOTTI, age 63, has been the president of Robotti & Company Advisors, LLC (a registered investment advisor) and Robotti & Company, LLC (a registered broker-dealer), or their predecessors, since 1983. He has been the managing member of Ravenswood Management Company, LLC (and its predecessor) since 1980, which serves as the general partner of The Ravenswood Investment Company, L.P. and Ravenswood Investments III, L.P. Mr. Robotti served as a portfolio manager of Robotti Global Fund, LLC, a global equity fund, from 2007 to March 2015. He currently serves as a director of Panhandle Oil & Gas Company, a diversified mineral company, and as a director and Chairman of the Board of Pulse Seismic Inc., a seismic data licensing business, and has held these positions for more than the past five years. Mr. Robotti was a director of BMC Building Materials Holding Corporation from May 2012 to December 2015. Mr. Robotti was a member of the SEC's Advisory Committee of Smaller Public companies from 2005 to 2006 and also served on its corporate governance subcommittee. He has an MBA in Accounting and was a certified public accountant earlier in his career, which license is currently inactive. Mr. Robotti's qualifications to serve on the Board include his extensive experience in the investment business as the founder, president, chairman and controlling owner of a registered investment advisor and a registered broker-dealer, or their predecessors, and as the manager of several investment partnerships. Additionally, he brings to the Board a broad understanding of governance, audit and compensation issues as a result of his service on several public company boards.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE TWO CLASS III NOMINEES.

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PROPOSAL NUMBER 2

ADVISORY VOTE ON THE COMPENSATION PAID TO THE COMPANY'S NAMED EXECUTIVE OFFICERS

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and Section 14A of the Securities Exchange Act of 1934, as amended, the Company's shareholders are entitled to vote to approve, on an advisory basis, the compensation paid to the Company's named executive officers as disclosed in this Proxy Statement in accordance with the rules of the Securities and Exchange Commission. The compensation paid to the Company's named executive officers subject to the vote is disclosed in the compensation table and related narrative disclosure contained in this Proxy Statement.

The Board is asking the shareholders to indicate their support for the compensation paid to the Company's named executive officers as described in this Proxy Statement by casting a non-binding advisory vote "FOR" the following resolution:

"RESOLVED, that the shareholders of AMREP Corporation hereby APPROVE, on a nonbinding advisory basis, the compensation paid to the Company's named executive officers, as disclosed in the Company's proxy statement for the 2017 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the executive compensation table and narrative discussion disclosed therein."

Because the vote is advisory, it is not binding on the Board or the Company. In accordance with the Dodd-Frank Act, the vote to approve the compensation of the Company's named executive officers shall not be construed: (i) as overruling any decision by the Company or the Board; (ii) to create or imply any change in the fiduciary duties of the Company or the Board; or (iii) to create or imply any additional fiduciary duties for the Company or the Board. Nevertheless, the views expressed by the shareholders, whether through this vote or otherwise, are important to management and the Board and, accordingly, the Board and the Compensation and Human Resources Committee intend to consider the results of this vote in making determinations in the future regarding executive compensation arrangements.

At the most recent annual meeting of shareholders held on September 13, 2016, the Company's shareholders voted to approve, on an advisory basis, the compensation paid to the Company's named executive officers as disclosed in the proxy statement for that meeting dated August 5, 2016. Nevertheless, the Company did receive a significant number of votes against approving this compensation, primarily from the Company's largest beneficial shareholder. The Chairman of the Compensation and Human Resources Committee, who is also the Chairman of the Board, reached out

to this major shareholder to receive feedback and better understand the reasons for the negative vote. In response, the shareholder wrote that he “disagreed with the issuance of stock” as a component of executive compensation and also that “given the revenue of the overall company and its direction [he] disagreed with the reported corporate and other overhead structure employed relative to the value of its revenue.” While respecting these views, the Company believes that equity can and often should be an important part of senior executive compensation; further, the Company notes that in fiscal year 2016, there was only a single grant of 3,000 shares of restricted stock to one named executive officer. The shareholder’s second expressed reason for opposing executive compensation does not reflect any specific objection to any particular named executive officer’s compensation but rather reflects a general dissatisfaction with the general direction of the Company and its corporate and other overhead structure. With respect to this objection, the Company notes that it had only three executive officers in fiscal 2016, that their fiscal 2016 annual salaries ranged from \$205,600 to \$288,600, and that no bonus or other incentive compensation was paid to any of these individuals in fiscal year 2016.

Advisory approval of this proposal requires the affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE COMPENSATION PAID TO THE COMPANY’S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

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THE BOARD OF DIRECTORS AND ITS COMMITTEES

Governance Standards

The Company's Common Stock is listed on the New York Stock Exchange, and the Company is subject to the New York Stock Exchange's Corporate Governance Standards (the "Governance Standards"). The Governance Standards, among other things, generally require a listed company to have independent directors within the meaning of the Governance Standards as a majority of its board of directors and for the board to have an audit committee, a nominating/corporate governance committee and a compensation committee, each composed entirely of independent directors.

Based principally on their responses to questions to these persons regarding the relationships addressed by the Governance Standards and discussions with them, the Board has determined that other than his service as a director, each of Edward B. Cloues, II, Robert E. Robotti and Albert V. Russo has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company, and, therefore, meets the director independence requirements of the Governance Standards.

As required by the Governance Standards, the Board has adopted Corporate Governance Guidelines (the "Guidelines") that address various matters involving the Board and the conduct of its business. The Board has also adopted a Code of Business Conduct and Ethics setting forth principles of business conduct applicable to the directors, officers and employees of the Company. The Guidelines and Code of Business Conduct and Ethics, as well as the charters of the Board's Nominating and Corporate Governance Committee, Audit Committee and Compensation and Human Resources Committee, may be viewed under "Corporate Governance" on the Company's website at www.amrepcorp.com, and written copies will be provided to any shareholder upon written request to the Company at AMREP Corporation, 620 West Germantown Pike, Suite 175, Plymouth Meeting, Pennsylvania 19462, Attention: Corporate Secretary. The Company intends to disclose on its website any amendment to or waiver of any provision of the Code of Business Conduct and Ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions.

Directors are expected to attend Annual Meetings of Shareholders, and all of the current directors attended last year's Annual Meeting. A former director of the Company, who ceased to be a director as of the date of last year's Annual Meeting, did not attend last year's Annual Meeting. The Board held seven meetings during the last fiscal year. All of the directors attended at least 75% of the total number of meetings held during the last fiscal year of the Board and its Committees of which they were members. Pursuant to the Guidelines, the Board has established a policy that the non-management directors meet in executive session at least twice per year and that the independent directors also meet in executive session at least twice per year. The Chairman of the Board (currently, Edward B. Cloues, II), if in attendance, will be the presiding director at each such executive session; otherwise, those attending may select a

presiding director. Since December 31, 2010, no member of management has been a director.

Any shareholder or other interested person wishing to communicate with the Board or any of the directors may send a letter addressed to the member or members of the Board to whom the communication is directed in care of AMREP Corporation, 620 West Germantown Pike, Suite 175, Plymouth Meeting, Pennsylvania 19462, Attention: Corporate Secretary. All such communications will be forwarded to the specified addressee(s).

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Board Leadership Structure

Since the Company has no chief executive officer, the Board is charged with the oversight of the Company's business. While it is unusual for a company not to have a chief executive officer, the Company believes that its leadership structure is appropriate and works well for it since the membership of the Board includes Mr. Cloues who is an experienced public company chief executive officer, Mr. Robotti who is experienced with financial and accounting matters and is one of the major shareholders of the Company, Mr. Gaasche who is the former chief executive officer of the Company and Mr. Russo who is one of the major shareholders of the Company.

Nominating and Corporate Governance Committee

The Board has a Nominating and Corporate Governance Committee that operates under a written charter adopted by the Board. Each member of the Nominating and Corporate Governance Committee is required to be an independent director, as defined by the Governance Standards. The members of this Committee are Messrs. Cloues (Chairman), Robotti and Russo, each of whom has been determined by the Board to be an independent director within the meaning of the Governance Standards. This Committee reports regularly to the Board concerning its activities. The Nominating and Corporate Governance Committee held three meetings during the last fiscal year.

The duties of the Nominating and Corporate Governance Committee include identifying individuals the Committee considers qualified to be elected Board members consistent with criteria approved by the Board, and recommending persons to be nominated by the Board for election by the shareholders. When considering a nominee for election as a director, the Committee considers the experience, skills and knowledge of business and management practices a candidate may possess and the perspective he or she may bring to the Board, and employs criteria calling for, among other things, personal and professional integrity, good judgment, a high level of ability and business acumen, and experience in the Company's industries, as well as the ability of the nominee to devote sufficient time to performing his or her duties on the Board in an effective manner. Although the Committee has no specific policy regarding the diversity of the membership of the Board, it is the objective of the Committee that the Board be comprised of persons of diverse backgrounds such that as a unit the members of the Board will possess the necessary skills to appropriately discharge their responsibilities as the Company's directors. The Committee is also responsible for periodically reviewing and recommending changes to the Guidelines and for overseeing the Company's corporate governance practices.

The Nominating and Corporate Governance Committee will consider candidates for director recommended by shareholders on the same basis as any other proposed nominees. Any shareholder desiring to propose a candidate for selection as a nominee of the Board for election at the 2018 Annual Meeting of Shareholders may do so by sending a written communication no later than May 1, 2018 to the Nominating and Corporate Governance Committee, AMREP Corporation, 620 West Germantown Pike, Suite 175, Plymouth Meeting, Pennsylvania 19462, Attention: Corporate

Secretary, identifying the proposing shareholder, specifying the number of shares of Common Stock held by such shareholder and stating the name and address of the proposed nominee and the information concerning such person that the regulations of the Securities and Exchange Commission require be included in a proxy statement relating to such person's proposed election as a director.

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Audit Committee

The Board has an Audit Committee that operates under a written charter adopted by the Board. Each member of the Audit Committee is required to be an independent director, as defined by the Governance Standards. The members of this Committee are Messrs. Robotti (Chairman), Cloues and Russo, each of whom has been determined by the Board to be an independent director within the meaning of the Governance Standards. The Board has also determined that Mr. Robotti qualifies as an audit committee financial expert within the meaning of Securities and Exchange Commission regulations. This Committee reports regularly to the Board concerning its activities. The Audit Committee held six meetings during the last fiscal year.

The duties of the Audit Committee include (i) appointing the Company's independent registered public accounting firm, approving the services to be provided by that firm and its compensation and reviewing that firm's independence and performance of services, (ii) reviewing the scope and results of the yearly audit by the independent registered public accounting firm, (iii) reviewing the Company's system of internal controls and procedures, (iv) reviewing with management and the independent registered public accounting firm the Company's annual and quarterly financial statements, (v) reviewing the Company's financial reporting and accounting standards and principles and (vi) overseeing the administration and enforcement of the Company's Code of Business Conduct and Ethics. In addition to the Audit Committee's responsibilities set forth above, the Audit Committee has, pursuant to its charter, primary responsibility for the oversight of risks that could affect the Company.

Compensation and Human Resources Committee

The Board has a Compensation and Human Resources Committee that operates under a written charter adopted by the Board. Each member of the Compensation and Human Resources Committee is required to be an independent director, as defined by the Governance Standards. The members of this Committee are Messrs. Cloues (Chairman), Robotti and Russo, each of whom has been determined by the Board to be an independent director within the meaning of the Governance Standards. This Committee reports regularly to the Board concerning its activities. During the last fiscal year, the Compensation and Human Resources Committee held six meetings. In addition, a subcommittee of the Compensation and Human Resources Committee held three meetings during the last fiscal year to consider and approve certain equity compensation awards.

The Compensation and Human Resources Committee is responsible for reviewing and approving the corporate goals and objectives applicable to the Company's chief executive officer, if any, and determining his compensation and that of the Company's other executive officers, establishing overall compensation and benefit levels and fixing bonus pools for other employees, and making recommendations to the Board concerning other matters relating to employee and director compensation. With respect to salaries, bonuses and other compensation and benefits, the decisions and recommendations of the Compensation and Human Resources Committee are subjective and are not based on any list

of specific criteria. In the past, factors influencing the Committee's decisions regarding executive salaries have included the Committee's assessment of the executive's performance and any changes in functional responsibility. In determining the salary to be paid to a particular individual, the Committee applies these and other criteria, while also using its best judgment of compensation applicable to other executives holding comparable positions both within the Company and at other companies. Additionally, the Committee in developing its recommendations regarding director compensation looks to director compensation at other public companies of the Company's size. Executive officers of the Company do not play a role in determining their compensation. Neither the Board nor the Committee has engaged compensation consultants for the purposes of determining or advising upon executive or director compensation.

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Risk Oversight

The Board is actively involved in risk oversight and management of risk. The Board has ultimate responsibility for the oversight of risks facing the Company and for the management of those risks, with the Audit Committee conducting preliminary evaluations of risk and addressing risk prior to review by the Board. The Audit Committee considers and reviews with management the Company's internal control processes. The Audit Committee also considers and reviews with the Company's independent registered public accounting firm the adequacy of the Company's internal controls, including the processes for identifying significant risks or exposures, and elicits recommendations for the improvement of such procedures where needed. In addition to the Audit Committee's role, the full Board is involved in the oversight and administration of risk and risk management practices by overseeing members of senior management in their risk management capacities. Members of the Company's senior management have day-to-day responsibility for risk management and establishing risk management practices, and members of management are expected to report matters relating specifically to the Audit Committee directly thereto, and to report all other matters directly to the Chairman of the Board or the Board as a whole. Members of the Company's senior management have an open line of communication to the Chairman of the Board and the Board as a whole and have the discretion to raise issues from time-to-time in any manner they deem appropriate, and management's reporting on issues relating to risk management typically occurs through direct communication with directors, the Chairman of the Board or the Audit Committee as matters requiring attention arise.

In furtherance of its risk oversight responsibilities, the Board has evaluated the Company's overall compensation policies and practices for its employees to determine whether such policies and practices create incentives that could reasonably be expected to affect the risks faced by the Company and its management, has further assessed whether any risks arising from these policies and practices are reasonably likely to have a material adverse effect on the Company, and has concluded that the risks arising from the Company's policies and practices are not reasonably likely to have a material adverse effect on the Company.

EXECUTIVE OFFICERS

For information with respect to executive officers, see "Executive Officers of the Registrant" in Part I of the Company's Annual Report on Form 10-K for the year ended April 30, 2017, filed pursuant to the Securities Exchange Act of 1934, as amended.

COMPENSATION OF EXECUTIVE OFFICERS

The following table contains summary information regarding the compensation of the Company's executive officers as required by Item 402(n) of Regulation S-K.

Summary Compensation Table

Name and Principal Position	Year⁽¹⁾	Salary (\$)	Bonus (\$)	Stock Awards⁽²⁾ (\$)	All Other Compensation⁽³⁾ (\$)	Total (\$)
CHRISTOPHER V. VITALE Executive Vice President, Chief Administrative Officer, General Counsel and Secretary of the Company	2017	240,060	-	34,875	1,152	276,087
	2016	238,462				

Name and Principal Position	Fiscal Year	Annual Compensation		Securities Underlying
		Salary (\$)	Bonus (\$)	Options (#)
Bobby Yazdani				
Chief Executive Officer and Chairman of the Board(1)	2005	\$ 300,000		
	2004	303,048		
	2003	255,000		215,000
Peter E. Williams III				
Chief Financial Officer and Secretary(2)	2005	227,000	34,000	
	2004	200,000		100,000
	2003	200,000		

- (1) Mr. Yazdani served as President and Chief Operating Officer at the end of fiscal 2003. In September 2003, Mr. Yazdani was elected to serve as Chairman of the Board and Chief Executive Officer.
- (2) Mr. Williams served as Vice President Corporate Development, General Counsel and Secretary at the end of fiscal 2003. Since March 2004, Mr. Williams has served as Chief Financial Officer.

Employment Agreements and Change of Control Arrangements

We do not have in effect any formal written employment agreements with any of the named executive officers, but do have change in control arrangements with the named executive officers. The change of control arrangements provide that substantially all of the shares subject to their options that have not vested will immediately vest if the following two conditions are met:

we merge with another company and there is a change of control of the Company or we sell substantially all of our assets to another company; and

any officer's employment is terminated, or constructively terminated, within twelve months thereafter.

Option Grants in Last Fiscal Year

The following table sets forth certain information for each of our Named Executive Officers concerning stock options granted to them during the fiscal year ended May 31, 2005.

Name	Individual Grants				Potential Realizable Value at	
	Number of Securities Underlying Options	% of Total Options Granted to Employees in Fiscal Year(2)	Exercise Price Per Share (\$/Sh)(3)	Expiration Date(4)	Assumed Annual Rate of Stock Price Appreciation for Option Term(5)	
	Granted (#)(1)	Fiscal Year(2)	Share (\$/Sh)(3)	Date(4)	5% (\$)	10% (\$)
Bobby Yazdani						
Peter E. Williams III						

(1) Options granted pursuant to our 2000 Stock Incentive Plan. The options vest over a four year period, 25% on the first anniversary of the grant date and the remaining 75% in equal quarterly installments over the next three years.

- (2) In the fiscal year ended May 31, 2005, we granted options to employees to purchase an aggregate of 494,850 shares.
- (3) The exercise price per share of options granted represented the fair market value of the underlying shares of common stock on the date the options were granted.
- (4) Subject to earlier termination upon the occurrence of certain events related to termination of employment, generally the options granted under the 2000 Stock Incentive Plan have a term of six years.
- (5) The 5% and 10% assumed annual rates of compounded stock price appreciation are mandated by rules of the Securities and Exchange Commission and do not represent our estimate or projection of our future common stock prices.

**Aggregated Option Exercises in Last Fiscal Year
and Fiscal Year-End Option Values**

The following table sets forth certain information concerning exercises of stock options during the fiscal year ended May 31, 2005 by each of our Named Executive Officers and the number and value of unexercised options held by each of our Named Executive Officers on May 31, 2005.

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at May 31, 2005 (#)		Value of Unexercised In-the-Money Options at May 31, 2004 (\$)(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
			Bobby Yazdani			146,250
Peter E. Williams			42,187	58,313	\$ 136,125	\$ 226,875

- (1) Value of in-the-money stock options represents the positive spread between the exercise price of stock options and the fair market value for our common stock on May 31, 2005, which was \$3.93.

Equity Compensation Plan Information

The following table gives information about our common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans as of May 31, 2005 including the 1997 Stock Incentive Plan, the 2000 Stock Incentive Plan and the 2000 Employee Stock Purchase Plan.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants, and rights	(b) Weighted-average exercise price of outstanding options, warrants, and rights	(c)
			Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			
Option Plans	2,218,264	\$ 6.58	2,264,200
Employee Stock Purchase Plan			1,060,790

Report of the Compensation Committee of the Board of Directors

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended (the Securities Act), or the Securities Exchange Act of 1934, as amended (the Exchange Act), that might incorporate future filings, including this Proxy Statement, in whole or in part, the following report shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such report be incorporated by reference into any such filings, nor shall the following report be deemed to be incorporated by reference into any future filings under the Securities Act or the Exchange Act.

We have a compensation committee of the Board of Directors (the Compensation Committee) which has the authority and responsibility to approve the overall compensation strategy, administer our annual and long-term compensation plans, and review and make recommendations to the Board of Directors with respect to executive compensation. The Compensation Committee is comprised of independent, non-employee board of director members.

Executive Officer Compensation Programs

The objectives of the executive officer compensation program are to attract, retain, motivate and reward key personnel who possess the necessary leadership and management skills, through competitive base salary, annual cash bonus incentives, long-term incentive compensation in the form of stock options, and various benefits, including medical and life insurance plans.

The executive compensation policies of the Compensation Committee are intended to combine competitive levels of compensation and rewards for above average performance and to align relative compensation with the achievements of key business objectives, optimal satisfaction of customers and maximization of stockholder value. The Compensation Committee believes that stock ownership by management is beneficial in aligning management and stockholder interests, thereby enhancing stockholder value.

Base Salaries. Salaries for our executive officers are determined primarily on the basis of the executive officer's responsibility, general salary practices of peer companies and the officer's individual qualifications and experience. The base salaries are reviewed annually and may be adjusted by the Compensation Committee in accordance with certain criteria which include individual performance, the functions performed by the executive officer, the scope of the executive officer's on-going duties, general changes in the compensation peer group in which we compete for executive talent, and our financial performance generally. The weight given to each such factor by the Compensation Committee may vary from individual to individual.

Incentive Bonuses. The Compensation Committee believes that a cash incentive bonus plan can serve to motivate our executive officers and management to address annual performance goals, using more immediate measures for performance than those reflected in the appreciation in value of stock options. The bonus amounts are based upon recommendations by management and a subjective consideration of factors including such officer's level of responsibility, individual performance, contributions to our success and our financial performance generally.

Stock Option Grants. Stock options may be granted to executive officers and other employees under the 1997 Stock Incentive Plan and the 2000 Stock Incentive Plan (collectively, the Plans). Because of the direct relationship between the value of an option and the stock price, the Compensation Committee believes that options motivate executive officers to manage Saba in a manner that is consistent with stockholder interests. Stock option grants are intended to focus the attention of the recipient on our long-term performance which we believe results in improved stockholder value, and to retain the services of the executive officers in a competitive job market by providing significant long-term earnings potential. To this end, stock options generally vest and become fully exercisable over a four-year period. The principal factors

considered in granting stock options to

executive officers of Saba are prior performance, level of responsibility, other compensation and the executive officer's ability to influence our long-term growth and profitability. However, the Plans do not provide any quantitative method for weighing these factors, and a decision to grant an award is primarily based upon a subjective evaluation of the past as well as future anticipated performance.

Other Compensation Plans. We have adopted certain general employee benefit plans in which executive officers are permitted to participate on parity with other employees. We also provide a 401(k) deferred compensation pension plan.

Deductibility of Compensation. Section 162(m) of the Internal Revenue Code (IRC) disallows a deduction by Saba for compensation exceeding \$1.0 million paid to certain executive officers, excluding, among other things, performance based compensation. Because the compensation paid to the executive officers has not approached the limitation, the Compensation Committee has not had to use any of the available exemptions from the deduction limit. The Compensation Committee remains aware of the IRC Section 162(m) limitations and the available exemptions and will address the issue of deductibility when and if circumstances warrant the use of such exemptions.

Chief Executive Officer Compensation

The compensation of our Chief Executive Officer is reviewed annually on the same basis as discussed above for all executive officers. The Compensation Committee established an annual base salary of \$300,000 for Mr. Yazdani at the time he was reappointed to serve as Chief Executive Officer in September 2003. Mr. Yazdani's base salary was established in part by comparing the base salaries of chief executive officers at other companies of similar size in the high-technology industry. Mr. Yazdani's base salary was at the approximate median of the base salary range for chief executive officers of comparative companies.

MEMBERS OF OUR COMPENSATION

COMMITTEE

Douglas C. Allred

Joe E. Kiani

Lawrence D. Lenihan, Jr.

Michael J. Moritz

Report of the Audit Committee of the Board of Directors

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended (the Securities Act), or the Securities Exchange Act of 1934, as amended (the Exchange Act), that might incorporate future filings, including this Proxy Statement, in whole or in part, the following report shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such report be incorporated by reference into any such filings, nor be deemed to be incorporated by reference into any future filings under the Securities Act or the Exchange Act.

The audit committee hereby reports as follows:

1. The audit committee has reviewed and discussed the audited financial statements with the Company's management.
2. The audit committee has discussed with Ernst & Young LLP, the Company's independent auditors, the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees).
3. The audit committee has received the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), has discussed with Ernst & Young LLP their independence from the Company and has considered whether the provision of the non-audit services is compatible with maintaining Ernst & Young LLP's independence from the Company.
4. Based on the review and discussion referred to in paragraphs (1) through (3) above, the audit committee recommended to the Board of Directors of the Company that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2005, for filing with the Securities and Exchange Commission.

MEMBERS OF OUR AUDIT COMMITTEE

Clifton T. Weatherford, Chairman

Joe E. Kiani

Michael J. Moritz

Stock Performance Graph

The following line graph compares the yearly percentage change in the cumulative total stockholder return on our common stock from April 7, 2000, the date of our initial public offering, through the end of our fiscal year ended May 31, 2005 with the percentage change in cumulative total stockholder return for (i) the NASDAQ Stock Market U.S. Index and (ii) the RDG Technology Composite Index. The comparison assumes an investment of \$100 on April 7, 2000 and reinvestment of dividends, if any. ***The stock price performance shown on the graph below is not necessarily indicative of future price performance.***

CUMULATIVE TOTAL STOCKHOLDER RETURN

<u>Index</u>	<u>5/00</u>	<u>5/01</u>	<u>5/02</u>	<u>5/03</u>	<u>5/04</u>	<u>5/05</u>
SABA SOFTWARE, INC	100.00	80.95	17.02	7.35	5.99	6.91
NASDAQ STOCK MARKET (U.S.)	100.00	67.00	47.08	33.51	46.91	47.64
RDG TECHNOLOGY COMPOSITE	100.00	57.05	40.12	37.81	46.32	46.48

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than the compensation arrangements described in Executive Compensation and Related Information, since June 1, 2003, there has not been nor is there currently proposed any transaction or series of similar transactions required to be disclosed to which we or any of our subsidiaries were or will be a party in which the amount involved exceeds \$60,000 and in which any executive officer, director, beneficial owner of more than five percent of our common stock or member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, except:

In August 2004, we completed a private placement of 2,674,500 shares of common stock for aggregate proceeds of \$8.75 million with funds affiliated with Pequot Capital Management, Inc. In connection with the private placement, Lawrence D. Lenihan, Jr. was appointed to serve as a director on our Board of Directors. Mr. Lenihan is a Managing Director of Pequot Capital Management, Inc. Mr. Lenihan disclaims beneficial ownership of shares held by these funds except to the extent of his pecuniary interest in these funds.

During fiscal 2005, we licensed our software and sold related support and services to Masimo Corporation in the aggregate amount of \$112,000. At May 31, 2005, our accounts receivable included \$37,000 payable by Masimo Corporation. The Chief Executive Officer of Masimo Corporation serves as a director on our Board of Directors.

STOCKHOLDER PROPOSALS

Requirements for Stockholder Proposals to be Brought Before an Annual Meeting. For stockholder proposals to be considered properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice therefore in writing to our Secretary. To be timely for inclusion in our 2006 annual meeting of stockholders, a stockholder's notice must be delivered to or mailed and received by our Secretary at our principal executive offices between July 15, 2006 and August 14, 2006. A stockholder's notice to our Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of Saba which are beneficially owned by the stockholder and (iv) any material interest of the stockholder in such business.

Requirements for Stockholder Proposals to be Considered for Inclusion in our Proxy Materials. Stockholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act) and intended to be presented at our 2006 annual meeting of stockholders must be received by us not later than May 30, 2006 in order to be considered for inclusion in our proxy materials for that annual meeting.

OTHER MATTERS

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Exchange Act requires our directors, executive officers and persons who own more than 10% of our common stock (collectively, Reporting Persons) to file reports of ownership and changes in ownership of our common stock with the Securities and Exchange Commission and the NASDAQ National Stock Market. Reporting Persons are required by Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) reports they file.

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Based solely on our review of the copies of such reports received or written representations from certain Reporting Persons that no other reports were required, we believe that during fiscal 2004, all Reporting Persons complied with all applicable filing requirements.

Other Matters. The Board of Directors knows of no other business, which will be presented to the annual meeting. If any other business is properly brought before the annual meeting, it is intended that proxies in the enclosed form will be voted in respect thereof in accordance with the judgments of the persons voting the proxies.

It is important that the proxies be returned promptly and that your shares be represented. Stockholders are urged to mark, date, execute and promptly return the accompanying proxy card in the enclosed envelope.

By Order of the Board of Directors,

/s/ PETER E. WILLIAMS III

Peter E. Williams III

Secretary

Redwood Shores, California

September 28, 2005

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

SABA SOFTWARE, INC.

ANNUAL MEETING OF STOCKHOLDERS

November 3, 2005

The undersigned hereby appoints Bobby Yazdani and Peter E. Williams III and each of them, as proxies, each with the power to appoint his or her substitute, and hereby authorizes them to represent and to vote as designated below all of the shares of common stock of Saba Software, Inc. that the undersigned is entitled to vote at the annual meeting of stockholders to be held at 2400 Bridge Parkway, Redwood Shores, California 94065-1166, on Thursday, November 3, 2005, at 9:00 a.m., Pacific Time, or any adjournment or postponement thereof.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED BY THE UNDERSIGNED STOCKHOLDER. IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS AND FOR PROPOSALS 2 and 3.

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

PLEASE MARK YOUR CHOICE LIKE

THIS x IN BLUE OR BLACK INK

1. ELECTION OF DIRECTOR. To elect one Class II Director to serve until the 2008 annual meeting of stockholders or until his successor has been elected or appointed. Nominee:

Bobby Yazdani

“ FOR THE NOMINEE

“ WITHHOLD AUTHORITY FOR THE NOMINEE

2. RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS. To ratify the appointment by the Board of Directors of Ernst & Young LLP as our independent auditors for the fiscal year ending May 31, 2006.

“ FOR

“ AGAINST

“ ABSTAIN

Authority is hereby given to the proxies identified on the front of this card to vote in their discretion upon such other business as may properly come before the meeting.

PLAN TO ATTEND THE MEETING “

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD

PROMPTLY USING THE ENCLOSED REPLY ENVELOPE

Signature _____ Signature _____ Dated: _____, 2005

(Please sign exactly as your name appears on this proxy card. If shares are held jointly, each holder should sign. When signing as attorney, executor, administrator, corporation, trustee or guardian, please give full title as such. If a corporation please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.)