

AMBASE CORP  
Form 10-K  
March 30, 2017  
UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT  
TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the fiscal year ended December 31, 2016

OR

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

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

Commission file number 1-07265

AMBASE CORPORATION  
(Exact name of registrant as specified in its charter)

DELAWARE 95-2962743  
(State of incorporation) (I.R.S. Employer Identification No.)

One South Ocean Boulevard, Suite 301, Boca Raton, Fl. 33432  
(Address of principal executive offices)

Registrant's telephone number, including area code: (203) 532-2000

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

Title of each class  
Common Stock (\$0.01 par value)

Rights to Purchase Common Stock

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

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

Edgar Filing: AMBASE CORP - Form 10-K

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, and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

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

---

Edgar Filing: AMBASE CORP - Form 10-K

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 the definitions of "accelerated filer", "large accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

Yes  No .

At February 28, 2017, there were 40,737,751 shares of registrant's Common Stock outstanding. At June 30, 2016, the aggregate market value of registrant's voting securities (consisting of its Common Stock) held by nonaffiliates of the registrant, based on the average bid and asking price on such date of the Common Stock of \$2.59 per share was approximately \$31 million. The Common Stock constitutes registrant's only outstanding class of security.

Portions of the registrant's definitive Proxy Statement for its 2017 Annual Meeting of Stockholders, which Proxy Statement the registrant intends to file with the Securities and Exchange Commission not later than 120 days after the close of its fiscal year, are incorporated by reference with respect to certain information contained therein, in Part III of this Annual Report.

The Exhibit Index is located in Part IV, Item 15, Page 37.

---

AmBase Corporation  
Annual Report on Form 10-K  
December 31, 2016

TABLE OF CONTENTS

	Page
PART I	
Item 1. Business	1
Item 1A. Risk Factors	2
Item 1B. Unresolved Staff Comments	7
Item 2. Properties	7
Item 3. Legal Proceedings	7
Item 4. Mine Safety Disclosures	7
PART II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	7
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	8
Item 8. Consolidated Financial Statements and Supplementary Data	12
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	34
Item 9A. Controls and Procedures	34
Item 9B. Other Information	35
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	35
Item 11. Executive Compensation	35
Item 12. Security Ownership of Certain Beneficial Owners & Management and Related Stockholder Matters	36
Item 13. Certain Relationships and Related Transactions and Director Independence	36
Item 14. Principal Accounting Fees and Services	36

PART  
IV

Item 15. Exhibits and Financial Statement Schedules	37
Item 16. Form 10-K Summary	38

---

## PART I

### ITEM 1. BUSINESS

AmBase Corporation (the "Company" or "AmBase") is a Delaware corporation that was incorporated in 1975. AmBase is a holding company which has an equity investment in a real estate development property to develop real property in New York, New York. The executive office of the Company is located at One South Ocean Boulevard, Suite 301, Boca Raton, Florida 33432.

The Company's assets currently consist primarily of cash and cash equivalents, an equity investment in a real estate development property and real estate owned. As further discussed in Part II – Item 8 - Note 4 to the Company's consolidated financial statements, the Company owns an equity interest in a real estate development property through a joint venture agreement to purchase and develop real property located at 105 through 111 West 57<sup>th</sup> Street in New York, New York (the "111 West 57<sup>th</sup> Property"). The Company also owns a commercial office building in Greenwich, Connecticut that is managed and operated by the Company. The building is approximately 14,500 square feet; with approximately 3,500 square feet utilized by the Company for office space; the remaining space is currently unoccupied and available for lease. The Company is engaged in the management of its assets and liabilities.

The Company had 4 full time and 2 part-time employees at December 31, 2016.

#### Background

In August 1988, the Company acquired Carteret Bancorp Inc., which through its principal wholly owned subsidiary Carteret Savings Bank, FA, was principally engaged in retail and consumer banking, and mortgage banking including mortgage servicing. On December 4, 1992, the Office of Thrift Supervision ("OTS") placed Carteret Savings Bank, FA in receivership under the management of the Resolution Trust Corporation ("RTC") and a new institution, Carteret Federal Savings Bank, was established to assume the assets and certain liabilities of Carteret Savings Bank, FA.

The Company was a plaintiff in a legal proceeding, commenced in 1993, seeking recovery of damages from the United States Government for the loss of the Company's wholly-owned subsidiary, Carteret Savings Bank, F.A. (the "Supervisory Goodwill" legal proceedings). Pursuant to a Settlement Agreement between the Company, the Federal Deposit Insurance Corporation-Receiver ("FDIC-R") and the Department of Justice ("DOJ") on behalf of the United States of America (the "United States"), (the "Settlement Agreement") as approved by the United States Court of Federal Claims (the "Court of Federal Claims"), in October 2012, the United States paid \$180,650,000 directly to AmBase (the "Settlement Amount"). As part of the Settlement Agreement in the Company's Supervisory Goodwill legal proceedings, the Company is entitled to a tax gross-up in an amount to be determined if and when any federal taxes should be imposed on the Settlement Amount. In December 2014, the Internal Revenue Service ("IRS") completed their review of the examination of the Company's 2012 Federal Income Tax Return with no change to the tax return as filed.

#### STOCKHOLDER INQUIRIES

Stockholder inquiries, including requests for the following: (i) change of address; (ii) replacement of lost stock certificates; (iii) Common Stock name registration changes; (iv) Quarterly Reports on Form 10-Q; (v) Annual Reports on Form 10-K; (vi) proxy material; and (vii) information regarding stockholdings, should be directed to:

American Stock Transfer & Trust Company, LLC  
6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219  
Attention: Shareholder Services

(800) 937-5449 or (718) 921-8200 Ext. 6820

As the Company does not maintain a website, copies of Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Proxy Statements can also be obtained directly from the Company free of charge by sending a request to the Company by mail as follows:

AmBase Corporation  
100 Putnam Green, 3rd Floor  
Greenwich, CT 06830  
Attn: Shareholder Services

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). Accordingly, the Company's public reports, including Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Proxy Statements, can be obtained through the Securities and Exchange Commission ("SEC") EDGAR Database available on the SEC's website at [www.sec.gov](http://www.sec.gov). Materials filed with the SEC may also be read or copied by visiting the SEC's Public Reference Room, 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

#### ITEM 1A. RISK FACTORS

The Company is subject to various risks, many of which are beyond the Company's control, which could have a negative effect on the Company and its financial condition. As a result of these and other factors, the Company may experience material fluctuations in future operating results on a quarterly or annual basis which could materially and adversely affect the Company's business, financial condition, operating results and stock price. An investment in the Company's stock involves various risks, including those mentioned below and elsewhere in this Annual Report on Form 10-K (this "Annual Report"), and those that are detailed from time to time in the Company's other filings with the Securities and Exchange Commission. You should carefully consider the following risk factors, together with all of the other information included or incorporated by reference in this Annual Report, before you decide whether to purchase the Company's common stock.

##### Going Concern

The Company has incurred operating losses and used cash for operating activities for the past several years. The Company has also made significant investments in the 111 West 57th Street Property since 2013. The Company has continued to keep operating expenses at a reduced level; however, there can be no assurance that the Company's current level of operating expenses will not increase or that other uses of cash will not be necessary. The Company believes that based on its current level of operating expenses, its currently available cash resources together with the line of credit from Mr. Bianco as noted below, may not be sufficient to cover operating cash needs through the twelve month period from the financial statement reporting date. Based on the above factors, management determined there is substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include adjustments to the carrying value of assets and liabilities which might be necessary should the Company not continue in operation.

Over the next several months, the Company will seek to manage its current level of cash and cash equivalents, through various ways, including but not limited to, reducing operating expenses, possible asset sales and/or long term borrowings, although this cannot be assured. In order to continue on a long-term basis, the Company must raise additional capital through the sale of assets or long term borrowings. There can be no assurance that the Company will be able to attain such financing at terms acceptable to the Company, if at all.

We are a party to a legal proceeding relating to our equity interest in the joint real estate venture 111 West 57th Partners, and may become subject to additional litigation in the future, any of which could have an adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock.

We are currently party to a lawsuit relating to our equity interest in the joint real estate venture 111 West 57th Partners, as further described in Part II – Item 8 – Note 10 to our consolidated financial statements, and in the future we may become subject to additional litigation, including claims relating to our operations, properties, offerings, and otherwise in the ordinary course of business. Some of these claims may result in significant defense costs and potentially significant judgments against us, some of which are not, or cannot be, insured against. We are vigorously defending against claims and seeking enforcement of our claims, however we cannot be certain of the ultimate outcomes of these claims or any claims that may arise in the future. An adverse determination with respect to any of these claims may result in our having to pay material judgments, or settlements, which could have a material adverse effect on our earnings and cash flows, thereby having a material adverse effect on our financial condition, results of operations, cash flow and per share trading price of our common stock. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of our insurance coverage, which could adversely impact our results of operations and cash flows and potentially expose us to increased risks that would be uninsured.

The Company is in a competitive business.

The real estate industry is highly competitive. The Company competes for tenants for its unoccupied rental space with a large number of real estate property owners and other companies that sublet properties. The Company's principal means of competition are rents charged in relation to the income producing potential of the location. In addition, the Company expects other major real estate investors, some with much greater resources than the Company has, may compete with the Company for attractive acquisition opportunities. These competitors include REITs, investment banking firms and private institutional investors. This competition has increased prices for commercial properties and may impair the Company's ability to make suitable property acquisitions on favorable terms in the future.

The Company has incurred operating losses over the last several years and may not be able to achieve or maintain profitability.

The Company has incurred operating losses over the last several years. In addition, the Company has made significant investments in the 111 West 57th Street Property since 2013. We expect our operating expenses in 2017 will remain relatively close to our most recent levels. These losses, among other things, have had and will continue to have an adverse effect on our working capital, total assets and stockholders' equity. Because of the numerous risks and uncertainties associated with property development and management, we are unable to predict if or when we may become profitable, or if the Company's current financial resources will be adequate to fund operations over the next several years. Nonetheless the Company will seek to manage its current level of cash and cash equivalents through various sources, including but not limited to reducing operating expenses, possible asset sales and/or long term borrowings.

Illiquidity of real estate limits our ability to act quickly.

Real estate investments are relatively illiquid. Such illiquidity may limit our ability to react quickly in response to changes in economic and other conditions. If we want to sell an investment, we might not be able to dispose of that investment in the time period we desire, and the sales price of that investment might not recoup or exceed the amount of our investment. These limitations on our ability to sell our properties or investments could have a material adverse effect on our financial condition and results of operations.

Fluctuations in the local market in which the Company's current equity investment in a development property is located may adversely impact the Company's financial condition and operating results.

The Company's current equity investment in a development property is located in New York City. This geographic concentration could present risks if the New York City property market performance falls below expectations. The economic condition of this market could affect occupancy, property revenues, and expenses, from the property and its



underlying asset value. The financial results of major local employers also may impact the cash flow and value of a property. This could have a negative impact on the Company's financial condition and operating results, which could affect the Company's ability to receive distributions from its investment interest in the property.

Development and redevelopment activities may be delayed, not completed, and/or not achieve expected results.

As the Company pursues investments in and/or development and redevelopment projects, these projects generally require various governmental and other approvals, which have no assurance of being received. The Company's investment in development and redevelopment activities generally entail certain risks, including the following:

- funds may be expended and management's time devoted to projects that may not be completed,
- construction costs of a project may exceed original estimates possibly making the project economically unfeasible,
- projects may be delayed due to, without limitation, adverse weather conditions, labor or material shortages,
- occupancy rates and rents at a completed project may be less than anticipated, and
- expenses at completed development projects may be higher than anticipated.

These risks may reduce the funds available for distribution to the Company and have a material adverse effect on the Company's financial condition and results of operations. Further, investment in and the development and redevelopment of real estate is also subject to the general risks associated with real estate investments. For further information regarding these risks, see the risk factor "The Company is subject to risks inherent in owning, developing and leasing real estate."

The Company is subject to risks inherent in owning, developing and leasing real estate.

The Company is subject to varying degrees of risk generally related to leasing and owning real estate, many of which are beyond the Company's control. In addition to general risks related to owning commercial real estate, the Company's risks include, among others:

- deterioration in regional and local economic and real estate market conditions,
- failure to complete construction and lease-up on schedule or within budget may increase debt service expense and construction and other costs,
- increased operating costs, including insurance premiums, utilities and real estate taxes, due to inflation and other factors which may not necessarily be offset by increased rents,
- changes in interest rate levels and the availability of financing,
- fluctuations in tourism patterns,
- adverse changes in laws and regulations (including tax, environmental, zoning and building codes, landlord/tenant and other housing laws and regulations) and agency or court interpretations of such laws and regulations and the related costs of compliance,
- potential changes in supply of, or demand for rental properties similar to the Company's,
- competition for tenants and changes in rental rates,
- concentration in a single real estate asset and class,
- needs for additional capital which may be required for needed development or repositioning of one or more real estate assets may exceed the Company's abilities or its desired minimum level of liquidity,
- difficulty in reletting properties on favorable terms or at all,
- impairments in the Company's ability to collect rent payments when due,
- the potential for uninsured casualty and other losses,
- the impact of present or future environmental legislation and compliance with environmental laws,
- changes in federal or state tax laws, and
- acts of terrorism and war.

Each of these factors could have a material adverse effect on the Company's ability to receive distributions from its properties and investments and the Company's financial condition and results of operations. In addition, real estate investments are relatively illiquid, which means that the Company's ability to promptly sell the Company's property in

response to changes in economic and other conditions may be limited.

Property ownership through equity investments and/or in joint ventures could subject us to the differing business objectives of our co-venturers.

The Company has entered into, and may continue in the future to enter into, equity investments and/or joint ventures (including limited liability companies and partnerships) in which the Company does not hold a direct or controlling interest in the assets underlying the entities in which it invests, including equity investments and/or joint ventures in which (i) the Company owns a direct interest in an entity which controls such assets, or (ii) the Company owns a direct interest in an entity which owns indirect interests, through one or more intermediaries, of such assets. These equity investments and/or joint ventures may include ventures through which the Company would own an indirect economic interest of less than 100 percent of a property owned directly by such joint ventures, and may include equity investments and/or joint ventures that the Company does not control or manage. These investments involve risks that do not exist with properties in which the Company owns a controlling interest with respect to the underlying assets, including the possibility that (i) our co-venturers or partners may, at any time, become insolvent or otherwise refuse to make capital contributions when due, (ii) we may be subject to additional capital calls for joint venture development or other expenses which we may be unable or unwilling to meet, possibly resulting in substantial dilution of our investment, (iv) we may become liable with respect to guarantees of payment or performance by the joint ventures, or (v) we may become subject to buy-sell arrangements which could cause us to sell our interests or acquire our co-venturer's or partner's interests in a joint venture. Even where we have major decision rights or do not have major decision rights, because we lack a controlling interest, our co-venturers or partners may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives. While we seek protective rights against such contrary actions, there can be no assurance that we will be successful in procuring any such protective rights, or if procured, that the rights will be sufficient to fully protect us against contrary actions. Our organizational documents do not limit the amount of available funds that we may invest in equity investments and/or joint ventures and/or partnerships. If the objectives of our co-venturers or partners are inconsistent with ours, it may adversely affect our ability to make receive and distributions or payments to our investors.

Our insurance coverage on our property or properties may be inadequate or our insurance providers may default on their obligations to pay claims.

We currently carry comprehensive insurance on our property or properties, including insurance for liability, fire and flood. We cannot guarantee that the limits of our current policies will be sufficient in the event of a catastrophe to our property or properties. We cannot guarantee that we will be able to renew or duplicate our current insurance coverage in adequate amounts or at reasonable prices. In addition, while our current insurance policies insure us against loss from terrorist acts and toxic mold, in the future, insurance companies may no longer offer coverage against these types of losses, or, if offered, these types of insurance may be prohibitively expensive. If any or all of the foregoing should occur, we may not have insurance coverage against certain types of losses and/or there may be decreases in the limits of insurance available. Should an uninsured loss or a loss in excess of our insured limits occur, we could lose all or a portion of the capital we have invested in a property or properties, as well as the anticipated future revenue from the property or properties. We cannot guarantee that material losses in excess of insurance proceeds will not occur in the future. If any of our properties were to experience a catastrophic loss, it could seriously disrupt our operations, delay revenue and result in large expenses to repair or rebuild the property. Such events could adversely affect our financial condition and results of operations. If one or more of our insurance providers were to fail to pay a claim as a result of insolvency, bankruptcy or otherwise, the nonpayment of such claims could have an adverse effect on our financial condition and results of operations. In addition, if one or more of our insurance providers were to become subject to insolvency, bankruptcy or other proceedings and our insurance policies with the provider were terminated or canceled as a result of those proceedings, we cannot guarantee that we would be able to find alternative coverage in adequate amounts or at reasonable prices. In such case, we could experience a lapse in any or adequate insurance coverage with respect to one or more properties and be exposed to potential losses relating to any claims that may arise during such period of lapsed or inadequate coverage.

We are dependent on our key personnel whose continued service is not guaranteed and the loss of whose service could have a material adverse effect on our business.

Whether our business is successful will be dependent in part upon the leadership, strategic business direction and real estate experience of our executive officers, particularly Richard A. Bianco, our Chairman, President and Chief Executive Officer. Although we have entered into an employment agreement with Mr. Bianco, none of our executive officers or directors are subject to any covenants not to compete against the Company should they terminate their affiliation with the Company. While we believe that we could find replacements for these key personnel, loss of their services could adversely affect our operations. Although we carry some key man life insurance on Mr. Bianco, the amount of such coverage may not be sufficient to offset any adverse economic effects on our operations and we do not carry key man life insurance on any of our other executive officers or directors.

The Company may not be able to insure certain risks economically.

The Company may experience economic harm if any damage to the Company's property or properties is not covered by insurance. The Company cannot be certain that the Company will be able to insure all risks that the Company desires to insure economically or that all of the Company's insurers will be financially viable if the Company makes a claim. The Company may suffer losses that are not covered under the Company's insurance policies. If an uninsured loss or a loss in excess of insured limits should occur, the Company could lose capital invested in a property or properties, as well as any future revenue from the property or properties.

Changes in the composition of the Company's assets and liabilities through acquisitions, divestitures or corporate restructuring may affect the Company's results.

The Company may make future acquisitions or divestitures of assets or changes in how such assets are held. Any change in the composition of the Company's assets and liabilities or how such assets and liabilities are held could significantly affect the Company's financial position and the risks that the Company faces.

The Company may not be able to generate sufficient taxable income to fully realize the Company's deferred tax asset.

The Company has federal income tax net operating loss ("NOL") carryforwards and other tax attributes. If the Company is unable to generate sufficient taxable income, the Company may not be able to fully realize the benefit of the NOL carryforwards.

Terrorist attacks and other acts of violence or war may affect the market, on which the Company's common stock trades, the markets in which the Company operates the Company's operations and the Company's results of operations.

Terrorist attacks or armed conflicts could affect the Company's business or the businesses of the Company's tenants. The consequences of armed conflicts are unpredictable, and the Company may not be able to foresee events that could have an adverse effect on the Company's business. More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. They also could be a factor resulting in, or a continuation of, an economic recession in the U.S. or abroad. Any of these occurrences could have a significant adverse impact on the Company's operating results and revenues and may result in volatility of the market price for the Company's common stock.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data that may include intellectual property, our proprietary business information and that of our tenants and business partners, including personally identifiable information of our tenants and employees, on our networks. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations, and damage our reputation, which could adversely affect our business.

Because the Company from time to time maintains a majority of its assets in securities, the Company may in the future be deemed to be an investment company under the Investment Company Act of 1940 resulting in additional costs and regulatory burdens.

Currently, the Company believes that either it is not within the definition of "Investment Company" as the term is defined under the Investment Company Act of 1940 (the "1940 Act") or, alternatively, may rely on one or more of the 1940 Act's exemptions. The Company intends to continue to conduct its operations in a manner that will exempt the Company from the registration requirements of the 1940 Act. If the Company were to be deemed to be an investment company because of the Company's investments securities holdings, the Company would be required to register as an investment company under the 1940 Act. The 1940 Act places significant restrictions on the capital structure and corporate governance of a registered investment company, and materially restricts its ability to conduct transactions with affiliates. Compliance with the 1940 Act could also increase the Company's operating costs. Such changes could have a material adverse effect on the Company's business, results of operations and financial condition.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

#### ITEM 2. PROPERTIES

The Company owns a commercial office building in Greenwich, Connecticut. The building is approximately 14,500 square feet and is available for lease with approximately 3,500 square feet utilized by the Company for its offices.

The Company leases approximately 1,085 square feet of office space for its executive office at One South Ocean Boulevard, Suite 301, Boca Raton, Florida 33432, with a lease expiration date in March 2019.

#### ITEM 3. LEGAL PROCEEDINGS

For a discussion of the Company's legal proceedings, see Part II - Item 8 - Note 10 to the Company's consolidated financial statements.

From time to time, the Company and its subsidiaries may be named as a defendant in various lawsuits or proceedings. At the current time, the Company is unaware of any legal proceedings pending against the Company. The Company intends to aggressively contest all litigation and contingencies, as well as pursue all sources for contributions to settlements.

---

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND  
5. ISSUER PURCHASES OF EQUITY SECURITIES

The Common Stock of the Company trades through one or more market makers, with quotations made available in the over-the-counter market under the symbol ABCP. The sales prices per share for the Company's Common Stock represent the range of the reported high and low bid quotations. Such prices reflect interdealer prices, without retail mark-up, markdown or commission, and may not necessarily represent actual transactions.

	2016		2015	
	High	Low	High	Low
First Quarter	\$2.22	\$1.62	\$2.30	\$1.55
Second Quarter	1.78	1.32	2.65	2.09
Third Quarter	1.28	1.04	2.60	2.35
Fourth Quarter	1.10	0.84	2.50	2.20

As of February 28, 2017, there were approximately 9,200 beneficial owners of the Company's Common Stock. No dividends were declared or paid on the Company's Common Stock in 2016 and 2015. The Company has no current plans to declare or pay dividends in the foreseeable future.

For information concerning the Company's stockholder rights plan, see Part II - Item 8 - Note 6 to the Company's consolidated financial statements.

## Common Stock Repurchase Plan

The Company's common stock repurchase plan (the "Repurchase Plan") allows for the repurchase by the Company of its common stock in the open market. The Repurchase Plan is conditioned upon favorable business conditions and acceptable prices for the common stock. Purchases under the Repurchase Plan may be made, from time to time, in the open market, through block trades or otherwise. Depending on market conditions and other factors, purchases may be commenced or suspended any time or from time to time without prior notice. No common stock repurchases have been made pursuant to the Repurchase Plan during 2016 or 2015.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and related notes, which are contained in Part II - Item 8, herein.

## BUSINESS OVERVIEW

AmBase Corporation (the "Company") is a holding company which has an equity investment in a real estate development property in New York, New York and owns a commercial office building in Greenwich, Connecticut.

The Company's assets currently consist primarily of cash and cash equivalents, an equity investment in a real estate development property, and real estate owned. As further discussed in Part II – Item 8 – Note 4 to the Company's consolidated financial statements, the Company owns an equity interest in a real estate development project through a joint venture agreement to purchase and develop real property located at 105 through 111 West 57<sup>th</sup> Street in New York, New York (the "111 West 57<sup>th</sup> Property"). The Company is engaged in the management of its assets and liabilities.

#### FINANCIAL CONDITION AND LIQUIDITY

The Company's assets at December 31, 2016, aggregated \$66,202,000, consisting principally of cash and cash equivalents of \$586,000, an equity investment in a real estate development property of \$63,770,000, and real estate owned, net of \$1,680,000. At December 31, 2016, the Company's liabilities aggregated \$343,000. Total stockholders' equity was \$65,859,000.

The Company has incurred operating losses and used cash for operating activities for the past several years. The Company has also made significant investments in the 111 West 57<sup>th</sup> Street Property since 2013. The Company has continued to keep operating expenses at a reduced level; however, there can be no assurance that the Company's current level of operating expenses will not increase or that other uses of cash will not be necessary. The Company believes that based on its current level of operating expenses, its currently available cash resources together with the line of credit from Mr. Bianco as noted below, may not be sufficient to cover operating cash needs through the twelve month period from the financial statement reporting date. Based on the above factors, management determined there is substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include adjustments to the carrying value of assets and liabilities which might be necessary should the Company not continue in operation.

Over the next several months, the Company will seek to manage its current level of cash and cash equivalents, through various ways, including but not limited to, reducing operating expenses, possible asset sales and/or long term borrowings, although this cannot be assured. In order to continue on a long-term basis, the Company must raise additional capital through the sale of assets or long term borrowings. There can be no assurance that the Company will be able to attain such financing at terms acceptable to the Company, if at all.

In May 2016, the Company and Mr. Richard A. Bianco, the Company's Chairman, President and Chief Executive Officer ("R. A. Bianco") entered into an agreement for Mr. R. A. Bianco to provide to the Company a secured working capital line of credit of up to one million dollars (\$1,000,000) or additional amount(s) as may be necessary and agreed to on an as needed basis, if and when necessary, subject to customary and market terms and conditions to be agreed upon at such time. A copy of such agreement is filed as exhibit 10.1 to the Company's Form 10-Q for the quarterly period ended March 31, 2016. Pursuant to this agreement, in January 2017, Mr. Bianco made a \$500,000 loan to the Company for use as working capital. The loan accrues interest at 5.25% per annum and is due on the earlier of the date the Company receives funds from any source sufficient to pay all amounts due under the loan, including accrued interest thereon, or December 31, 2019, a copy of such agreement is filed as exhibit 10.8 to the Company's Form 10-K for the annual period ended December 31, 2016.

For the year ended December 31, 2016, cash of \$2,980,000 was used by operations for the payment of operating expenses. The cash needs of the Company in 2016 were principally satisfied by the Company's financial resources.

For the year ended December 31, 2015, cash of \$2,736,000 was used by operations for the payment of operating expenses. The cash needs of the Company in 2015 were principally satisfied by the Company's financial resources. In addition, cash flows provided by investment activities for 2015 include a non-controlling interest contribution of \$5,802,000, a return of equity investment received from 111 West 57<sup>th</sup> Partners LLC of \$11,699,000, partially offset by \$6,911,000 of additional equity investments in 111 West 57<sup>th</sup> Partners LLC and a return of non-controlling interest

capital contribution of \$9,868,000. For additional information regarding the Company's investment in 111 West 57<sup>th</sup> Partners LLC, see Part II – Item 8 – Note 4 to the Company's consolidated financial statements.

In March 2017, the Company and Mr. Richard A. Bianco, the Company's Chairman, President and Chief Executive Officer ("R. A. Bianco") entered into an agreement for Mr. R. A. Bianco to provide to the Company a financial commitment in the form of a line of credit up to ten million dollars (\$10,000,000) or additional amount(s) as may be necessary and agreed to enable AmBase to contribute capital to Investment LLC and/or other affiliated subsidiaries of the Company to meet capital calls for the of 111 West 57<sup>th</sup> Property if and when the case may be necessary on terms agreeable to/by the Company (as determined by the independent members of the Board of Directors) and R. A. Bianco at such time. The agreement provides that additional borrowings from Mr. R. A. Bianco pursuant to this line of credit shall be secured by the Company's commercial office building in Greenwich, Connecticut. A copy of such agreement is filed as exhibit 10.9 to the Company's Form 10-K for the annual period ended December 31, 2016.

In April 2016, the Company filed an action in New York State Supreme Court against the Sponsors, et al., pursuant to which the Company is seeking compensatory damages, as well as punitive damages and equitable relief, including a declaration of the parties' rights, an accounting, and a constructive trust over distributions. For additional information, see Part II – Item 8 – Note 10 to the Company's consolidated financial statements.

Real estate owned consists of a commercial office building in Greenwich, Connecticut that is managed and operated by the Company. The building is approximately 14,500 square feet; with approximately 3,500 square feet utilized by the Company for its offices; the remaining space is currently unoccupied and available for lease. Although the portion of the building not being utilized by the Company is currently unoccupied and available for lease, based on the Company's analysis, including but not limited to the location of the property; current market rents in the area, leasing values, and comparable property sales, the Company believes the property's fair value exceeds the property's current carrying value. Therefore, the Company believes the carrying value of the property as of December 31, 2016 has not been impaired. For additional information see Part II – Item 8 – Note 3 to the Company's consolidated financial statements.

Accounts payable and accrued liabilities aggregated \$343,000 at December 31, 2016 and \$556,000 at December 31, 2015.

There are no material commitments for capital expenditures as of December 31, 2016. Inflation has had no material impact on the business and operations of the Company.

## RESULTS OF OPERATIONS

The Company recorded net loss of \$3,219,000 or \$0.08 per share for the year ended December 31, 2016. For the year ended December 31, 2015, the Company recorded net loss of \$4,625,000 or \$0.11 per share.

Compensation and benefits decreased to \$1,239,000 in 2016 from \$1,658,000 in 2015. The decreased amount in 2016 as compared to 2015 is substantially due to decreased incentive compensation expenses in 2016 versus 2015. No stock based compensation expense was recorded for the years ended December 31, 2016 and 2015.

Professional and outside services expenses increased to \$1,123,000 in 2016 from \$285,000 in 2015. The increase in 2016 as compared to 2015 is principally the result of a higher level of legal fees incurred in 2016 in connection with the Company's legal proceedings relating to the Company's investment in the 111 West 57<sup>th</sup> property.

Property operating and maintenance expenses increased slightly to \$134,000 in 2016 from \$120,000 in 2015. The increase is primarily due to a general increase in costs and a higher level of repair and maintenance expenses in 2016 versus 2015.

Insurance expenses increased to \$170,000 in 2016, compared with \$151,000 in 2015. The increase is primarily due to an increase in insurance coverage levels and insurance premium costs.

Other operating expenses decreased to \$200,000 in 2016 compared with \$318,000 in 2015 due to decreased Delaware franchise taxes resulting from the lower authorized share base in 2016 versus 2015 and a general lower level of expenses in 2016 versus 2015.

Other income of \$128,000 for the year ended December 31, 2016 is attributable to a gain on the sale of an interest in a real estate investment that was sold in July 2016.

Equity income (loss) - 111 West 57<sup>th</sup> Partners of \$575,000 represents the Company's share of the 111 West 57<sup>th</sup> Partners' loss for the year ended December 31, 2016. Equity income (loss) - 111 West 57<sup>th</sup> Partners of \$1,905,000 in 2015 represents the Company's share of the 111 West 57<sup>th</sup> Partners' loss for the year ended December 31, 2015. The equity loss for the years ended December 31, 2016 and 2015 is due to sales and marketing expenses incurred. Beginning January 1, 2015, all tenants had vacated the building and expenses incurred for the building's operations are being capitalized as part of development costs.

For the year ended December 31, 2016, the Company recorded an income tax benefit of \$142,000. The income tax benefit for the year ended December 31, 2016 is related to current year and prior year state tax true-ups. For the year ended December 31, 2015, the Company recorded an income tax expense of \$140,000, attributable to a provision for a tax on capital imposed by the state jurisdictions. A reconciliation between income taxes computed at the statutory federal rate and the provision for income taxes is included in Part II - Item 8 – Note 9 to the Company's consolidated financial statements.

For additional information including a discussion of income tax matters, see Part II – Item 8 – Note 9 to the Company's consolidated financial statements.

#### APPLICATION OF CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements are based on the selection and application of accounting principles generally accepted in the United States of America, which require us to make estimates and assumptions about future events that affect the amounts reported in our financial statements and the accompanying notes. Future events and their effects cannot be determined with absolute certainty. The determination of estimates requires the exercise of judgment. Actual results could differ from those estimates, and any such differences may be material to the consolidated financial statements. We believe that the following accounting policies, which are important to our consolidated financial position and consolidated results of operations, require a higher degree of judgment and complexity in their application and represent the critical accounting policies used in the preparation of our consolidated financial statements. If different assumptions or conditions were to prevail, the results could be materially different from our reported results. For a summary of all our accounting policies, including the accounting policies discussed below, see Part II - Item 8 - Note 2 to the Company's consolidated financial statements.

**Equity Method Investment:** Investments and ownership interests are accounted for under the equity method of accounting if the Company has the ability to exercise significant influence, but not control (under GAAP), over the investment. Investments accounted for under the equity method are carried at cost, plus or minus the Company's equity in the increases and decreases in the net assets after the date of acquisition and certain other adjustments. The Company's share of income or loss for equity method investments is recorded in the consolidated statements of operations as equity income (loss). Dividends received, if any, would reduce the carrying amount of the Company's investment.

**Legal Proceedings:** From time to time the Company and its subsidiaries may be named as a defendant in various lawsuits or proceedings. The Company presently is not aware of any pending or threatened litigation which could



have a material adverse effect on the consolidated financial statements presented herein. Management of the Company, in consultation with outside legal counsel, continually reviews the likelihood of liability and associated costs of pending and threatened litigation including the basis for the calculation of any litigation reserves which may be necessary. The assessment of such reserves includes an exercise of judgment and is a matter of opinion. The Company intends to aggressively contest all threatened litigation and contingencies, as well as pursue all sources for contributions to settlements. For a discussion of lawsuits and proceedings, see Part II - Item 8 - Note 10 to the Company's consolidated financial statements.

**Income Tax Audits:** The Company's federal, state and local tax returns, from time to time, may be audited by the tax authorities, which could result in proposed assessments or a change in the net operating loss ("NOL") carryforwards currently available. In connection with the Internal Revenue Service ("IRS") examination of the Company's 2012 federal income tax return, the IRS accepted the Company's federal NOL loss carryforward deductions from 1997 through 2006 which were utilized as part of the Company's 2012 federal income tax return to reduce the Company's 2012 federal taxable income. The Company has not been notified of any other potential tax audits by any federal, state or local tax authorities. As such, the Company believes the statutes of limitations for the assessment of additional federal and state tax liabilities are generally closed for tax years prior to 2013.

**Deferred Tax Assets:** As of December 31, 2016 and 2015, the Company had deferred tax assets arising primarily from net operating loss carryforwards available to offset taxable income in future periods. A valuation allowance has been established for the entire deferred tax asset as management has no basis to conclude that realization is more likely than not. The valuation allowance was calculated in accordance with current standards, which places primary importance on a company's cumulative operating results for the current and preceding years. We intend to maintain a valuation allowance for the entire deferred tax asset until sufficient positive evidence exists to support a reversal. See Part II - Item 8 - Note 9 to the Company's consolidated financial statements.

**New Accounting Pronouncements:** There are no new accounting pronouncements that would likely materially affect the Company's financial statements for the periods reported herein.

#### Cautionary Statement for Forward-Looking Information

This Annual Report together with other statements and information publicly disseminated by the Company may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or make oral statements that constitute forward looking statements. The Company intends 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. Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted or quantified. The forward-looking statements may relate to such matters as anticipated financial performance, future revenues or earnings, business prospects, projected ventures, anticipated market performance, anticipated litigation results or the timing of pending litigation, and similar matters. When used in this Annual Report, the words "estimates," "expects," "anticipates," "believes," "plans," "intends" and variations of such words and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties. The Company cautions readers that a variety of factors could cause the Company's actual results to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements. These risks and uncertainties, many of which are beyond the Company's control, include, but are not limited to those set forth in "Item 1A, Risk Factors" and elsewhere in this Annual Report and in the Company's other public filings with the Securities and Exchange Commission including, but not limited to: (i) transaction volume in the securities markets; (ii) the volatility of the securities markets; (iii) fluctuations in interest rates; (iv) risks inherent in the real estate business, including, but not limited to, insurance risks, tenant defaults, risks associated with real estate development activities, changes in occupancy rates or real estate values; (v) changes in regulatory requirements which could affect the cost of doing business; (vi) general economic conditions; (vii) risks with regard to whether or not the Company's current financial resources will be adequate to fund operations over the next twelve months from financial

statement issuance date and/or continue operations; (viii) changes in the rate of inflation and the related impact on the securities markets; (ix) changes in federal and state tax laws; (x) assumptions regarding the outcome of legal and/or tax matters, based in whole or in part upon consultation with outside advisors, (xi) risks arising from unfavorable decisions in tax, legal and/or other proceedings, and (xii) risks with regard to the ability of the Company to continue as a going concern. These are not the only risks that we face. There may be additional risks that we do not presently know of or that we currently believe are immaterial which could also impair our business and financial position.

Undue reliance should not be placed on these forward-looking statements, which are applicable only as of the date hereof. The Company undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the date of this Annual Report or to reflect the occurrence of unanticipated events. Accordingly, there is no assurance that the Company's expectations will be realized.

## ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the Board of Directors and Shareholders of  
AmBase Corporation

We have audited the accompanying consolidated balance sheets of AmBase Corporation and Subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended. Our audits also include the financial statement schedule as of December 31, 2016 and 2015, and for the years then ended listed in the index at item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of AmBase Corporation and Subsidiaries, as of December 31, 2016 and 2015, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred operating losses and used cash for operating activities for the past several years. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial

statements do not include any adjustments that might result from the outcome of this uncertainty

/s/Marcum LLP  
Marcum LLP  
Hartford, CT  
March 30, 2017

---

## AMBASE CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Operations

(in thousands, except per share data)

	Years Ended December 31,	
	2016	2015
Operating expenses:		
Compensation and benefits	\$1,239	\$1,658
Professional and outside services	1,123	285
Property operating and maintenance	134	120
Depreciation	48	48
Insurance	170	151
Other operating	200	318
Total operating expenses	2,914	2,580
Operating income (loss)	(2,914 )	(2,580 )
Interest income	-	-
Other income	128	0
Equity income (loss) – 111 West 57th Partners LLC	(575 )	(1,905 )
Income (loss) before income taxes	(3,361 )	(4,485 )
Income tax expense (benefit)	(142 )	140
Net income (loss)	(3,219 )	(4,625 )
Less: Net income (loss) attributable to non-controlling interest	-	(34,000)
Net income (loss) attributable to controlling interest	\$(3,219 )	\$(4,591 )
Net income (loss) per common share - basic	\$(0.08 )	\$(0.11 )
Net income (loss) per common share - assuming dilution	\$(0.08 )	\$(0.11 )
Weighted average common shares outstanding - basic	40,738	40,738
Weighted average common shares outstanding - assuming dilution	40,738	40,738

The accompanying notes are an integral part of these consolidated financial statements.

---

## AMBASE CORPORATION AND SUBSIDIARIES

## Consolidated Balance Sheets

(in thousands, except per share data)

	December 31, 2016	December 31, 2015
Assets:		
Cash and cash equivalents	\$586	\$3,303
Real estate owned:		
Land	554	554
Buildings	1,900	1,900
Real estate owned, gross	2,454	2,454
Less: accumulated depreciation	774	726
Real estate owned, net	1,680	1,728
Investment in 111 West 57th Partners LLC	63,770	64,345
Other assets	166	258
Total assets	\$66,202	\$69,634
Liabilities and Stockholders' Equity:		
Liabilities:		
Accounts payable and accrued liabilities	\$343	\$556
Other liabilities	-	-
Total liabilities	343	556
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock (\$0.01 par value, 85,000 authorized, 46,410 issued and 40,738 outstanding in 2016 and 40,738 outstanding in 2015)	464	464
Additional paid-in capital	548,304	548,304
Accumulated deficit	(477,741)	(474,522)
Treasury stock, at cost – 2016 - 5,672 shares; 2015 - 5,672 shares	(5,168 )	(5,168 )
Total stockholders' equity	65,859	69,078
Total liabilities and stockholders' equity	\$66,202	\$69,634

The accompanying notes are an integral part of these consolidated financial statements.

---

AMBASE CORPORATION AND SUBSIDIARIES  
 Consolidated Statements of Changes in Stockholders' Equity  
 Years Ended December 31, 2016 and 2015

(\$ in thousands, except per share data)	Common stock	Additional paid-in capital	Accumulated deficit	Treasury stock	Non-controlling interest	Total
January 1, 2015	\$ 464	\$ 548,304	\$ (469,931 )	\$ (5,168 )	\$ 4,100	\$ 77,769
Net income (loss)	-	-	(4,591 )	-	(34 )	(4,625 )
Equity contribution by non-controlling interest	-	-	-	-	5,802	5,802
Return of non-controlling interest contribution	-	-	-	-	(9,868 )	(9,868 )
December 31, 2015	464	548,304	(474,522 )	(5,168 )	-	69,078
Net income (loss)	-	-	(3,219 )	-	-	(3,219 )
December 31, 2016	\$ 464	\$ 548,304	\$ (477,741 )	\$ (5,168 )	\$ -	\$ 65,859

The accompanying notes are an integral part of these consolidated financial statements.

## AMBASE CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

(in thousands)	Years Ended	
	December 31, 2016	2015
Cash flows from operating activities:		
Net income (loss)	\$(3,219)	\$(4,625)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Depreciation	48	48
Other income	(128 )	-
Equity (income) loss – 111 West 57th Partners LLC	575	1,905
Changes in operating assets and liabilities:		
Other assets	(43 )	102
Accounts payable and accrued liabilities	(213 )	(166 )
Other liabilities	-	-
Net cash provided (used) by operating activities	(2,980)	(2,736)
Cash flows from investing activities:		
Equity investment – 111 West 57th Partners LLC	-	(6,911)
Return of equity investment - 111 West 57th Partners LLC	-	11,699
Non-controlling interest contribution	-	5,802
Return of non-controlling interest contribution	-	(9,868)
Proceeds from (investment in) real estate limited partnership	263	18
Net cash provided (used) by investing activities	263	740
Net change in cash and cash equivalents	(2,717)	(1,996)
Cash and cash equivalents at beginning of year	3,303	5,299
Cash and cash equivalents at end of year	\$586	\$3,303
Supplemental cash flow disclosure:		
Income taxes paid	\$103	\$112

The accompanying notes are an integral part of these consolidated financial statements.

---

AMBASE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 – Organization and Going Concern

AmBase Corporation ("AmBase" or the "Company") is a holding company which has an equity investment in a real estate development property to develop real property in New York, New York and owns a commercial office building in Greenwich, Connecticut that is managed and operated by the Company.

The Company's assets currently consist primarily of cash and cash equivalents, an equity investment in a real estate development property and real estate owned. As further discussed in Note 4, the Company owns an equity interest in a real estate development property through a joint venture agreement to purchase and develop real property located at 105 through 111 West 57<sup>th</sup> Street in New York, New York (the "111 West 57<sup>th</sup> Property"). The Company is engaged in the management of its assets and liabilities.

A fundamental principle of the preparation of financial statements in accordance with GAAP is the assumption that an entity will continue in existence as a going concern, which contemplates continuity of operations and the realization of assets and settlement of liabilities occurring in the ordinary course of business. In accordance with this requirement, the Company has prepared its accompanying consolidated financial statements assuming the Company will continue as a going concern.

In 2016, the Company adopted Accounting Standards Update ("ASU") 2014-15 Presentation of Financial Statements—Going Concern (Subtopic 205-40).

The Company has incurred operating losses and used cash for operating activities for the past several years. The Company has also made significant investments in the 111 West 57<sup>th</sup> Street Property since 2013. The Company has continued to keep operating expenses at a reduced level; however, there can be no assurance that the Company's current level of operating expenses will not increase or that other uses of cash will not be necessary. The Company believes that based on its current level of operating expenses, its currently available cash resources together with the line of credit from Mr. Bianco as noted below, may not be sufficient to cover operating cash needs through the twelve month period from the financial statement reporting date. Based on the above factors, management determined there is substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The financial statements do not include adjustments to the carrying value of assets and liabilities which might be necessary should the Company not continue in operation.

Over the next several months, the Company will seek to manage its current level of cash and cash equivalents, through various ways, including but not limited to, reducing operating expenses, possible asset sales and/or long term borrowings, although this cannot be assured. In order to continue on a long-term basis, the Company must raise additional capital through the sale of assets or long term borrowings. There can be no assurance that the Company will be able to attain such financing at terms acceptable to the Company, if at all.

In May 2016, the Company and Mr. Richard A. Bianco, the Company's Chairman President and Chief Executive Officer ("R. A. Bianco") entered into an agreement for Mr. R. A. Bianco to provide to the Company, a secured working capital line of credit of up to one million dollars (\$1,000,000) or additional amount(s) as may be necessary and agreed to on an as needed basis, if and when necessary, subject to customary and market terms and conditions to be agreed upon at such time. A copy of such agreement is filed as exhibit 10.1 to the Company's Form 10-Q for the quarterly period ended March 31, 2016. Pursuant to this agreement in January 2017, Mr. Bianco made a \$500,000 loan to the Company for use as working capital. The loan accrues interest at 5.25% per annum and is due on the earlier of the date the Company receives funds from any source sufficient to pay all amounts due under the loan,



including accrued interest thereon, or December 31, 2019.

## Note 2 - Summary of Significant Accounting Policies

### Basis of Accounting

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions, that it deems reasonable, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates and assumptions.

### Principles of consolidation

The consolidated financial statements are comprised of the accounts of the Company and its wholly owned subsidiaries. All material intercompany transactions and balances have been eliminated.

### Equity method investment

Investments and ownership interests are accounted for under the equity method of accounting if the Company has the ability to exercise significant influence, but not control (under GAAP), over the investment. Investments accounted for under the equity method are carried at cost, plus or minus the Company's equity in the increases and decreases in the net assets after the date of acquisition and certain other adjustments. The Company's share of income or loss for equity method investments is recorded in the consolidated statements of operations as equity income (loss). Dividends received, if any, would reduce the carrying amount of the Company's investment.

### Non-controlling interests

Non-controlling interests as presented in the Company's consolidated financial statements represents the minority ownership's investment in 111 West 57<sup>th</sup> Investment LLC, a Delaware limited liability company ("Investment LLC"). For additional information see Note 4.

### Cash and cash equivalents

Highly liquid investments, consisting principally of funds held in short-term money market accounts, with original maturities of less than three months, are classified as cash equivalents. The majority of the Company's cash and cash equivalents balances are maintained with a limited number of major financial institutions. Cash and cash equivalents balances at institutions may, at times, be above the Federal Deposit Insurance Corporation insured limit per account.

### Income taxes

The Company and its domestic subsidiaries file a consolidated federal income tax return. The Company recognizes both the current and deferred tax consequences of all transactions that have been recognized in the consolidated financial statements, calculated based on the provisions of enacted tax laws, including the tax rates in effect for current and future years. Net deferred tax assets are recognized immediately when a more likely than not criterion is met; that

is, a greater than 50% probability exists that the tax benefits will actually be realized sometime in the future. For additional information including a discussion of income tax matters see Note 9.

#### Earnings per share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of EPS that could occur if options to issue common stock were exercised. There were no stock options outstanding at December 31, 2016 and December 31, 2015.

#### Stock-based compensation

Under the Company's 1993 Stock Incentive Plan (the "1993 Plan"), the Company may grant to officers and employees of the Company and its subsidiaries, stock options ("Options"), stock appreciation rights ("SARs"), restricted stock awards ("Restricted Stock"), merit awards ("Merit Awards") and performance share awards ("Performance Shares"), through May 28, 2018. A pre-determined number of shares of the Company's Common Stock are reserved for issuance under the 1993 Plan (upon the exercise of Options and Stock Appreciation Rights, upon awards of Restricted Stock and Performance Shares); however, only a portion of such shares shall be available for issuance for Restricted Stock Awards and Merit Awards. Shares issued pursuant to the 1993 Plan shall be authorized but unissued shares of Common Stock. Options may be granted as incentive stock options ("ISOs") intended to qualify for favorable tax treatment under Federal tax law or as nonqualified stock options ("NQSOs"). SARs may be granted with respect to any Options granted under the 1993 Plan and may be exercised only when the underlying Option is exercisable. The 1993 Plan requires that the exercise price of all Options and SARs be equal to or greater than the fair value of the Company's Common Stock on the date of grant of that Option. The term of any NQSO, ISO or related SAR cannot exceed terms under federal tax law and/or as prescribed in the 1993 Plan. Subject to the terms of the 1993 Plan and any additional restrictions imposed at the time of grant, Options and any related SARs ordinarily will become exercisable pursuant to a vesting period prescribed at the time of grant. In the case of a "Change of Control" of the Company (as defined in the 1993 Plan), options granted pursuant to the 1993 Plan may become fully exercisable as to all optioned shares from and after the date of such Change in Control in the discretion of the Committee or as may otherwise be provided in the grantee's Option agreement. Death, retirement, or absence for disability will not result in the cancellation of any Options.

Stock-based compensation expense for all stock-based compensation awards for which vesting is based solely on employment service, are based on the grant date fair value estimated in accordance with accounting principles generally accepted in the United States of America. The Company recognizes these compensation costs for only those shares expected to vest, on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. Compensation expense relating to stock options is recorded in the Consolidated Statement of Operations, with a corresponding increase in additional paid-in capital in the Consolidated Statement of Changes in Stockholders' Equity. See Note 8 herein for a further discussion of stock-based compensation.

#### Depreciation

Depreciation expense for the Company's owned building is recorded on a straight-line basis over the useful lives of the assets. Tenant improvements if any, would be depreciated over the lesser of the remaining life of the tenants' lease or the estimated useful lives of the improvements. For additional information see Note 3.

#### New Accounting Pronouncements

There are no new accounting pronouncements that could materially affect the Company's consolidated financial statements.

## Note 3 – Real Estate Owned

Real estate owned consists of a commercial office building in Greenwich, Connecticut that is managed and operated by the Company. A portion of the building is utilized by the Company for office space; the remaining space is currently unoccupied and available for lease. Depreciation expense for the building is calculated on a straight-line basis.

Information relating to the Company's real estate owned in Greenwich, Connecticut is as follows:

	December 31, 2016
Area of building in square feet	14,500
Square feet utilized by Company	3,500
Number of years depreciation is based upon	39

Although the portion of the building not being utilized by the Company is currently unoccupied and available for lease, based on the Company's analysis, the Company believes the property's fair value exceeds the property's current carrying value. The Company's impairment analysis includes a comprehensive range of factors including but not limited to: the location of the property; property condition; current market conditions; comparable sales; current market rents in the area; new building zoning restrictions; raw land values; new building construction costs; building operating costs; leasing values; and cap rates for comparable buildings in the area. Varying degrees of weight are given to each factor. Based on the Company's analysis, these factors taken together and/or considered individually, form the basis for the Company's analysis that no impairment condition exists.

The Company performs impairment tests on a regular basis and if events or circumstances indicate that the property's carrying value may not be recoverable. Based on the Company's analysis, the Company believes the carrying value of the real estate owned as of December 31, 2016, has not been impaired and, therefore, the carrying value of the asset is fully recoverable by the Company. The building is carried at cost, net of accumulated depreciation.

## Note 4 – Investment in 111 West 57th Partners LLC

On June 28, 2013, 111 West 57<sup>th</sup> Investment LLC, ("Investment LLC"), a then newly formed subsidiary of the Company, entered into a joint venture agreement (as amended, the "JV Agreement") with 111 West 57<sup>th</sup> Sponsor LLC, (the "Sponsor"), pursuant to which Investment LLC invested (the "Investment") in a real estate development property to purchase and develop the 111 West 57<sup>th</sup> Street Property (the "111 West 57<sup>th</sup> Property"). In consideration for making the Investment, Investment LLC was granted a membership interest in 111 West 57<sup>th</sup> Partners LLC ("111 West 57<sup>th</sup> Partners"), which indirectly acquired the 111 West 57<sup>th</sup> Property on June 28, 2013 (the "Joint Venture," and such date, the "Closing Date"). The Company also indirectly contributed an additional amount to the Joint Venture in exchange for an additional indirect interest in the Joint Venture. Other members and the Sponsor contributed additional cash and/or property to the Joint Venture. The Joint Venture plans to redevelop the 111 West 57<sup>th</sup> Property into a luxury residential tower and retail project.

Amounts relating to the Company's initial investment and other information relating to the 111 West 57<sup>th</sup> Property is as follows:

(\$ in thousands)

Company's aggregate initial investment	\$57,250
Company's aggregate initial membership interest %	60.3 %
Other members and Sponsor initial investment	\$37,750

Approximate gross square feet of project 346,000

On June 30, 2015, 111 West 57<sup>th</sup> Partners obtained financing for the 111 West 57<sup>th</sup> Property. The financing was obtained in two parts: (i) a first mortgage construction loan with AIG Asset Management (US), LLC ("AIG"); and (ii) a mezzanine loan with Apollo Commercial Real Estate Finance, Inc. ("Apollo"). Both loans have a four-year term with a one-year extension option subject to satisfying certain conditions. The loan agreements also include customary events of default and other customary terms and conditions. Simultaneously with the closing of the AIG and the Apollo financing, 111 West 57<sup>th</sup> Partners repaid all outstanding liabilities and obligations to Annaly CRE, LLC under the initial mortgage and acquisition loan agreement, dated June 28, 2013, between 111 West 57<sup>th</sup> Partners and Annaly CRE, LLC. The remaining loan proceeds will be drawn down and used as necessary for construction and related costs, loan interest escrow and other related project expenses for development of the 111 West 57<sup>th</sup> Property.

Information relating to the June 30, 2015 financing for 111 West 57<sup>th</sup> Partners is as follows:

(in thousands)

Financing obtained by 111 West 57 <sup>th</sup> Partners	\$725,000
Annaly CRE LLC initial mortgage and acquisition loan repaid	\$230,000

In July 2015, based on available net proceeds received from the financing and equity previously invested in the project, funds were distributed to the members of 111 West 57<sup>th</sup> Partners (the "July 2015 Distribution"). In connection therewith, the Company, principally through Investment LLC, received a distribution but reserved its rights to dispute the actual amount to which it is entitled based on the 111 West 57<sup>th</sup> Partners Operating Agreement and the Company's percentage interests thereunder. In accordance with the Second Amended and Restated Investment Operating Agreement as noted herein, the Company through Investment LLC fully repaid 111 West 57<sup>th</sup> Capital LLC, an entity wholly owned by Mr. R.A. Bianco ("Capital LLC"), its capital contributions as noted below. The remaining amount was retained by the Company.

Information relating to the July 2015 Distribution is as follows:

(in thousands)

Distribution attributable to Company's investment	\$11,699
Distribution retained by the Company, net of amounts repaid to Capital LLC	\$1,831

The JV Agreement and related operating agreements generally provide that all distributable cash shall be distributed as follows: (i) first, 100% to the members in proportion to their percentage interests until Investment LLC has received distributions yielding a 20% internal rate of return as calculated; (ii) second, 100% to the Sponsor as a return of (but not a return on) any additional capital contributions made by the Sponsor on account of manager overruns; and (iii) thereafter, (a) 50% to the members in proportion to their respective percentage interests at the time of such distribution, and (b) 50% to the Sponsor.

Additionally, the JV Agreement provides that (i) Mr. Richard A. Bianco (the Company's current Chairman, President and Chief Executive Officer) ("Mr. R. A. Bianco"), his immediate family, and/or any limited liability company wholly-owned thereby, and/or a trust in which Mr. R. A. Bianco and/or his immediate family is the beneficiary, shall at all times own, in the aggregate, not less than 20% of the outstanding shares of AmBase; and (ii) Mr. R. A. Bianco shall remain the Chairman of the Board of Directors of AmBase for the duration of the JV Agreement.

In March 2014, the Company entered into an amended and restated operating agreement for Investment LLC (the "Amended and Restated Investment Operating Agreement") to grant a 10% subordinated participation interest in Investment LLC to Mr. R. A. Bianco as contingent future incentive for Mr. R. A. Bianco's past, current and anticipated ongoing role to develop and commercialize the Company's equity investment in the 111 West 57<sup>th</sup> Property. Pursuant to the terms of the Amended and Restated Investment Operating Agreement, Mr. R.A. Bianco has no voting rights with respect to his interest in Investment LLC, and his entitlement to receive 10% of the distributions from Investment LLC is subject to the Company first receiving distributions equal to 150% of the Company's initial aggregate investment in Investment LLC and the Joint Venture, plus any additional investments by the Company, and only with respect to any distributions thereafter. At the current time the Company has not expensed nor accrued any amounts relating to this subordinated participation interest, as no amount or range of amounts can be reasonably estimated or assured.

During 2014, in connection with the funding of additional capital calls under the JV Agreement for required borrowing and development costs for the 111 West 57<sup>th</sup> Property, the Company's management and its Board of Directors concluded that, given the continuing development risks of the 111 West 57<sup>th</sup> Property and the Company's financial position, the Company should not at that time increase its already significant concentration and risk exposure to the 111 West 57<sup>th</sup> Property. Nonetheless, the Company sought to limit dilution of its interest in the Joint Venture resulting from any failure to fund the capital call requirements, but at the same time wished to avoid the time, expense and financial return requirements (with attendant dilution and possible loss of voting rights) that obtaining a replacement third-party investor would require. The Company therefore entered into a second amended and restated operating agreement for Investment LLC ("Second Amended and Restated Investment Operating Agreement") pursuant to which Capital LLC was admitted as a member of Investment LLC. In exchange for Capital LLC contributing toward Investment LLC capital calls in respect of the 111 West 57<sup>th</sup> Property, available cash of Investment LLC will be distributed first to Capital LLC until it has received a 20% internal rate of return (calculated as provided for in the JV Agreement as noted above), second to the Company until it has received 150% of its capital, and; thereafter, available cash is split 10/90 with 10% going to Mr. R.A. Bianco as the subordinated participation interest noted above and 90% going to Capital LLC and the Company pari-passu, with Capital LLC receiving one-half of its pro-rata share based on capital contributed and the Company receiving the balance. No other material changes were made to the Amended and Restated Investment Operating Agreement, and neither Mr. Bianco nor Capital LLC has any voting rights with respect to their interest and investment in Investment LLC.

In March 2017, the Company and Mr. Richard A. Bianco, the Company's Chairman, President and Chief Executive Officer ("R. A. Bianco") entered into an agreement for Mr. R. A. Bianco to provide to the Company a financial commitment in the form of a line of credit up to ten million dollars (\$10,000,000) or additional amount(s) as may be necessary and agreed to enable AmBase to contribute capital to Investment LLC and/or other affiliated subsidiaries of the Company to meet capital calls for the of 111 West 57<sup>th</sup> Property if and when the case may be necessary on terms agreeable to/by the Company (as determined by the independent members of the Board of Directors) and R. A. Bianco at such time. The agreement provides that additional borrowings from Mr. R. A. Bianco pursuant to this line of credit shall be secured by the Company's commercial office building in Greenwich, Connecticut.

Capital contributed by Capital LLC in December 2014 and April 2015, which was fully repaid as part of the July 2015 Distribution, was as follows:

(in thousands)

Capital contributed by Capital LLC \$9,868

As part of the July 2015 Distribution, Capital LLC was repaid the full amount of its capital investment. Additional amounts may still be payable to Capital LLC based on investment returns received on the 111 West 57<sup>th</sup> Property as further described herein.

Pursuant to various capital contribution requests in December 2014, February 2015 and April 2015, the Company was requested to contribute funds to the Joint Venture (the "Capital Contribution Requests"). The Company chose to contribute only a portion of the amounts requested pursuant to the Capital Contribution Requests. The remaining amounts requested pursuant to the Capital Contribution Requests (not funded by the Company) were contributed by either the Sponsor, which deemed its capital contributions on behalf of the Company to be Shortfall Capital Contributions ("Shortfall Capital Contributions") or by the Company from Capital LLC, pursuant to the terms of the Second Amended and Restated Investment Operating Agreement as noted herein.

The Company made additional capital contributions to the Joint Venture as indicated below:

	Year
	Ended
	December
(in thousands)	31, 2016
Capital contributions	\$ -

In accordance with the JV Agreement, Shortfall Capital Contributions may be treated either as a member loan or as a dilutive capital contribution by the funding party valued at one and one-half times the amount actually contributed. The Sponsor deemed the Shortfall Capital Contributions as dilutive capital contributions to the Company. The Company believes in accordance with the terms of the agreements, a portion of the Shortfall Capital Contribution amounts should be treated as a member loan, therefore, resulting in no dilution to the Company. The Sponsor contends that the Capital Contribution Requests, if taken together, would cause the Company to be diluted to approximately 48%. The parties have a dispute with regard to the calculation of the revised investment percentages resulting from the Capital Contribution Requests, along with the treatment and allocation of these Shortfall Capital Contribution amounts.

In April 2016, the Company filed an action in New York State Supreme Court against the Sponsors, et al., pursuant to which the Company is seeking compensatory damages, as well as punitive damages and equitable relief including a declaration of the parties' rights, an accounting, and a constructive trust over distributions. For additional information, see Note 10 – Legal Proceedings.

The Company has recorded the investment in 111 West 57<sup>th</sup> Partners utilizing the equity method of accounting, as pursuant to the various agreements the Company has significant influence, but does not have control, as defined under GAAP. Accordingly, the results of operations of 111 West 57<sup>th</sup> Partners are included in equity income (loss) in the Company's consolidated statements of operations. As of December 31, 2016, the Company's carrying amount of its investment in 111 West 57<sup>th</sup> Partners, as noted in the Company's consolidated balance sheet, is greater than the Company's equity in the underlying net assets of 111 West 57<sup>th</sup> Partners by \$867,000, categorized as goodwill, due to a difference resulting from the reduction in equity for syndication fees paid relating to 111 West 57<sup>th</sup> Partners. The Company reviews its investments and ownership interests recorded under the equity method for impairment on a regular basis and if events or changes in circumstances indicate that a loss in the value of its investment may be other than temporary. Based on the Company's analysis, the Company believes, there was no impairment on the Company's equity method investment for the periods ended December 31, 2016 or December 31, 2015.

The following tables present summarized financial information for the Company's equity method investment in 111 West 57<sup>th</sup> Partners. The amounts shown represent 100% of the financial position and results of operations of 111 West 57<sup>th</sup> Partners for the dates indicated below.

(in thousands)

	December	December
Assets:	31, 2016	31, 2015
Real estate held for development, net	\$ 563,133	\$ 440,370

Edgar Filing: AMBASE CORP - Form 10-K

Escrow deposits	9,000	9,400
Other assets	6,908	26,827
Total assets	\$579,041	\$476,597
Liabilities:		
Loans payable	\$441,749	\$340,693
Other liabilities	16,788	14,447
Total liabilities	458,537	355,140
Equity:		
Total members' equity	120,504	121,457
Total liabilities and members' equity	\$579,041	\$476,597

	Year Ended December (in thousands) 31 , 2016	Year Ended December 31 , 2015
Rental income	\$ 0	\$ 0
Expenses	953	3,158
Net income (loss)	\$ (953 )	\$ (3,158 )

Note 5 - Savings Plans

The Company sponsors the AmBase 401(k) Savings Plan (the "Savings Plan"), which is a "Section 401(k) Plan" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"). The Savings Plan permits eligible employees to make contributions of a percentage of their compensation, which are matched by the Company at a percentage of the employees' elected deferral. Employee contributions to the Savings Plan are invested at the employee's discretion, in various investment funds. The Company's matching contributions are invested in the same manner as the compensation reduction contributions. All contributions are subject to maximum limitations contained in the Code.

The Company's matching contributions to the Savings Plan, charged to expense, were as follows:

	Year Ended December (\$ in thousands) 31, 2016	Year Ended December 31, 2015
Company matching contributions	\$ 25	\$ 30
Employer match %	33 %	33 %

Note 6 - Stockholders' Equity

Authorized common stock consists of the following:

	December 31, 2016	December 31, 2015
(shares in thousands)	31, 2016	31, 2015
Par value	\$ 0.01	\$ 0.01
Authorized shares	85,000	200,000
Issued shares	46,410	46,410
Outstanding shares	40,738	40,738

Authorized cumulative preferred stock consists of the following:

	December 31, 2016	December 31, 2015
(shares in thousands)		
Par value	\$ 0.01	\$ 0.01
Authorized shares	20,000	50,000
Issued shares	-	-
Outstanding shares	-	-

At the Company's June 2, 2016 Annual Meeting of Stockholders, the Company's stockholders approved an amendment to the Company's Restated Certificate of Incorporation to reduce the number of authorized shares of the Company's common stock and cumulative preferred stock as noted above.

Changes in the outstanding shares of Common Stock of the Company are as follows:

(in thousands)	Year Ended December 31, 2016	Year Ended December 31, 2015
Common stock outstanding at beginning of period	40,738	40,738
Common stock repurchased for treasury	-	-
Issuance of treasury stock	-	-
Common stock outstanding at end of period	40,738	40,738

Changes in the treasury shares of Common Stock of the Company are as follows:

(in thousands)	Year Ended December 31, 2016	Year Ended December 31, 2015
Treasury stock held at beginning of period	5,672	5,672
Common stock repurchased for treasury	-	-
Issuance of treasury stock	-	-
Treasury stock held at end of period	5,672	5,672

#### Common Stock Repurchase Plan

The Company's common stock repurchase plan (the "Repurchase Plan") allows for the repurchase by the Company of its common stock in the open market. The Repurchase Plan is conditioned upon favorable business conditions and acceptable prices for the common stock. Purchases under the Repurchase Plan may be made, from time to time, in the open market, through block trades or otherwise. Depending on market conditions and other factors, purchases may be commenced or suspended any time or from time to time without prior notice. Pursuant to the Repurchase Plan, the Company has repurchased shares of common stock from unaffiliated parties at various dates at market prices at their time of purchase, including broker commissions.

Information relating to the Repurchase Plan is as follows:

(in thousands)	Year Ended December 31, 2016
Common shares repurchased to treasury during the period	-
Aggregate cost of shares repurchased during the period	\$ -
(in thousands)	December 31, 2016



Edgar Filing: AMBASE CORP - Form 10-K

Total number of common shares authorized for repurchase	10,000
Total number of common shares repurchased to date	6,226
Total number of shares that may yet be repurchased	3,774

Common stock reserved for issuance under the Company's 1993 Stock Incentive Plan as further described in Note 8 herein, and other non-related employee benefit plans is as follows:

(in thousands)	December 31, 2016
1993 Stock Incentive Plan	4,320
Other employee benefit plan	110
Total common shares reserved for issuance	4,430

Stockholder Rights Plan

On January 29, 1986, the Company's Board of Directors declared a dividend distribution of one right for each outstanding share of Common Stock of the Company. The rights, as amended, which entitle the holder to purchase from the Company a common share at a price of \$75.00, are not exercisable until either a person or group of affiliated persons acquires 25% or more of the Company's outstanding common shares or upon the commencement or disclosure of an intention to commence a tender offer or exchange offer for 20% or more of the common shares. The rights are redeemable by the Company at \$0.05 per right at any time until the earlier of the tenth day following an accumulation of 20% or more of the Company's shares by a single acquirer or group, or the occurrence of certain Triggering Events (as defined in the Stockholder Rights Plan). In the event the rights become exercisable and thereafter, the Company is acquired in a merger or other business combination, or in certain other circumstances, each right will entitle the holder to purchase from the surviving corporation, for the exercise price, Common Stock having a market value of twice the exercise price of the right. The rights are subject to adjustment to prevent dilution and expire on February 10, 2021.

Note 7 - Earnings Per Share

The calculation of basic and diluted earnings per share, including the effect of dilutive securities is as follows:

(in thousands, except per share data)

	Year Ended December 31, 2016	Year Ended December 31, 2015
Net income (loss)	\$ (3,219 )	\$ (4,625 )
Weighted average common shares outstanding	40,738	40,738
Assumed dilutive effect of stock option exercise(s)	-	-
Weighted average common shares outstanding assuming dilution	40,738	40,738
Net income (loss) per common share - basic	\$ (0.08 )	\$ (0.11 )
Net income (loss) per common share - assuming dilution	\$ (0.08 )	\$ (0.11 )

Options to purchase shares of common stock which were excluded from the computation of diluted earnings per share due to the effect of being antidilutive in the computation of earnings per share were as follows:

(in thousands)	December 31, 2016	December 31, 2015
Option shares	-	-

Note 8 - Incentive Plans

Under the Company's 1994 Senior Management Incentive Compensation Plan (the "1994 Plan"), any executive officer of the Company whose compensation is required to be reported to stockholders under the Securities Exchange Act of 1934 (the "Participants") and who is serving as such at any time during the fiscal year as to which an award is granted, may receive an award of a cash bonus ("Bonus"), in an amount determined by the Personnel Committee of the Company's Board of Directors (the "Committee") and payable from an annual bonus fund (the "Annual Bonus Pool"). The Committee may award Bonuses under the 1994 Plan to Participants not later than 120 days after the end of each fiscal year (the "Reference Year").

If the Committee grants a Bonus under the 1994 Plan, the amount of the Annual Bonus Pool will be an amount equal to the sum of (i) plus (ii), where:

(i) a percentage of the amount by which the Company's Total Stockholders' Equity, as defined, on the last day of a Reference Year increased over the Company's Total Stockholders' Equity, as defined, on the last day of the immediately preceding Reference Year; and

(ii) a percentage of the amount by which the Company's market value, as defined, on the last day of the Reference Year increased over the Company's market value on the last day of the immediately preceding Reference Year.

Notwithstanding the foregoing, the 1994 Plan provides that in the event of a decrease in either or both of items (i) and/or (ii) above, the Annual Bonus Pool is determined by reference to the last Reference Year in which there was an increase in such item. If the Committee determines within the time period to award a Bonus, the share of the Annual Bonus Pool to be allocated to Participants shall be pursuant to percentages of the Annual Bonus Pool as set forth in the 1994 Plan to the Company's Chief Executive Officer, and a percentage of the Annual Bonus Pool shall be allocated pro rata to each of the Company's Participants as determined by the Committee. The Committee in its discretion may reduce the percentage of the Annual Bonus Pool to any Participant for any Reference Year, and such reduction shall not increase the share of any other Participant. The 1994 Plan is not the exclusive plan under which the Executive Officers may receive cash or other incentive compensation or bonuses. No bonuses were paid attributable to the 1994 Plan for 2016 and 2015.

Under the Company's 1993 Stock Incentive Plan (the "1993 Plan"), the Company may grant to officers and employees of the Company and its subsidiaries, stock options ("Options"), stock appreciation rights ("SARs"), restricted stock awards ("Restricted Stock"), merit awards ("Merit Awards") and performance share awards ("Performance Shares") through May 28, 2018. A pre-determined number of shares of the Company's Common Stock are reserved for issuance under the 1993 Plan (upon the exercise of Options and Stock Appreciation Rights, and awards of Restricted Stock and Performance Shares); however, only a portion of such shares are available for the issuance of Restricted Stock Awards and Merit Awards. Such shares shall be authorized but unissued shares of Common Stock. Options may be granted as incentive stock options ("ISOs") intended to qualify for favorable tax treatment under Federal tax law or as nonqualified stock options ("NQSOs"). SARs may be granted with respect to any Options granted under the 1993 Plan and may be exercised only when the underlying Option is exercisable. The 1993 Plan requires that the exercise price of all Options and SARs be equal to or greater than the fair value of the Company's Common Stock on the date of grant of that Option. The term of any NQSO, ISO or related SAR cannot exceed terms under federal tax law and/or as prescribed in the 1993 Plan. Subject to the terms of the 1993 Plan and any additional restrictions imposed at the time of grant, Options and any related SARs ordinarily will become exercisable pursuant to a vesting period prescribed at the time of grant. In the case of a "Change of Control" of the Company (as defined in the 1993 Plan), Options granted pursuant to the 1993 Plan may become fully exercisable as to all optioned shares from and after the date of such Change in Control in the discretion of the Committee or as may otherwise be provided in the grantee's Option agreement. Death, retirement, or absence for disability will not result in the cancellation of any Options.

Edgar Filing: AMBASE CORP - Form 10-K

As a condition to any award of Restricted Stock or Merit Award under the 1993 Plan, the Committee may require a participant to pay an amount equal to, or in excess of, the par value of the shares of Restricted Stock or Common Stock awarded to him or her. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered during a "Restricted Period", which in the case of grants to employees shall not be less than one year from the date of grant. The Restricted Period with respect to any outstanding shares of Restricted Stock awarded to employees may be reduced by the Committee at any time, but in no event shall the Restricted Period be less than one year. Except for such restrictions, the employee as the owner of such stock shall have all of the rights of a stockholder including, but not limited to, the right to vote such stock and to receive dividends thereon as and when paid. In the event that an employee's employment is terminated for any reason, an employee's Restricted Stock will be forfeited; provided, however, that the Committee may limit such forfeiture in its sole discretion. At the end of the Restricted Period, all shares of Restricted Stock shall be transferred free and clear of all restrictions to the employee. In the case of a Change in Control of the Company (as defined in the 1993 Plan), an employee may receive his or her Restricted Stock free and clear of all restrictions in the discretion of the Committee, or as may otherwise be provided pursuant to the employee's Restricted Stock award.

Performance Share awards of Common Stock under the 1993 Plan shall be earned on the basis of the Company's performance in relation to established performance measures for a specific performance period. Such measures may include, but shall not be limited to, return on investment, earnings per share, return on stockholder's equity, or return to stockholders. Performance Shares may not be sold, assigned, transferred, pledged or otherwise encumbered during the relevant performance period. Performance Shares may be paid in cash, shares of Common Stock or shares of Restricted Stock in such portions as the Committee may determine. An employee must be employed at the end of the performance period to receive payments of Performance Shares; provided, however, in the event that an employee's employment is terminated by reason of death, disability, retirement or other reason approved by the Committee, the Committee may limit such forfeiture in its sole discretion. In the case of a Change in Control of the Company (as defined in the 1993 Plan), an employee may receive his or her Performance Shares in the discretion of the Committee, or as may otherwise be provided in the employee's Performance Share award.

Incentive plan activity is summarized as follows:

(shares in thousands)	Number of Shares Under Option	Weighted Average Exercise Price
Outstanding at January 1, 2015	-	\$ -
Exercised	-	-
Granted	-	-
Expired	-	-
Outstanding at December 31, 2015	-	-
Exercised	-	-
Granted	-	-
Expired	-	-
Outstanding at December 31, 2016	-	-
Options exercisable at:		
December 31, 2016	-	\$ -
December 31, 2015	-	\$ -

Edgar Filing: AMBASE CORP - Form 10-K

Information relating to the 1993 Plan is as follows:

(in thousands)	December 31, 2016	December 31, 2015
Unamortized compensation cost relating to non-vested stock options	\$ -	\$ -
Stock based compensation expense recorded for the year ended	\$ -	\$ -
Options to purchase shares of common stock which were excluded from computation of diluted earnings per share due to the effect of being anti-dilutive in the computation of earnings per share.	-	
Common shares reserved for issuance	4,320	
Shares available for future stock option grants	4,320	
Intrinsic value of options outstanding	\$ -	
Intrinsic value of options exercisable	\$ -	

The fair value of option awards are estimated on the date of grant using the Black-Scholes-Merton option valuation model ("Black-Scholes") utilizing certain assumptions at the time of valuation. Expected volatilities are based on historical volatility of the Company's stock. The Company uses historical data to estimate option exercises and employee terminations within the valuation model. The expected term of options granted is estimated based on the contractual lives of option grants, option vesting period and historical data and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury bond yield in effect at the time of grant.

The Black-Scholes option valuation model requires the input of highly subjective assumptions, including the expected life of the stock-based award and stock price volatility. The assumptions utilized represent management's best estimates, but these estimates involve inherent uncertainties and the application of management's judgment. As a result, if other assumptions had been used, our recorded stock-based compensation expense could have been materially different from the amounts previously recorded. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. If the actual forfeiture rate is materially different from our estimate, the share-based compensation expense could be materially different. The Company believes that the use of the Black-Scholes model meets the fair value measurement objectives of accounting principles generally accepted in the United States of America and reflects all substantive characteristics of the instruments being valued.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, and given the substantial changes in the price per share of the Company's Common Stock, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

Compensation expense relating to stock options would be recorded in the Consolidated Statement of Operations, with a corresponding increase to additional paid in capital in the Consolidated Statements of Changes in Stockholders' Equity.

Note 9 - Income Taxes

The components of income tax expense (benefit) are as follows:

(in thousands)	Year Ended	Year Ended
----------------	---------------	---------------

Edgar Filing: AMBASE CORP - Form 10-K

	December 31, 2016	December 31, 2015
Federal - current	\$ -	\$ -
State - current	(142 )	140
Total current	(142 )	140
Federal - deferred	(1,752 )	(1,365 )
State - deferred	(105 )	(205 )
Change in valuation allowance	1,857	1,570
Total deferred	-	-
Income tax expense (benefit)	\$ (142 )	\$ 140

The components of pretax income (loss) and the difference between income taxes computed at the statutory federal rate and the provision for income taxes are as follows:

(in thousands)	Year Ended December 31, 2016	Year Ended December 31, 2015
Income (loss) before income taxes	\$ (3,361 )	\$ (4,485 )
Tax expense (benefit) :		
Tax at statutory federal rate	\$ (1,176 )	\$ (1,570 )
State income taxes	(142 )	140
Permanent items	-	-
Other	(681 )	-
Change in valuation allowance	1,857	1,570
Income tax expense (benefit)	\$ (142 )	\$ 140

A reconciliation of the United States federal statutory rate to the Company's effective income tax rate is as follows:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Tax at statutory federal rate	35.0	% 35.0 %
State income taxes	4.2	(3.1)
Permanent difference, tax credits and other adjustments	-	-
Other	20.3	-
Change in valuation allowance	(55.3)	(35.0)
Effective income tax rate	4.2	% (3.1) %

For the year ended December 31, 2016, other includes amounts relating to deferred tax true-ups. The Company has not been notified of any potential tax audits by any federal, state or local tax authorities. The Company believes the statutes of limitations for the assessment of additional federal and state tax liabilities are generally closed for tax years prior to 2013. Interest and/or penalties related to underpayments of income taxes, or on uncertain tax positions, if applicable, would be included as a component of income tax expense (benefit). The accompanying financial statements do not include any amounts for penalties.

State income tax amounts for the year ended December 31, 2016, reflect a net benefit related to current year and prior year state tax true-ups. State income tax amounts for the year ended December 31, 2015, reflect a provision for a tax on capital imposed by the state jurisdictions.

Edgar Filing: AMBASE CORP - Form 10-K

The utilization of certain carryforwards and carrybacks is subject to limitations under U.S. federal income tax laws. Based on the Company's federal tax returns as filed and to be filed, the Company estimates it has federal NOL carryforwards and federal alternative minimum tax credit carryforwards ("AMT Credits") available to reduce future federal taxable income which would expire if unused, as indicated below.

The federal NOL carryforwards as of December 31, 2016 are as follows:

Tax Year Originating	Tax Year Expiring	Amount
2006	2026	\$500,000
2007	2027	12,700,000
2008	2028	4,600,000
2009	2029	2,400,000
2010	2030	1,900,000
2011	2031	1,900,000
2013	2033	3,700,000
2014	2034	4,900,000
2015	2035	4,200,000
2016	2036	2,600,000
		\$39,400,000

AMT credits available, which are not subject to expiration, are as follows:

	Amount
AMT Credits	\$21,000,000

Based on the Company's state tax returns as filed and to be filed, the Company estimates that it has state NOL carryforwards to reduce future state taxable income, which would expire if unused.

The state NOL carryforwards as of December 31, 2016 are as follows:

Tax Year Originating	Tax Year Expiring	Amount
2011	2031	\$1,800,000
2013	2033	2,700,000
2014	2034	4,200,000
2015	2035	4,100,000
2016	2036	2,800,000
		\$15,600,000

The Company has a deferred tax asset arising primarily from NOL carryforwards and AMT credits as follows:

	December 31, 2016	December 31, 2015
Net deferred tax asset	\$36,400,000	\$34,500,000
Valuation allowance	(36,400,000)	(34,500,000)
Net deferred tax asset recognized	\$-	\$-

## Edgar Filing: AMBASE CORP - Form 10-K

A valuation allowance has been established for the entire deferred tax asset, as management has no basis to conclude that realization is more likely than not. Management does not believe that any significant changes in unrecognized income tax benefits are expected to occur over the next year.

### Note 10 - Legal Proceedings

From time to time, the Company and its subsidiaries may be named as a defendant in various lawsuits or proceedings. At the current time except as set forth below, the Company is unaware of any legal proceedings pending against the Company. The Company intends to aggressively contest all litigation and contingencies, as well as pursue all sources for contributions to settlements.

The Company is a party to a lawsuit as follows:

AmBase v. 111 West 57<sup>th</sup> Sponsor LLC, et al. In April 2016, the Company initiated a litigation in the New York State Supreme Court for New York County (the "NY Court"), Index No. 652301/2016, against defendants 111 West 57<sup>th</sup> Sponsor LLC, 111 West 57<sup>th</sup> JDS LLC, PMG West 57<sup>th</sup> Street LLC, 111 West 57<sup>th</sup> Control LLC, 111 West 57<sup>th</sup> Developer LLC, Elliot Joseph, 111 West 57<sup>th</sup> KM Equity LLC, 111 West 57<sup>th</sup> KM Group LLC, Kevin Maloney, Matthew Phillips, Michael Stern, Ned White and Franklin R. Kaiman (collectively, "Defendants") and nominal defendant 111 West 57<sup>th</sup> Partners LLC. AmBase alleges in this action that the Defendants engaged in an unlawful scheme to dilute AmBase's equity interest in the joint real estate venture 111 West 57<sup>th</sup> Partners, to develop the 111 West 57<sup>th</sup> Street Property and to keep for themselves certain financing opportunities in breach of Defendants' contractual and fiduciary duties. The complaint also alleges that defendants have failed to honor the exercise of AmBase's equity put right. AmBase is seeking compensatory damages, as well as punitive damages and equitable relief including a declaration of the parties' rights, an accounting, and a constructive trust over distributions received by the Defendants. The complaint in this action has been filed and discovery is in the initial stages.

### Note 11 – Commitments and Contingencies

Future minimum rental payments for office space under non-cancellable operating leases for the Company's executive office in Boca Raton, Florida as of December 31, 2016, were as follows (in thousands):

Year	Amount
2017	\$ 13
2018	14
2019	3
2020	-
2021	-
Thereafter	-
	\$ 30

Rent expense for the period was as follows:

	Year Ended December 31, 2016	Year Ended December 31, 2015
(\$ in thousands)		
Rent expense	\$ 12	\$ 12
Approximate square feet of leased office space	1,085	1,085

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of December 31, 2016, the Company completed an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rule 13a-15(e) and 15d-15(e)). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective at a reasonable assurance level in timely alerting them to material information relating to us which is required to be included in our periodic Securities and Exchange Commission filings.

Evaluation of Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation and fair presentation of published financial statements.

Management assessed the effectiveness of the Company's internal control over financial reporting (as defined in the Securities Exchange Act of 1934 Rule 13a-15(f) and 15d-15(f)) as of December 31, 2016. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (1992). Based on our assessment, we believe that, as of December 31, 2016, the Company's internal control over financial reporting is effective based on those criteria.

Changes in Internal Control Over Financial Reporting

There have been no changes during the most recent fiscal quarter in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

In March 2017, the Company and Mr. Richard A. Bianco, the Company's Chairman, President and Chief Executive Officer ("R. A. Bianco") entered into an agreement for Mr. R. A. Bianco to provide to the Company a financial commitment in the form of a line of credit up to ten million dollars (\$10,000,000) or additional amount(s) as may be necessary and agreed to enable AmBase to contribute capital to Investment LLC and/or other affiliated subsidiaries of the Company to meet capital calls for the of 111 West 57<sup>th</sup> Property if and when the case may be necessary on terms



agreeable to/by the Company (as determined by the independent members of the Board of Directors) and R. A. Bianco at such time. The agreement provides that additional borrowings from Mr. R. A. Bianco pursuant to this line of credit shall be secured by the Company's commercial office building in Greenwich, Connecticut. This agreement is filed as exhibit 10.9 to this Annual Report on Form 10-K and is incorporated herein by reference. Disclosure of this agreement is being made under this Item 9B in lieu of Items 1.01 and 9.01 of Form 8-K.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning executive officers and directors required by this item will be set forth in the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on June 1, 2017, which is incorporated herein by reference, which the Company intends to file with the Securities and Exchange Commission not later than 120 days after the end of its 2016 fiscal year.

##### Code of Ethics

We have adopted a Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer and other senior officers. A copy of the Code of Ethics was filed with the SEC as Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

#### ITEM 11. EXECUTIVE COMPENSATION

For the information required to be set forth by the Company in response to this item, see the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on June 1, 2017, under the captions "Executive Compensation," "Employment Contracts," and "Compensation of Directors" which are incorporated herein by reference, which the Company intends to file with the Securities and Exchange Commission not later than 120 days after the end of its 2016 fiscal year.

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

The following table summarizes information about securities authorized for issuance under equity compensation plans of the Company at December 31, 2016 as follows:

	Shares to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Shares available for future issuance
Equity Compensation - plans approved by stockholders	-	\$ -	4,320,000
Equity Compensation - plan not approved by stockholders	-	-	110,000
Total	-	\$ -	4,430,000

Plan not approved by stockholders

The Company has 110,000 shares of common stock reserved for issuance under the AmBase Corporation Stock Bonus Plan (the "Stock Bonus Plan"), which was approved by the Board of Directors of the Company in 1989. The purpose of the Stock Bonus Plan is to encourage individual performance and to reward eligible employees whose performance, special achievements, longevity of service to the Company or suggestions make a significant improvement or contribution to the growth and profitability of the Company. The Stock Bonus Plan is administered by the Personnel Committee of the Board of Directors. Members of the Personnel Committee are not eligible for an award pursuant to the Stock Bonus Plan. The Company's President may also designate eligible employees to receive awards, which are not to be in excess of 100 shares of Common Stock. No fees or expenses of any kind are to be charged to a participant. Any employee of the Company, except for certain officers or directors of the Company, is eligible to receive shares under the Stock Bonus Plan. Distributions of shares may be made from authorized but unissued shares, treasury shares or shares purchased on the open market.

For other information required to be set forth by the Company in response to this item, see the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on June 1, 2017, under the caption "Stock Ownership", which is incorporated herein by reference, which the Company intends to file with the Securities and Exchange Commission not later than 120 days after the end of its 2016 fiscal year.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

For the information required to be set forth by the Company in response to this item, see the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on June 1, 2017, under the captions "Proposal No. 1 - Election of Directors" and "Information Concerning the Board and its Committees," which are incorporated herein by reference, which the Company intends to file with the Securities and Exchange Commission not later than 120 days after the end of its 2016 fiscal year.

#### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information concerning Principal Accounting Fees and Services is set forth by the Company under the heading "Proposal 2 - Independent Registered Public Accounting Firm", "Independent Registered Public Accountant Matters," in the Company's definitive Proxy Statement for its Annual Meeting of Shareholders to be held on June 1, 2017, which is incorporated herein by reference, which the Company intends to file with the Securities and Exchange Commission not later than 120 days after the end of its 2016 fiscal year.

---

PART IV  
 ITEM 15. EXHIBITS AND  
 FINANCIAL  
 STATEMENT  
 SCHEDULES

(a) Documents  
 filed as a part of  
 this report:

1. Index to  
 Financial Page

Statements:

Report of  
 Independent  
 Registered  
 Public 12

Accounting  
 Firm  
 Consolidated  
 Statements of 13

Operations  
 Consolidated  
 Balance Sheets 14

Consolidated  
 Statements of  
 Changes in 15

Stockholders'  
 Equity  
 Consolidated  
 Statements of 16

Cash Flows  
 Notes to  
 Consolidated 17

Financial  
 Statements

2. Index to  
 Financial  
 Statements

Schedules:

Schedule III -  
 Real Estate and  
 Accumulated  
 Depreciation

(b) Exhibits:

3.1. Restated  
 Certificate of  
 Incorporation  
 of AmBase  
 Corporation  
 (as amended  
 through

February 12,  
1991)  
(incorporated  
by reference to  
Exhibit 3A to  
the Company's  
Annual Report  
on Form 10-K  
for the year  
ended  
December 31,  
1990).

3.2. By-Laws of  
AmBase  
Corporation  
(as amended  
through March  
15, 1996),  
(incorporated  
by reference to  
Exhibit 3B to  
the Company's  
Annual Report  
on Form 10-K  
for the year  
ended  
December 31,  
1995).

4. Rights  
Agreement  
dated as of  
February 10,  
1986 between  
the Company  
and American  
Stock Transfer  
and Trust Co.  
(as amended  
March 24,  
1989,  
November 20,  
1990, February  
12, 1991,  
October 15,  
1993, February  
1, 1996,  
November 1,  
2000,  
November 9,

2005,  
November 10,  
2010, and  
November 10,  
2015),  
(incorporated  
by reference to  
Exhibit 4 to  
the Company's  
Annual Report  
on Form 10-K  
for the year  
ended  
December 31,  
1990, the  
Company's  
Quarterly  
Report on  
Form 10-Q for  
the quarterly  
period ended  
September 30,  
1993, the  
Company's  
Annual Report  
on Form 10-K  
for the year  
ended  
December 31,  
1995, the  
Company's  
Quarterly  
Report on  
Form 10-Q for  
the quarterly  
period ended  
September 30,  
2000, the  
Company's  
Quarterly  
Report on  
Form 10-Q for  
the quarterly  
period ended  
September 30,  
2005, the  
Company's  
Quarterly  
Report on  
Form 10-Q for  
the quarterly

period ended September 30, 2010, and the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015, respectively).

10.1. 1993 Stock Incentive Plan as amended (incorporated by reference to Exhibit A to the Company's Proxy Statement for the Annual Meeting of Stockholders held on May 16, 2008 and the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2010, respectively).

10.2. 1994 Senior Management Incentive Compensation Plan (incorporated by reference to Exhibit A to the Company's Proxy Statement for the Annual Meeting of Stockholders

held on May 27, 1994).

10.3. AmBase Officers and Key Employees Stock Purchase and Loan Plan (incorporated by reference to Exhibit 10E to the Company's Annual Report on Form 10-K for the year ended December 31, 1989).

10.4. Employment Agreement dated as of March 30, 2006 between Richard A. Bianco and the Company, for employment from June 1, 2007 through May 31, 2012, (incorporated by reference to Exhibit 10H to the Company's Annual Report on Form 10-K for the year ended December 31, 2005), and as amended January 1, 2008, (incorporated by reference to Exhibit 10E to the Company's Annual Report

on Form 10-K for the year ended December 31, 2007) as amended as of January 1, 2012, (incorporated by reference to Exhibit 10D to the Company's Annual Report on Form 10-K for the year ended December 31, 2011), and as amended as of June 17, 2013, (incorporated by reference to the Company's Current Report on Form 8-K filed on June 21, 2013 and to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013).

10.5 111 West 57<sup>th</sup> Partners LLC Limited Liability Company Agreement. Dated as of June 28, 2013, (incorporated by reference to Exhibit 10.1 to Amendment no. 1 to the



Company's  
Quarterly  
Report on  
Form 10-Q/A  
for the  
quarterly  
period ended  
June 30,  
2013).

10.6 Second  
Amended and  
Restated  
Limited  
Liability  
Company  
Agreement of  
111 West 57<sup>th</sup>  
Investment,  
LLC dated  
December 19,  
2014  
(incorporated  
by reference to  
Exhibit 10.8 to  
the Company's  
Annual Report  
on Form 10-K  
for the year  
ended  
December 31,  
2014).

10.7 Agreement  
between Mr.  
Richard A.  
Bianco, the  
Company's  
Chairman  
President and  
Chief  
Executive  
Officer ("R. A.  
Bianco") and  
the Company  
for Mr. R. A.  
Bianco to  
provide a  
secured  
working  
capital line of  
credit to the

- Company  
(incorporated  
by reference to  
Exhibit 10.1 to  
the Company's  
Quarterly  
Report on  
Form 10-Q for  
the quarterly  
period ending  
March 31,  
2016).
- 10.8 Loan  
Agreement  
between Mr.  
Richard A.  
Bianco, the  
Company's  
Chairman  
President and  
Chief  
Executive  
Officer ("R. A.  
Bianco") and  
the Company.
- 10.9 Agreement  
between Mr.  
Richard A.  
Bianco, the  
Company's  
Chairman  
President and  
Chief  
Executive  
Officer ("R. A.  
Bianco") and  
the Company  
for Mr. R. A.  
Bianco to  
provide to the  
Company a  
financial  
commitment in  
the form of a  
line of credit  
up to ten  
million dollars  
(\$10,000,000)  
or additional  
amount(s) as  
may be

necessary and  
agreed to  
enable  
AmBase to  
contribute  
capital to the  
111 West 57th  
Property.

14. AmBase Corporation - Code of Ethics as adopted by Board of Directors (incorporated by reference to Exhibit 14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2003).

21. Subsidiaries of the Registrant.

23. Consent of Independent Registered Public Accounting Firm.

31.1 Rule 13a-14(a) Certification of Chief Executive Officer Pursuant to Rule 13a-14.

31.2 Rule 13a-14(a) Certification of Chief Financial Officer Pursuant to Rule 13a-14.

32.1 Section 1350 Certification of Chief Executive Officer pursuant to Rule 18 U.S.C. Section 1350.

32.2 Section 1350 Certification of Chief Financial Officer pursuant to Rule 18 U.S.C. Section 1350.

99.1 August 31, 2012, Supervisory Goodwill Settlement Agreement (originally filed as Exhibit 99 to the Company's Current Report on Form 8-K filed on October 22, 2012 and incorporated by reference herein).

99.2 United States Court of Federal Claims Opinion and Order dated August 6, 2013 regarding tax gross-up, initially filed under seal reissued for publication August 16, 2013 (originally filed as Exhibit 99 to the Company's Current Report on Form 8-K filed on August 20, 2013 and incorporated by reference herein).

101.1 The following financial statements from AmBase Corporation's Annual Report on Form 10-K for the year ended December 31, 2016 formatted in XBRL: (i) Consolidated Statement of Operations; (ii) Consolidated Balance Sheets; (iii) Consolidated Statements of Cash Flow; and (iv) Notes to Consolidated Financial Statements.

Exhibits, except as otherwise indicated above, are filed herewith.

#### 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.

AMBASE CORPORATION

/s/RICHARD A. BIANCO  
Chairman, President and Chief Executive  
Officer (Principal Executive Officer)  
Date: March 30, 2017

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 capacities on the dates indicated.

/s/RICHARD A. BIANCO  
Chairman, President,  
Chief Executive Officer and Director  
Date: March 30, 2017

/s/JOHN FERRARA  
Vice President, Chief Financial Officer  
and Controller  
(Principal Financial and Accounting Officer)  
Date: March 30, 2017

/s/ALESSANDRA F. BIANCO  
Director  
Date: March 30, 2017

/s/RICHARD A. BIANCO, JR.  
Director  
Date: March 30, 2017

/s/JERRY Y. CARNEGIE  
Director  
Date: March 30, 2017

/s/KENNETH M. SCHMIDT  
Director  
Date: March 30, 2017

AMBASE CORPORATION AND SUBSIDIARIES  
SCHEDULE III. REAL ESTATE AND ACCUMULATED DEPRECIATION  
December 31, 2016  
(dollars in thousands)

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		Initial Cost to Company	Cost Capitalized Subsequent to	Gross Amount at which Carried at Close of Period

Edgar Filing: AMBASE CORP - Form 10-K

Description	Encumbrances	Building &		Acquisition		Building &		Total
		Land	Improvements	Improvements	Land	Improvements		
Office Building: Greenwich, CT	\$ -	\$554	\$ 1,880	\$ 20	\$554	\$ 1,900		\$2,454
Total	\$ -	\$554	\$ 1,880	\$ 20	\$554	\$ 1,900		\$2,454

[Additional columns below]

[Continued from above table, first column(s) repeated]

COLUMN A	COLUMN F	COLUMN G	COLUMN H	COLUMN I
Description	Accumulated Depreciation	Date of Construction	Date Acquired	Life on Which Depreciation is Computed
Office Building: Greenwich, CT	\$ 774	1970	April, 2001	39 years
Total	\$ 774			

[a] Reconciliation of total real estate carrying value is as follows:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Balance at beginning of year	\$ 2,454	\$ 2,454
Improvements	-	-
Acquisitions	-	-
Disposition	-	-
Balance at end of year	\$ 2,454	\$ 2,454
Total cost for federal tax purposes at end of each year	\$ 2,454	\$ 2,454

[b] Reconciliation of accumulated depreciation as follows:

Balance at beginning of year	\$726	\$678
Depreciation expense	48	48
Dispositions	-	-
Balance at end of year	\$774	\$726

DIRECTORS AND OFFICERS

Board of Directors

Richard A. Bianco Chairman, President and Chief Executive Officer	Alessandra F. Bianco Senior Officer BARC Investments, LLC	Richard A. Bianco, Jr. Employee AmBase Corporation & Officer	Jerry Y. Carnegie	Kenneth M. Schmidt
---	---	--	----------------------	-----------------------

Edgar Filing: AMBASE CORP - Form 10-K

AmBase Corporation	BARC Investments, LLC	Private Investor	Private Investor
--------------------	-----------------------	------------------	------------------

AmBase Officers

Richard A. Bianco Chairman, President and Chief Executive Officer	John Ferrara Vice President, Chief Financial Officer and Controller	Joseph R. Bianco Treasurer
---	--	-------------------------------

INVESTOR INFORMATION

Annual Meeting of Stockholders

The 2017 Annual Meeting is currently scheduled to be held at 9:00 a.m. Eastern Time, on Thursday, June 1, 2017, at:

Hyatt Regency Hotel  
1800 East Putnam Avenue  
Greenwich, CT 06870

Corporate Headquarters

AmBase Corporation  
100 Putnam Green, 3rd  
Floor  
Greenwich, CT 06830-6027  
(203) 532-2000

Common Stock Trading

AmBase stock is traded through one or more market-makers with quotations made available on the over-the-counter market.

Issue: Common Stock  
Abbreviation: AmBase  
Ticker Symbol: ABCP.OB

Stockholder Inquiries

Stockholder inquiries, including requests for the following: (i) change of address; (ii) replacement of lost stock certificates; (iii) Common Stock name registration changes; (iv) Quarterly Reports on Form 10-Q; (v) Annual Reports on Form 10-K; (vi) proxy material; and (vii) information regarding stockholdings, should be directed to:

Transfer Agent and Registrar

American Stock Transfer & Trust Company, LLC  
6201 15<sup>th</sup> Avenue  
Brooklyn, NY 11219  
Attention: Shareholder Services  
(800) 937-5449 or (718) 921-8200 Ext. 6820

American Stock Transfer & Trust Co. LLC  
6201 15<sup>th</sup> Ave.  
Brooklyn, NY 11219  
Attention: Shareholder Services  
(800) 937-5449 or (718) 921-8200 Ext. 6820

In addition, the Company's public reports, including Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Proxy Statements, can be obtained

through the Securities and  
Exchange Commission  
EDGAR Database over the  
World Wide Web at  
[www.sec.gov](http://www.sec.gov).

Independent Registered Public Accountants

Marcum LLP  
Maritime Center  
555 Long Wharf Drive  
New Haven, CT 06511

Number of Stockholders

As of February 28, 2017,  
there were  
approximately 9,200  
stockholders.