

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

ONE LIBERTY PROPERTIES INC
Form 10-Q
August 09, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2006

OR

Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Commission File Number 001-09279

ONE LIBERTY PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

MARYLAND

13-3147497

(State or other jurisdiction of
incorporation or organization)

(I.R.S. employer
identification number)

60 Cutter Mill Road, Great Neck, New York

11021

(Address of principal executive offices)

(Zip code)

(516) 466-3100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No
--- ---

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer
--- --- ---

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

Yes No
--- ---

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

As of August 4, 2006, the registrant had 9,935,148 shares of common stock outstanding.

Part I - FINANCIAL INFORMATION

Item 1 Financial Statements

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, Except Per Share Data)

	June 30, 2006
	----- (Unaudited)
Assets	
Real estate investments, at cost	
Land	\$ 62,829
Buildings and improvements	266,306

	329,135
Less accumulated depreciation	24,664

	304,471
Investment in unconsolidated joint ventures	27,311
Cash and cash equivalents	7,433
Unbilled rent receivable	7,447
Property held for sale	11,097
Escrow, deposits and other receivables	1,530
Investment in BRT Realty Trust (related party)	771
Deferred financing costs	3,059
Other assets (including available-for-sale securities at market of \$665 and \$163)	1,345
Unamortized intangible lease assets	4,337

Total assets	\$368,801
	=====
Liabilities and Stockholders' Equity	
Liabilities:	
Mortgages payable	\$198,020
Line of credit	2,000
Dividends payable	3,277
Accrued expenses and other liabilities	4,047
Unamortized intangible lease liabilities	5,632

Total liabilities	212,976

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

Commitments and contingencies	-----	-
Stockholders' equity:		
Preferred stock, \$1 par value; 12,500 shares authorized; none issued		-
Common stock, \$1 par value; 25,000 shares authorized; 9,789 and 9,770 shares issued and outstanding		9,789
Paid-in capital		133,957
Accumulated other comprehensive income - net unrealized gain on available-for-sale securities		833
Unearned compensation		-
Accumulated undistributed net income		11,246

Total stockholders' equity		155,825

Total liabilities and stockholders' equity		\$368,801
		=====

See accompanying notes to consolidated financial statements.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Data)
(Unaudited)

	Three Months Ended June 30,	
	2006	2005
	-----	-----
Revenues:		
Rental income	\$ 8,562	\$ 6,713
	-----	-----
Operating expenses:		
Depreciation and amortization	1,767	1,319
General and administrative (including \$416, \$324, \$748 and \$620 respectively, to related party)	1,583	982
Real estate expenses	78	82
Leasehold rent	77	77
	-----	-----
Total operating expenses	3,505	2,460
	-----	-----

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

Operating income	5,057	4,253
Other income and expenses:		
Equity in earnings of unconsolidated joint ventures	903	743
Interest and other income	44	59
Interest:		
Expense	(3,214)	(2,412)
Amortization of deferred financing costs	(151)	(128)
Gain on sale of option to purchase property	-	-
Gain on sale of air rights	-	10,248
	-----	-----
Income from continuing operations	2,639	12,763
Income (loss) from discontinued operations	553	(70)
Net gain on sale of discontinued operations	-	590
	-----	-----
Net income	\$ 3,192	\$13,283
	=====	=====
Weighted average number of common shares outstanding:		
Basic	9,930	9,841
	=====	=====
Diluted	9,934	9,845
	=====	=====
Net income per common share - basic and diluted:		
Income from continuing operations	\$.26	\$ 1.30
Income from discontinued operations	.06	.05
	-----	-----
Net income per common share	\$.32	\$ 1.35
	=====	=====
Cash distributions per share of common stock	\$.33	\$.33
	=====	=====

See accompanying notes to consolidated financial statements.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the six month period ended June 30, 2006 (Unaudited)
and the year ended December 31, 2005
(Amounts in Thousands)

Common	Paid-in	Accumulated Other Comprehensive	Unearned Compen-
--------	---------	---------------------------------------	---------------------

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

	Stock -----	Capital -----	Income -----	Retain- ation -----
Balances, January 1, 2005	\$ 9,728	\$133,350	\$ 717	\$ (926)
Distributions - common stock	-	-	-	-
Exercise of options	11	109	-	-
Shares issued through dividend reinvestment plan	31	569	-	-
Issuance of restricted stock	-	617	-	(617)
Compensation expense - restricted stock	-	-	-	293
Net income	-	-	-	-
Other comprehensive income- net unrealized gain on available-for-sale securities	-	-	101	-
Comprehensive income	-----	-----	-----	-----
Balances, December 31, 2005	9,770	134,645	818	(1,250)
Reclassification upon the adoption of FASB No. 123 (R)	-	(1,250)	-	1,250
Distributions - common stock	-	-	-	-
Shares issued through dividend reinvestment plan	19	320	-	-
Compensation expense - restricted stock	-	242	-	-
Net income	-	-	-	-
Other comprehensive income- net unrealized gain on available-for-sale securities	-	-	15	-
Comprehensive income	-----	-----	-----	-----
Balances, June 30, 2006	\$ 9,789 =====	\$133,957 =====	\$ 833 =====	\$ - =====

See accompanying notes to consolidated financial statements.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)
(Unaudited)

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

Cash flows from operating activities:

Net income
Adjustments to reconcile net income
to net cash provided by operating activities:
Gain on sales of real estate
Increase in rental income from straight-lining of rent
(Increase) decrease in rental income from amortization of
intangibles relating to leases
Provision for valuation adjustment
Amortization of restricted stock expense
Equity in earnings of unconsolidated joint ventures
Distributions from unconsolidated joint ventures
Depreciation and amortization
Amortization of financing costs
Changes in assets and liabilities:
(Increase) decrease in escrow, deposits and other receivables
Increase (decrease) in accrued expenses and other liabilities

Net cash provided by operating activities

Cash flows from investing activities:

Purchase of real estate and improvements
Net proceeds from sale of real estate
Investment in unconsolidated joint ventures
Distribution of return of capital from unconsolidated
joint ventures
Net proceeds from sale of option to purchase property
Net proceeds from sale of available-for-sale securities
Purchase of available-for-sale securities

Net cash (used in) provided by investing activities

Cash flows from financing activities:

Repayment of mortgages payable
Proceeds from mortgages payable
Payment of financing costs
Proceeds from bank line of credit, net
Cash distributions - common stock
Exercise of stock options
Issuance of shares through dividend reinvestment plan

Net cash (used in) provided by financing activities

Net (decrease) increase in cash and cash equivalents

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

Supplemental disclosures of cash flow information:

Cash paid during the period for interest

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

Supplemental schedule of non-cash investing and financing activities:

Assumption of mortgage payable in connection
with purchase of real estate

Purchase accounting allocations

Reclassification of 2005 deposit in connection with
purchase of real estate

See accompanying notes to consolidated financial statements.

One Liberty Properties, Inc. and Subsidiaries Notes to Consolidated Financial Statements

Note 1 - Organization and Background

One Liberty Properties, Inc. (the "Company") was incorporated in 1982 in the state of Maryland. The Company is a self-administered and self-managed real estate investment trust ("REIT"). The Company acquires, owns and manages a geographically diversified portfolio of retail, industrial, office, movie theater, health and fitness and other properties, a substantial portion of which are under long-term net leases. The Company owns fifty-six properties, including one property held for sale, holds a 50% tenancy in common interest in one property and participates in six joint ventures which own a total of fourteen properties, including ten properties held for sale. The seventy-one properties are located in twenty-six states.

Note 2 - Basis of Preparation

The accompanying interim unaudited consolidated financial statements as of June 30, 2006 and for the six and three months ended June 30, 2006 and 2005 reflect all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results for such interim periods. The results of operations for the six and three months ended June 30, 2006 are not necessarily indicative of the results for the full year.

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The consolidated financial statements include the accounts and operations of One Liberty Properties, Inc. and its wholly-owned subsidiaries (collectively, the "Company"). With respect to its unconsolidated joint ventures, as the Company (1) is primarily the managing member but does not exercise substantial operating control over these entities pursuant to EITF 04-05, and (2) such entities are not variable-interest entities pursuant to FASB Interpretation No. 46, "Consolidation of Variable Interest Entities", it has determined that such joint ventures should be accounted for under the equity method of accounting for financial statement purposes. Material intercompany items and transactions have been eliminated.

Certain amounts reported in previous consolidated financial statements have been reclassified in the accompanying consolidated financial statements to conform to

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

the current year's presentation.

The Company accounts for its property acquisitions in accordance with SFAS 141 and 142 and is currently in the process of analyzing the fair value of the in-place leases of its current year's acquisitions. Therefore, the purchase price allocations are preliminary and subject to change.

These statements should be read in conjunction with the consolidated financial statements and related notes which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2005.

One Liberty Properties, Inc. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

Note 3 - Earnings Per Common Share

For the six and three months ended June 30, 2006 and 2005, basic earnings per share were determined by dividing net income for the period by the weighted average number of shares of the Company's Common Stock outstanding, which includes unvested restricted stock, during each period.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts exercisable for, or convertible into, Common Stock were exercised or converted or resulted in the issuance of Common Stock that shared in the earnings of the Company. For the six and three months ended June 30, 2006 and 2005, diluted earnings per share were determined by dividing net income applicable to common stockholders for the period by the total of the weighted average number of shares of Common Stock outstanding plus the dilutive effect of the Company's outstanding options (3,448 and 3,427 for the six and three months ended June 30, 2006, respectively, and 5,597 and 4,314 for the six and three months ended June 30, 2005, respectively) using the treasury stock method.

Note 4 - Investment in Unconsolidated Joint Ventures

The Company is a member in six unconsolidated joint ventures which own and operate fourteen properties. The following tables present unaudited condensed financial statements of the two most significant joint ventures. The Company is the managing member of both joint ventures, which are between the Company and MTC Investors LLC, an unrelated party, and own movie theater properties.

Joint Venture #1 (Amounts in Thousands)

Condensed Balance Sheets	June 30,	December 31,
	2006	2005
Cash and cash equivalents	\$ 311	\$ 368
Properties held for sale (A)	52,905	53,384
Deferred financing costs	423	458
Unbilled rent receivable	1,508	1,390
Other assets	59	3

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

Total assets	\$ 55,206 =====	\$ 55,603 =====
Mortgage loans payable	\$ 31,254	\$ 31,720
Other liabilities	369	337
Equity	23,583 -----	23,546 -----
Total liabilities and equity	\$ 55,206 =====	\$ 55,603 =====
Company's equity investment (B)	\$ 12,714 =====	\$ 12,706 =====

One Liberty Properties, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Continued)

Note 4 - Investment in Unconsolidated Joint Ventures (Continued)

Condensed Statements of Operations (A) -----	Three Months Ended June 30,	
	2006 ----	2005 ----
Rental income	\$ 1,838 -----	\$ 1,838 -----
Depreciation and amortization	192	289
Operating expenses	129 -----	76 -----
Total operating expenses	321 -----	365 -----
Operating income	1,517	1,473
Other income and expenses:		
Interest income	-	-
Interest:		
Expense	(613)	(631)
Amortization of deferred financing costs	(18) -----	(17) -----
Net income attributable to members	\$ 886 =====	\$ 825 =====
Company's share of net income	\$ 443 =====	\$ 413 =====
Amount recorded in income statement (B)	\$ 438 =====	\$ 407 =====
Distributions received by the Company from operations	\$ 424 =====	\$ 408 =====

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

- (A) At June 30, 2006, the five movie theaters owned by this joint venture, constituting all of the real estate assets of this venture, are subject to a contract of sale. See Note 7. For comparison purposes, these assets have been reclassified to "Properties held for sale" at December 31, 2005.
- (B) The difference between the carrying amount of the Company's investment in Joint Venture # 1 and the underlying equity in net assets is a premium amortized as an adjustment to equity in earnings of unconsolidated joint ventures over 40 years.

Joint Venture #2
(Amounts in Thousands)

Condensed Balance Sheets -----	June 30, ----- 2006 -----
Cash and cash equivalents	\$ 1,086
Properties held for sale (A)	38,292
Deferred financing costs	402
Unbilled rent receivable	1,285
Other assets, primarily investment in AIX stock (B)	227

Total assets	\$ 41,292 =====
Mortgage loans payable	\$ 25,195
Other liabilities	488
Equity	15,609

Total liabilities and equity	\$ 41,292 =====
Company's equity investment	\$ 7,704 =====

One Liberty Properties, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Continued)

Note 4 - Investment in Unconsolidated Joint Ventures (Continued)

Condensed Statements of Operations (A) -----	Three Months Ended June 30,	
	2006	2005
	-----	-----

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

Rental income	\$ 1,208	\$ 1,249
	-----	-----
Depreciation and amortization	134	203
Operating expenses	22	84
	-----	-----
Total operating expenses	156	287
	-----	-----
Operating income	1,052	962
Other income and expenses:		
Interest:		
Expense	(487)	(498)
Amortization of deferred financing costs	(8)	(8)
Gain on sale of AIX stock (B)	166	-
	-----	-----
Net income attributable to members	\$ 723	\$ 456
	=====	=====
Company's share of net income	\$ 361	\$ 228
	=====	=====
Distributions received by the Company from operations	\$ 227	\$ 228
	=====	=====

(A) At June 30, 2006, four of the five movie theaters owned by this joint venture are under a contract of sale. The buyer of these movie theaters has a right to terminate the contract within its due diligence period, which has been extended through August 9, 2006. See Note 7. For comparison purposes, these assets have been reclassified to "Properties held for sale" at December 31, 2005. The fifth movie theater is the only remaining real estate asset of this venture and is not subject to the contract of sale and is being offered for sale. This movie theater was under construction until September 2004, at which time the lease with the former operator was terminated by mutual agreement and construction stopped. The joint venture is seeking alternative uses for this property and is also offering this property for sale. This property has a net book value of \$640, which is net of a \$2,562 provision for valuation adjustment taken as a direct write down during the three months ended September 30, 2005.

(B) The joint venture owned 40,000 restricted shares of Class A common stock of Access Integrated Technologies, Inc. (NASDAQ:AIXD), the parent company of a tenant of the joint venture. In April 2006, the joint venture sold 20,000 shares of the AIXD stock and realized a gain on sale of \$166.

At June 30, 2006, the remaining four unconsolidated joint ventures each owned one property. At June 30, 2006 and December 31, 2005, the Company's equity investment in these four joint ventures totaled \$6,893,000 and \$6,997,000, respectively. These unconsolidated joint ventures contributed \$217,000 and \$104,000, respectively, in equity earnings for the six and three months ended June 30, 2006 and \$296,000 and \$108,000, respectively, in equity earnings for the six and three months ended June 30, 2005.

Note 5 - Gain on Sale of Option to Purchase Property

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

During February 2006, the Company sold an option it owned to buy an interest in certain property adjacent to one of the Company's properties and realized a gain on sale of \$227,000.

One Liberty Properties, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Continued)

Note 6 - Discontinued Operations

The following is a summary of income from discontinued operations currently and formerly owned directly by the Company, for the six and three months ended June 30, 2006 and 2005 (in thousands) applicable to the property held for sale at June 30, 2006 and to the five properties sold in the year ended December 31, 2005:

	Three Months Ended June 30, -----		Six M -----
	2006	2005	2006
	-----	-----	-----
Rental income	\$ 303	\$ 848	\$ 607
Other income	400	-	400
	-----	-----	-----
Total revenues	703	848	1,007
	-----	-----	-----
Depreciation and amortization	39	139	97
Real estate expenses	5	201	6
Interest expense	106	109	214
Provision for valuation adjustment of real estate	-	469	-
	-----	-----	-----
Total expenses	150	918	317
	-----	-----	-----
Income (loss) from discontinued operations before gain on sale	553	(70)	690
Net gain on sale of discontinued operations	-	590	-
	-----	-----	-----
Income from discontinued operations	\$ 553	\$ 520	\$ 690
	=====	=====	=====

Real estate investment, net of accumulated depreciation, and mortgage payable for the property held for sale at June 30, 2006 was \$11,097,000 and \$6,716,000, respectively, and \$11,193,000 and \$6,783,000, respectively, at December 31, 2005.

Note 7 - Properties Held For Sale

Two of the Company's joint ventures and the Company have entered into an agreement pursuant to which the joint ventures would sell to a single buyer

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

eight movie theater properties owned by such joint ventures and the Company would sell one movie theater property wholly owned by the Company for an aggregate consideration of \$151,885,000, of which approximately \$136,658,000 would be allocated to the eight properties owned by the joint ventures (in which the Company is a 50% equity participant) and approximately \$15,227,000 to the property owned by the Company. Under the agreement the buyer can terminate the agreement during the due diligence period, in its sole discretion and consummation is subject to the satisfaction of conditions and the delivery of documents which are usual in such transactions. On July 31, 2006, the Company announced that the due diligence period set forth in the agreement had been extended through August 9, 2006.

An additional contract of sale had been executed with a different purchaser to sell another movie theater property owned by one of the movie theater joint ventures (Joint Venture #2) for a consideration of \$16,000,000. Consummation of this transaction is subject to the satisfaction of conditions and the delivery of documents which are usual in such transactions.

Note 8 - Common Stock Dividend Distribution

On June 13, 2006, the Board of Directors declared a quarterly cash distribution of \$.33 per share, totaling \$3,277,000, on the Company's Common Stock which was paid on July 6, 2006 to stockholders of record on June 23, 2006.

One Liberty Properties, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Continued)

Note 9 - Comprehensive Income

Comprehensive income for the six and three months ended June 30, 2006 and 2005 are as follows (amounts in thousands):

	Three Months Ended June 30,		Six
	2006	2005	2006
	----	----	----
Net income	\$ 3,192	\$ 13,283	\$ 6,262
Other comprehensive income -			
Unrealized gain (loss) on			
available-for-sale securities	(94)	172	15
	\$ 3,098	\$ 13,455	\$ 6,277
Comprehensive income	\$ 3,098	\$ 13,455	\$ 6,277

Accumulated other comprehensive income, which is solely comprised of the net unrealized gain on available-for-sale securities was \$833,000 and \$818,000 at June 30, 2006 and December 31, 2005, respectively.

Note 10 - Restricted Stock

As of June 30, 2006, a total of 143,425 shares have been issued under the Company's 2003 Incentive Plan, including 50,050 restricted shares that were

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

awarded in February 2006. The total number of shares issuable under this plan is 275,000. The restricted stock issued to date under the plan vests five years from the date of issuance, and under certain circumstances, may vest earlier. For accounting purposes, the restricted stock is not included in the outstanding shares shown on the balance sheet until they vest, but is included in the earnings per share computation. In 2006, the Company adopted the provisions of Financial Accounting Standards Board ("FASB") No. 123 (R), "Share-Based Payment (revised 2004)". These provisions require that the estimated fair value of restricted stock and stock options at the date of grant be amortized ratably into expense over the appropriate vesting period. For the six and three months ended June 30, 2006, the Company recorded \$242,000 and \$136,000 of compensation expense, respectively. At June 30, 2006, \$2,023,000 has been deferred as unearned compensation and will be charged to expense over the remaining weighted average vesting period of approximately 3.6 years.

Note 11 - New Accounting Pronouncements

Emerging Issues Task Force ("EITF") Issue 04-5, "Investor's Accounting for an Investment in a Limited Partnership when the Investor is the Sole General Partner and the Limited Partners Have Certain Rights" was ratified by the FASB in June 2005. This EITF provides guidance in determining whether a general partner controls a limited partnership and what rights held by the limited partners(s) preclude the sole general partner from consolidating the limited partnership in accordance with the U.S. generally accepted accounting principles. This EITF covers entities that are equivalent to limited partnerships, such as limited liability companies, in which the Company is a managing member. This EITF is effective no later than fiscal years beginning after December 15, 2005 and as of June 29, 2005 for new or modified arrangements. Management has adopted the EITF issue and its adoption did not have an effect on earnings or the financial position of the Company.

In July 2006, the Financial Accounting Standards Board (the "FASB") issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). This interpretation, among other things, creates a two step approach for evaluating uncertain tax positions. Recognition (step one) occurs

One Liberty Properties, Inc. and Subsidiaries Notes to Consolidated Financial Statements (Continued)

Note 11 - New Accounting Pronouncements (Continued)

when an enterprise concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when a company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. FIN 48 specifically prohibits the use of a valuation allowance as a substitute for derecognition of tax positions, and it has expanded disclosure requirements. FIN 48 is effective for fiscal years beginning after December 15, 2006, in which the impact of adoption should be accounted for as a cumulative-effect adjustment to the beginning balance of retained earnings. The Company is evaluating FIN 48 and has not yet determined the impact the adoption will have on the consolidated financial statements.

Note 12 - Legal Matters

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

In July 2005, Jeffrey Fishman resigned as the Company's president, chief executive officer and a member of the Company's Board of Directors following discovery of what appeared to be inappropriate financial dealings by Mr. Fishman with the former tenant of a movie theater property located in Brooklyn, NY, owned by a joint venture in which the Company is a 50% venture partner and the managing member.

On June 21, 2006 the Company announced that it had received notification of a formal order of investigation from the SEC. Management believes that the matters being investigated by the SEC focus on the improper payments received by the Company's former president and chief executive officer, "related party" transactions between the Company and entities affiliated with it and with certain of the Company's officers and directors, and compensation paid to certain of the Company's executive officers by those affiliates. Both the SEC and the Company's Audit Committee and its counsel have been conducting concurrent investigations concerning these issues. The Company's direct legal expenses related to these investigations totaled \$322,000 and \$304,000, respectively, in the six and three months ended June 30, 2006. (There were no such expenses in the six and three months ended June 30, 2005.)

One Liberty Properties, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Continued)

Note 13 - Unaudited Pro Forma Information

On April 7, 2006, the Company acquired eleven retail furniture stores, located in six states, leased to a single tenant. The properties were acquired for a purchase price of approximately \$51,200,000, with approximately \$22,250,000 paid in cash, \$2,000,000 borrowed under the Company's line of credit and the remainder through the assumption of a mortgage of approximately \$26,950,000. The basic term of the net lease expires August 14, 2022, with several renewal options.

The following table summarizes, on an unaudited pro forma basis, the combined results of continuing operations of the Company for the six and three months ended June 30, 2006 and 2005 as though the acquisition of the properties in April 2006 was completed on January 1, 2005. The information does not purport to be indicative of what the operating results of the Company would have been had the acquisition been consummated on January 1, 2005. (Amounts in thousands, except per share data.)

	Three Months Ended June 30,		Six M J
	2006	2005	2006
	-----	-----	-----
Pro forma revenues	\$ 8,620	\$ 7,908	\$17,096
Pro forma net income from continuing operations	2,623	13,138	5,940
Pro forma common shares:			
Basic	9,930	9,841	9,912
Diluted	9,934	9,845	9,916
Pro forma net income per common			

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

share from continuing operations -

Basic	\$.26	\$ 1.34	\$.60
Diluted	\$.26	\$ 1.33	\$.60

Item 2. Management's Discussion And Analysis Of Financial Condition And Results

 Of Operations

Forward-Looking Statements

With the exception of historical information, this quarterly report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended. We intend such forward-looking statements to be covered by the safe harbor provision for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "believe," "expect," "intend," "anticipate," "estimate," "project," or similar expressions or variations thereof. Forward-looking statements should not be relied on since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect actual results, performance or achievements. Investors are cautioned not to place undue reliance on any forward-looking statements.

Overview

We are a self-administered and self-managed real estate investment trust, or REIT, and we primarily own real estate that we net lease to tenants. Including the twelve properties purchased in the quarter ended June 30, 2006, we own 56 properties, including one property held for sale, hold a 50% tenancy in common interest in one property and participate in six joint ventures which own a total of 14 properties, including ten properties held for sale. These 71 properties are located in 26 states.

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute currently at least 90% of ordinary taxable income to our stockholders. We intend to comply with these requirements and to maintain our REIT status.

Our principal business strategy is to acquire improved, commercial properties subject to long-term net leases. We acquire properties for their value as long-term investments and for their ability to generate income over an extended period of time. We have borrowed funds in the past to finance the purchase of real estate and we expect to do so in the future.

Our rental properties are generally leased to corporate tenants under operating leases substantially all of which are noncancellable. Substantially all of our lease agreements are net lease arrangements that require the tenant to pay not only rent, but also substantially all of the operating expenses of the leased

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

property, including maintenance, taxes, utilities and insurance. A majority of our lease agreements provide for periodic rental increases and certain of our other leases provide for increases based on the consumer price index.

At June 30, 2006, excluding mortgages payable of our unconsolidated joint ventures, we had 35 outstanding mortgages payable, aggregating approximately \$198 million in principal amount, each of which is secured by a first lien on an individual real estate property. The real properties securing our outstanding mortgages payable have an aggregate carrying value of approximately \$311 million, adjusted for intangibles, before accumulated depreciation. The mortgages bear interest at fixed rates ranging from 5.125% to 8.8%, and mature between 2007 and 2023.

Results of Operations

Comparison of Six and Three Months Ended June 30, 2006 and 2005

Revenues

Rental income increased by \$2.6 million, or 20.2%, to \$15.8 million for the six months ended June 30, 2006 from \$13.2 million for the six months ended June 30, 2005. For the three months ended June 30, 2006, rental income increased by \$1.8 million, or 27.5%, to \$8.6 million from \$6.7 million for the three months ended June 30, 2005. The increase in rental income is primarily due to \$2.6 million and \$1.8 million of rental revenues earned during the six and three months ended June 30, 2006 on twenty properties acquired by us between January 2005 and April 2006.

Operating Expenses

Depreciation and amortization expense increased by \$663,000, or 25.5%, and \$448,000, or 34%, to \$3.3 million and \$1.8 million for the six and three months ended June 30, 2006. The increase in depreciation and amortization expense was primarily due to the acquisition of twenty properties between January 2005 and April 2006.

General and administrative expenses increased by \$835,000, or 45.1%, to \$2.7 million for the six months ended June 30, 2006. For the three months ended June 30, 2006, general and administrative expenses increased by \$601,000, or 61.2%, to \$1.6 million. The increase was due to a number of factors, the largest of which (totaling \$322,000 and \$304,000, respectively, for the six and three months ended June 30, 2006) relates to professional fees incurred in connection with an investigation by the Securities and Exchange Commission described elsewhere in this filing and a related investigation being conducted by the Company's Audit Committee. In addition, the Company incurred \$92,000 and \$71,000, respectively, in legal fees relating to a civil litigation arising out of the activities of our former president and chief executive officer. Additionally, for the six and three months ended June 30, 2006 expenses allocated to us under a Shared Services Agreement among us and various affiliated companies, increased by \$128,000 and \$93,000, respectively, for executive and support personnel, primarily for legal and accounting services, including information gathered for the Company related to the SEC and Audit Committee investigations, property acquisitions, mortgage financings and the overall increase in the level of our business activity. Also included in the six and three months ended June 30, 2006 is an increase in compensation expense of \$189,000 and \$92,000, respectively, relating to the amortization of restricted

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

stock and an increase in payroll expense. Additionally, for the six and three months ended June 30, 2006, directors' fees increased by approximately \$47,000 and \$30,000, travel expenses increased by approximately \$25,000 and \$9,000 and other miscellaneous expenses increased by approximately \$31,000 and \$2,000.

Real estate expenses decreased by \$40,000, or 22.9%, for the six months ended June 30, 2006, resulting primarily from operating expenses incurred in the 2005 six month period relating to two properties.

Other Income and Expenses

Our equity in earnings of unconsolidated joint ventures decreased by \$173,000, or 9.3%, to \$1.7 million for the six months ended June 30, 2006 and increased by \$160,000, or 21.5%, to \$903,000 for the three months ended June 30, 2006. In February 2005, the operator of one of the movie theaters owned by one of our joint ventures sold its business to an independent third party, which sale resulted in the payment to the joint venture of rental arrearages totaling \$592,000. We have a 50% interest in this joint venture and the payment resulted in \$296,000 of equity in earnings to us in the six months ended June 30, 2005. The decrease in the six months ended June 30, 2006 also results from mortgage interest expense incurred by one of our joint ventures relating to a mortgage obtained on March 31, 2005. These decreases were offset, in part, by a gain of \$166,000, of which our 50% share is \$83,000, on the sale of stock during the three months ended June 30, 2006 that one of our joint ventures owned and a decrease of \$164,000, of which our 50% share is \$82,000, in depreciation expense which ceased June 1, 2006 for the nine theaters under contract of sale.

Interest and other income increased by \$180,000 to \$260,000, and decreased by \$15,000 to \$44,000 for the six and three months ended June 30, 2006, respectively. The increase in interest and other income for the six months ended June 30, 2006 results from interest earned on our investment in short-term cash equivalents of the proceeds received from a mortgage financing completed during December 2005.

Interest expense increased by \$1.1 million, or 22.8%, and \$802,000, or 33.3%, to \$5.9 million and \$3.2 million, respectively, for the six and three months ended June 30, 2006. This includes increases of \$1.3 million and \$837,000, respectively, on our mortgages payable, principally resulting from mortgages placed on twenty-two properties between March 2005 and April 2006. This increase was offset by a decrease of \$190,000 and \$35,000, respectively, during the six and three months ended June 30, 2006 of interest expense related to our line of credit. The expense in the six months ended June 30, 2005 resulted from borrowings made to facilitate the purchase of several properties. The credit line balance outstanding during the three months ended June 30, 2006 was \$2 million.

Amortization of deferred financing costs increased by \$7,000, or 2.5%, and \$23,000, or 18%, to \$290,000 and \$151,000 for the six and three months ended June 30, 2006. The increase results from the amortization of deferred mortgage costs during the six and three months ended June 30, 2006 resulting from mortgages placed on twenty-two properties between March 2005 and April 2006.

During February 2006, we sold an option to buy an interest in certain property adjacent to one of our properties and recognized a gain of \$227,000. In June 2005, we closed on the sale of unused development or "air rights" relating to our property located in Brooklyn, New York for a net gain after closing costs of approximately \$10.25 million.

Discontinued Operations

For the six and three months ended June 30, 2006, discontinued operations includes the net income of one property that is held for sale and a \$400,000

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

settlement of a claim made by us against a title insurance company regarding the purchase of one of our properties in a prior year, which was sold in 2005. During the year ended December 31, 2005, we sold five properties. The results of operations for these five properties, as well as the operations of the property held for sale at June 30, 2006, are included in discontinued operations for the six and three months ended June 30, 2005.

Liquidity and Capital Resources

We had cash and cash equivalents of approximately \$7.4 million at June 30, 2006. Our primary sources of liquidity are cash and cash equivalents, our revolving credit facility and cash generated from operating activities, including mortgage financings. We have a \$62.5 million revolving credit facility with Valley National Bank, Merchants Bank Division, Bank Leumi USA, Manufacturers and Traders Trust Company and Israel Discount Bank of New York. The facility is available to us to pay down existing and maturing mortgages, to fund the acquisition of properties or to invest in joint ventures. The facility matures on June 30, 2007. Borrowings under the facility bear interest at the lower of LIBOR plus 2.5% or the bank's prime rate, and there is an unused facility fee of one-quarter of 1% per annum. Net proceeds received from the sale or refinancing of properties are required to be used to repay amounts outstanding under the facility if proceeds from the facility were used to purchase or refinance such properties. The \$2 million balance at June 30, 2006 was paid in full during July 2006.

We actively engage in seeking additional property acquisitions and we are involved in various stages of negotiation with respect to the acquisition of additional properties. We will fund our future real estate acquisitions by using cash provided from operations, cash provided from mortgage financings and funds available under our credit facility.

We had no outstanding contingent commitments, such as guarantees of indebtedness, or any other contractual cash obligations at June 30, 2006.

Cash Distribution Policy

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute currently at least 90% of our ordinary taxable income to our stockholders. It is our current intention to comply with these requirements and maintain our REIT status. As a REIT, we generally will not be subject to corporate federal, state or local income taxes on taxable income we distribute currently (in accordance with the Internal Revenue Code and applicable regulations) to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to federal, state and local income taxes at regular corporate rates and may not be able to qualify as a REIT for four subsequent tax years. Even if we qualify as a REIT for federal taxation purposes, we may be subject to certain state and local taxes on our income and to federal income and excise taxes on our undistributed taxable income (i.e., taxable income not distributed in the amounts and in the time frames prescribed by the Internal Revenue Code and applicable regulations thereunder).

It is our intention to pay to our stockholders within the time periods prescribed by the Internal Revenue Code no less than 90% of our annual taxable income, including gains on the sale of real estate, except where we elect to defer gains for tax purposes and invest the proceeds in new properties under applicable rules of the Internal Revenue Code. It will continue to be our policy to make sufficient cash distributions to stockholders in order for us to maintain our REIT status under the Internal Revenue Code.

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

Item 3. - Quantitative and Qualitative Disclosures About Market Risk

All of our long-term mortgage debt bears interest at fixed rates and accordingly, the effect of changes in interest rates would not impact the amount of interest expense that we incur under these mortgages. Our credit line is a variable rate facility which is sensitive to interest rates. However, for the six months ended June 30, 2006, due to a low average balance outstanding on the credit line, we do not believe that the effect of changes in interest rates would materially impact the amount of interest expense incurred.

Item 4. - Controls and Procedures

As required under Rules 13a-15 (e) and 15d-15 (e) under the Securities Exchange Act of 1934, as amended, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of June 30, 2006 are effective.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the first six months of the fiscal year ending December 31, 2006 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In July 2005, Jeffrey Fishman resigned as our president, chief executive officer and a member of our Board of Directors following discovery of what appeared to be inappropriate financial dealings by Mr. Fishman with the former tenant of a movie theater property located in Brooklyn, NY, owned by a joint venture in which we are a 50% venture partner and the managing member. We had reported this matter to the Securities and Exchange Commission in July 2005. The Audit Committee of our Board of Directors conducted an investigation of this matter and related matters and retained special counsel to assist the committee in the investigation. This investigation was completed and the Audit Committee and its special counsel, based on the materials gathered and interviews conducted, found no evidence that any other officer or employee of the Company was aware of, or knowingly assisted in Mr. Fishman's inappropriate financial dealings.

On June 21, 2006 we announced that we had received notification of a formal order of investigation from the SEC. We believe that the matters being investigated by the SEC focus on the improper payments received by our former president and chief executive officer, "related party" transactions between the Company and entities affiliated with us and with certain of our officers and directors, and compensation paid to certain of the Company's executive officers by those affiliates. Both the SEC and the Audit Committee and its counsel have been conducting concurrent investigations concerning these issues. The Company and its executive officers have fully cooperated with the investigations being

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

conducted by the SEC and the Audit Committee and intend to continue to do so. As of this date, both investigations are on-going. Our direct legal expenses related to these investigations totaled \$322,000 and \$304,000, respectively, in the six and three months ended June 30, 2006. Our direct legal expenses related to the investigation by the Audit Committee of our former president and chief executive officer totaled \$560,000 in the year ended December 31, 2005. These expenses have continued in the current quarter (ended September 30, 2006) and we cannot at this time estimate the legal expenses we will incur with respect to these investigations in the current quarter or in any future quarter.

Reference is made to Item 3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2005 with respect to civil litigations involving the former tenant of the Brooklyn property, Mr. Fishman and Britannia Management LLC, on one hand, and the Company and certain of its affiliated entities, on the other hand. There has been no material change in the status of such litigations. For the six and three months ended June 30, 2006, the Company incurred \$92,000 and \$71,000 in legal expenses related to the civil litigation and \$63,000 for the year ended December 31, 2005.

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of the Company was held on June 13, 2006.

The following persons were elected Directors at the Annual Meeting.

Name ----	Votes For ---	Votes Against -----	Votes Withheld -----
James J. Burns	8,930,927	51,109	0
Joseph A. DeLuca	8,934,972	47,064	0
Fredric H. Gould	8,873,269	108,767	0
Eugene I. Zuriff	8,930,227	51,809	0

James J. Burns, Joseph A. DeLuca, Fredric H. Gould and Eugene I. Zuriff were elected to serve until the Company's 2009 Annual Meeting.

Name ----	Term of Office -----
Joseph A. Amato	2007 Annual Meeting
Jeffrey A. Gould	2007 Annual Meeting
Matthew J. Gould	2007 Annual Meeting
J. Robert Lovejoy	2007 Annual Meeting
Charles Biederman	2008 Annual Meeting
Patrick J. Callan, Jr.	2008 Annual Meeting
Marshall Rose	2008 Annual Meeting

At the 2006 Annual Meeting, the stockholders also voted on the ratification of the appointment of Ernst & Young, LLP as the registrant's independent registered public accounting firm for 2006. 8,946,373 votes were cast in favor of the selection of Ernst & Young LLP as the independent registered public accounting firm for the year ended December 31, 2006, 22,118 votes were cast against the proposal and 13,545 votes abstained with respect to the proposal

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

Item 6. Exhibits

- Exhibit 31.1 Certification of Chairman of the Board and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed with this Form 10-Q.)
- Exhibit 31.2 Certification of President pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed with this Form 10-Q.)
- Exhibit 31.3 Certification of Senior Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed with this Form 10-Q.)
- Exhibit 32.1 Certification of Chairman of the Board and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed with this Form 10-Q.)
- Exhibit 32.2 Certification of President pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed with this Form 10-Q.)
- Exhibit 32.3 Certification of Senior Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed with this Form 10-Q.)

ONE LIBERTY PROPERTIES, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

One Liberty Properties, Inc.

(Registrant)

August 9, 2006

Date

/s/ Patrick J. Callan, Jr.

Patrick J. Callan, Jr.
President
(authorized officer)

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

August 9, 2006

/s/ David W. Kalish

Date

David W. Kalish
Senior Vice President
and Chief Financial Officer
(principal financial officer)

EXHIBIT 31.1
CERTIFICATION

I, Fredric H. Gould, Chairman of the Board and Chief Executive Officer of One Liberty Properties, Inc. certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 of One Liberty Properties, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2006

/s/ Fredric H. Gould

Fredric H. Gould
Chairman of the Board and
Chief Executive Officer

EXHIBIT 31.2
CERTIFICATION

I, Patrick J. Callan, Jr., President of One Liberty Properties, Inc. certify that:

- 1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 of One Liberty Properties, Inc.
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2006

/s/ Patrick J. Callan, Jr.

Patrick J. Callan, Jr.
President

EXHIBIT 31.3
CERTIFICATION

I, David W. Kalish, Senior Vice President and Chief Financial Officer of One Liberty Properties, Inc. certify that:

- 1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 of One Liberty Properties, Inc.
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2006

/s/ David W. Kalish

David W. Kalish
Senior Vice President
and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

PURSUANT TO 18 U.S.C. 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

The undersigned, Fredric H. Gould, Chairman of the Board and Chief Executive Officer of One Liberty Properties, Inc., (the "Registrant"), does hereby certify, pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based upon a review of the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 of the Registrant, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 9, 2006 /s/ Fredric H. Gould

Fredric H. Gould
Chairman of the Board and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF PRESIDENT

PURSUANT TO 18 U.S.C. 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

The undersigned, Patrick J. Callan, Jr., President of One Liberty Properties, Inc. (the "Registrant"), does hereby certify, pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based upon a review of the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 of the Registrant, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 9, 2006 /s/ Patrick J. Callan, Jr.

Patrick J. Callan, Jr.
President

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 10-Q

EXHIBIT 32.3

CERTIFICATION OF SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

The undersigned, David W. Kalish, Senior Vice President and Chief Financial Officer of One Liberty Properties, Inc. (the "Registrant"), does hereby certify, pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based upon a review of the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 of the Registrant, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: August 9, 2006

/s/ David W. Kalish

David W. Kalish
Senior Vice President
and Chief Financial Officer