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ONE LIBERTY PROPERTIES INC

Form 8-K

March 14, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) March 13, 2007  
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ONE LIBERTY PROPERTIES, INC.  
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(Exact name of Registrant as specified in charter)

Maryland	001-09279	13-3147497
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(State or other jurisdiction of incorporation)	(Commission file No.)	(IRS Employer I.D. No.)

60 Cutter Mill Road, Suite 303, Great Neck, New York 11021  
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(Address of principal executive offices) (Zip code)

516-466-3100  
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Registrant's telephone number, including area code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

-- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

-- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

-- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

-- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01. Entry into a Material Definitive Agreement.

On March 13, 2007, the registrant entered into the Compensation and Services Agreement (the "Compensation and Services Agreement"), effective as of January

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1, 2007, with Majestic Property Management Corp. ("Majestic"). Majestic is wholly-owned by the registrant's chairman of the board and chief executive officer and certain of the registrant's executive officers are officers of Majestic and these executive officers receive compensation from Majestic.

Under the terms of the Compensation and Services Agreement, Majestic assumed the registrant's obligations to make payments to Gould Investors, L.P. and other affiliated entities pursuant to the Shared Services Agreement, by and among the registrant, Gould Investors, L.P. and such other affiliated entities (the "Shared Services Agreement"), and agreed to pay for the services of all affiliated executive, administrative, legal, accounting and clerical personnel that the registrant has previously utilized on a part-time (as needed) basis and for which the registrant had paid, as a reimbursement, an allocated portion of the payroll expenses of such personnel in accordance with the Shared Services Agreement. Since Majestic and its affiliates will pay for such personnel for the registrant, the registrant will no longer incur any allocated payroll expenses. The registrant's chairman of the board and chief executive officer is the chairman of the managing general partner of Gould Investors L.P., and the sole member of Gould Investors, L.P.'s other general partner.

Under the terms of the Compensation and Services Agreement, Majestic (or its affiliates) will continue to provide to the registrant certain property management services, property acquisition, sales and leasing counseling services and mortgage brokerage services that it has provided to the registrant in the past, and the registrant will not incur any fees or expenses to Majestic for such services except for the fees described below.

As consideration for Majestic paying for the services of such personnel and for property management services (including construction supervisory services), property acquisition, sales and property leasing counseling services and mortgage brokerage services, the registrant will pay Majestic an annual fee of \$2,125,000 in 2007, in equal monthly installments. Majestic will credit against the fee payments due to it under the Compensation and Services Agreement any management or other fees received by it from any joint venture in which the registrant is a joint venture partner (exclusive of fees paid by the tenant in common on a property located in Los Angeles, California). In addition, the Compensation and Services Agreement provides for the compensation to the registrant's chairman to be increased from \$50,000 to \$250,000 and an additional payment to Majestic of \$175,000 in 2007 for the registrant's share of all direct office expenses, such as rent, telephone, postage, computer services, internet usage, etc., previously allocated to the registrant under the Shared Services Agreement.

The annual payments the registrant makes to Majestic will be negotiated each year by the registrant and Majestic, and will be approved by the registrant's Audit Committee and the Company's independent directors. It is anticipated that the annual payments will be based upon the prior years' experience and a budget prepared by Majestic.

- Item 9.01            Financial Statements and Exhibits.
- (a)            Financial Statements of Businesses Acquired.
- Not applicable.
- (b)            Pro Forma Financial Information.
- Not applicable.
- (c)            Shell Company Transactions.

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Not applicable.

(d) Exhibits.

10.1. Compensation and Services Agreement, effective as of January 1, 2007, between One Liberty Properties, Inc. and Majestic Property Management Corp.

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

ONE LIBERTY PROPERTIES, INC.

Date: March 14, 2007

By: /s/ Simeon Brinberg

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Simeon Brinberg  
Senior Vice President

Exhibit 10.1

COMPENSATION AND SERVICES AGREEMENT

- between -

ONE LIBERTY PROPERTIES, INC.

"OLP"

- and -

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MAJESTIC PROPERTY MANAGEMENT CORP.

"Majestic"

as of January 1, 2007

Compensation and Services Agreement

This COMPENSATION AND SERVICES AGREEMENT is made effective as of the 1st day of January, 2007, between ONE LIBERTY PROPERTIES, INC., a Maryland corporation ("OLP"), and MAJESTIC PROPERTY MANAGEMENT CORP., a Delaware corporation ("Majestic").

W I T N E S S E T H:

- - - - -

WHEREAS, OLP and Majestic are parties to that certain Shared Services Agreement dated as of January 1, 2002, by and between OLP, Majestic and other related entities, including Gould Investors L.P. and BRT Realty Trust (the "Shared Services Agreement").

WHEREAS, OLP currently uses the services of the following persons (the "Non-Payroll Executives") in their respective capacities as shown below:

Simeon Brinberg, Senior Vice President of OLP  
David W. Kalish, Senior Vice President and Chief  
Financial Officer of OLP  
Mark H. Lundy, Senior Vice President of OLP  
Karen Dunleavy, Vice President - Financial, and  
Treasurer of OLP  
Richard M. Figueroa, Vice President and Assistant  
Secretary of OLP  
Israel Rosenzweig, Senior Vice President of OLP  
Matthew J. Gould, Senior Vice President of OLP  
Jeffrey A. Gould, Senior Vice President of OLP  
Nancy Pokojny, Assistant Secretary of OLP  
Alysa Block, Assistant Treasurer of OLP  
Isaac Kalish, Senior Accountant of OLP  
Seth D. Kobay, President of Majestic  
Daniel L. Lembo, Vice President of Majestic  
Robert Huhem, Vice President of Majestic  
William Bouton, Vice President of Majestic  
Barbara Vernale, Vice President of Majestic

It is understood that the term "Non-Payroll Executives" as used herein shall mean the persons specifically listed above and the administrative and support staff to each of such persons listed above as well as the services of other persons involved in administration, bookkeeping and support activities for or on

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behalf of OLP who are not on the payroll of OLP.

WHEREAS, OLP previously paid for services performed by the Non-Payroll Executives on behalf of OLP by way of allocated expense payments to various affiliated entities (including Majestic) under the Shared Services Agreement and/or by way of the payment of fees and commissions to Majestic for management, brokerage and other services.

WHEREAS, certain of the Non-Payroll Executives (including, without limitation, Messrs. Brinberg, Kalish and Lundy) previously provided services to OLP for which a portion of their compensation was paid by OLP pursuant to allocated expense payments under the Shared Services Agreement and also provided brokerage and other services to OLP for which OLP paid brokerage or other fee payments to Majestic.

WHEREAS, OLP and Majestic hereby desire to set forth a new comprehensive manner of payment for the Non-Payroll Executives as well as to quantify the payments to be due under the Shared Services Agreement and to memorialize certain services to be provided by Majestic.

NOW, THEREFORE, in consideration of the mutual promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Term.

(a) Initial Term. This Agreement shall commence on the effective date hereof and shall remain in full force and effect until December 31, 2007 (the "Expiration Date") unless earlier terminated as hereinafter provided.

(b) Renewal Term. This Agreement shall automatically be renewed for each succeeding one year period thereafter; provided, however, that each renewal shall be at an annual Fee and an annual Fixed Allocation (as each term is hereinafter defined) which shall be mutually and reasonably agreeable to both OLP and Majestic.

2. Continuing Services of the Non-Payroll Executives and Continuing Services of Majestic. (a) Unless otherwise specifically provided in this Agreement, all services and actions which Majestic is required or permitted to perform or take, or cause to be performed or taken, under this Agreement in connection with the Services (hereinafter defined) shall be performed or taken, as the case may be, on behalf of OLP and at OLP's sole expense.

(b) The executive functions heretofore provided to OLP by the Non-Payroll Executives in their respective capacities (including, without limitation, the services of those Non-Payroll Executives that serve on the Acquisitions Committee of OLP, services of the Chief Financial Officer and other financial personnel, services of the senior legal officers and consulting services in respect of mortgage financings, sales and lease transactions) shall continue to be so provided by such Executives with it understood that these Executives shall henceforth be compensated directly by Majestic and not OLP (or indirectly by way of allocated expense payments from Majestic to affiliates other than OLP under the Shared Services Agreement) other than for the payments referred to in Section 4 below.

(c) It is understood that certain of the Non-Payroll Executives (including, without limitation, Messrs. Brinberg, Kalish and Lundy) previously provided services to OLP for which a portion of their compensation was allocated to and paid by OLP pursuant to the Shared Services Agreement and also provided

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brokerage (including specifically mortgage, leasing and sales brokerage) and other services to OLP for which OLP paid brokerage or other fee payments to Majestic. Henceforth, such Non-Payroll Executives who are officers of OLP shall be deemed to be solely and directly providing their services (including the above noted brokerage type services) to OLP and not by way of consulting activities for Majestic on behalf of OLP. Majestic heretofore has provided certain services on behalf of OLP as listed below (the "Services") and such Services shall continue throughout the term of this Agreement:

(i) the management of properties owned by OLP or its subsidiaries or joint ventures which shall include (as appropriate):

I. billing for base rent  
II. billing for CAM, real estate taxes and other additional rent  
III. collection of base and additional rent  
IV. payment of operating expenses, and  
V. supervising any repairs or other work required of OLP as landlord;

(ii) consulting and brokerage (as requested) in respect of the leasing of properties owned by OLP or its subsidiaries or joint ventures;

(iii) consulting and brokerage (as requested) in respect of the sale of properties owned by OLP or its subsidiaries or joint ventures;

(iv) consulting and construction supervision (as requested) in respect of the renovation of properties owned by OLP or its subsidiaries or joint ventures;

(v) consulting and construction supervision (as requested) in respect of the construction of new improvements on properties owned by OLP or its subsidiaries or joint ventures; and

(vi) as requested site visits and other acquisition support services in respect of properties potentially to be acquired.

(d) Professionals and Contractors. To the extent OLP and Majestic deem necessary in connection with the Services, Majestic shall identify and enter into (on behalf of OLP but with the consent of an officer of OLP) contracts with architects, appraisers, tradesmen, construction firms, engineers, accountants, attorneys, sales broker, leasing broker, environmental consultants, mortgage brokers and other independent contractors (collectively, "Independent Contractors") to perform services. Majestic shall have no responsibility or liability to OLP or any other person for any act or omission, tortious or otherwise, of any such Independent Contractor.

#### 4. Compensation.

(a) Set-price Compensation. OLP shall pay to Majestic \$2,125,000.00 per annum which shall include both the payment for the services of the Non-Payroll Executives as well as for the Services of Majestic hereunder. This sum shall be paid in equal monthly installments of \$177,083.33.

(b) Items Which it is Expressly Understood OLP Shall not Pay Majestic For. Notwithstanding anything to the contrary set forth herein, it is understood and agreed that OLP shall not owe any additional compensation or fees to Majestic for any of the following:

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(i) payroll and related benefits for the Non-Payroll Executives and related administrative and support staff; (ii) mortgage brokerage fees; (iii) leasing commissions; (iv) sales commissions; (v) construction supervisory fees; (vi) property management fees; and (vii) travel expenses by any of the Non-Payroll Executives unless such travel has been requested by and the expenses are approved by the President of OLP.

The above notwithstanding, in the event that OLP shall determine to use Independent Contractors in respect of the sales, leasing or mortgage brokerage of a property, as a construction supervisor or a property manager or for third-party accounting, law firms, appraisers, engineers, environmental consultants and other third parties retained by OLP, then OLP shall directly pay such other parties pursuant to separate agreements.

(c) Agreement in Respect of Shared Services Agreement. In respect of that certain Shared Services Agreement dated as of January 1, 2002, by and between OLP, Majestic and various related entities including Gould Investors L.P. and BRT Realty Trust, it is understood and agreed:

(i) the payroll and benefits expenses associated with allocations for the time of the Non-Payroll Executives or any other affiliated personnel relating to the activities of OLP (other than those on the direct payroll of OLP) shall be paid by Majestic; and  
(ii) the allocation which would be attributable to OLP for direct allocable expenses such as rent, telephone, computer services, internet usage, etc. under the Shared Services Agreement shall be paid by Majestic and OLP shall pay to Majestic a negotiated and fixed payment therefore at \$175,000 for 2007 (the "Fixed Allocation").

(d) Understanding Regarding Certain Individuals' Compensation. OLP and Majestic understand and agree that:

(i) Fredric H. Gould, the Chairman of the Board of OLP, and who is to be paid an annual salary of \$250,000 by OLP in 2007, is the sole shareholder of Majestic and participates in the profits of Majestic (which include both revenues from this Agreement as well as revenues for services provided to other affiliated and unaffiliated entities) and Fredric H. Gould receives salaries and/or participates in the profits from other affiliated entities.

(ii) Each of Messrs. Brinberg, Jeffrey A. Gould, Matthew J. Gould, Kalish, Lembo, Lundy and Rosenzweig also participate in the profits of Majestic and each of such persons receives salaries and/or participates in the profits from other affiliated entities;

(iii) Each of the Non-Payroll Executives is compensated directly by affiliated entities (whether it be Majestic or other affiliates) and to the extent such Executives are not directly compensated by Majestic then Majestic shall pay to such affiliates the allocated cost of the services

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(provided by such Executives to OLP) pursuant to the Shared Services Agreement; and

(iv) It is intended that this Agreement not affect the incentive compensation of the Non-Payroll Executives and Fredric H. Gould vis-a-vis restricted stock awards and/or option grants, each of which shall continue at the sole discretion of the Compensation Committee and the Board of Directors of OLP.

(e) Termination of Existing Consulting and Management Agreements. It is understood and agreed that various subsidiaries of OLP have entered into Consulting Agreements or Management Agreements with Majestic (the "Existing Agreements"). It is understood and agreed that all such Existing Agreements shall be deemed to terminate as of December 31, 2006.

(f) Agreement in Respect of Joint Ventures. It is understood and agreed that Majestic shall credit against the next forthcoming Fee payment to Majestic hereunder any management or other fees (as opposed to out of pocket expense reimbursements) received by Majestic from any joint venture in which OLP is a member; provided that this provision shall specifically exclude fees paid by the tenant in common on OLP's property located in Los Angeles, California to Majestic, which fees Majestic may retain without credit.

5. Default - Termination. If either OLP or Majestic shall default in the performance of any of its material obligations under this Agreement, the other party (the "Non-Defaulting Party") shall provide the defaulting party (the "Recipient") with written notice thereof setting forth the nature of the default, and the Recipient shall have (i) five (5) days to cure a monetary default or (ii) thirty (30) days to cure a non-monetary default; provided, however, that if the nature of the alleged non-monetary default is such that it cannot reasonably be cured within thirty (30) days, the Recipient may cure such default by commencing in good faith to cure such default promptly after its receipt of such written notice and thereafter prosecuting the cure of such default to completion with diligence and continuity. If the Recipient does not cure the default within the grace period specified in the preceding sentence, the Non-Defaulting Party may elect to terminate this Agreement upon notice to the Recipient.

### 6. Indemnification.

(a) Scope of OLP's Indemnity of Majestic. OLP shall indemnify, defend and hold harmless Majestic, its principals, officers, directors, shareholders, trustees, partners and employees (individually and collectively, the "Majestic Indemnitees") from and against all liabilities, claims, suits, damages, judgments, costs and expenses of whatever nature (collectively, "Damages") to which the Majestic Indemnitees may become subject by reason of or arising out of any alleged injury to or death of any person(s), damage to property, loss of use of any property or otherwise in connection with the performance of Majestic's obligations under this Agreement. This indemnity shall include (without limitation) the obligation for OLP to indemnify and hold harmless Majestic for any agreements Majestic may enter into in its own name which relate to the operations of the Property and which were approved by an officer of OLP. OLP shall promptly reimburse the Majestic Indemnitees for all amounts which they or any of them are required to pay in connection with or in defense of any of the matters for which they or any of them are entitled to indemnification as set forth above.

(b) Matters Excluded from OLP's Indemnity of Majestic. Notwithstanding the foregoing, OLP shall not be required to indemnify, hold harmless or reimburse the Majestic Indemnitees with respect to any matter to the extent the same resulted from the willful malfeasance of the Majestic



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Indemnitees or any of them or actions taken by Majestic Indemnitees or any of them outside of the scope of Majestic's authority under this Agreement or in breach of Majestic's obligations under this Agreement.

(c) Majestic's Indemnity of OLP. Majestic agrees to indemnify, defend and hold harmless OLP, its principals, officers, directors, shareholders, trustees, partners and employees (collectively, the "OLP's Indemnitees") from any Damages for which the OLP's Indemnitees may become subject by reason of the willful malfeasance on the part of Majestic, its representatives or employees or arising out of any action taken by Majestic or its representatives or employees outside the scope of this Agreement, or by reason of Majestic's default under or breach of this Agreement.

(d) Effect of Insurance on Indemnities. Notwithstanding anything to the contrary contained herein, Majestic and OLP agree that to the extent reasonably possible each party's insurance policies will include a waiver of subrogation against the other party.

(e) Survival. The provisions of this Section shall survive the expiration or other termination of this Agreement.

7. Timely Performance. OLP and Majestic shall each perform all of their respective obligations under this Agreement in a proper, prompt and timely manner. Each shall furnish the other with such information and assistance as the other may from time to time reasonably request in order to perform its responsibilities hereunder. OLP and Majestic each shall take all such actions as the other may from time to time reasonably request and otherwise cooperate with the other so as to avoid or minimize any delay or impairment of either party's performance of its obligations under this Agreement.

### 8. Assignment.

(a) General. All of the terms of this Agreement, whether so expressed or not, shall be binding upon the respective successors and permitted assigns of the parties hereto and shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns.

(b) Majestic May Not Assign. Notwithstanding the foregoing, Majestic may not assign this Agreement.

### 9. Notices.

(a) General. Except as set forth in paragraph (b) below, any and all notices or other communications given under this Agreement shall be in writing and shall be deemed to have been properly given when delivered, if personally delivered, or upon the date sent if sent by Federal Express or other reputable overnight courier (return receipt requested), or two (2) days after mailed by certified mail, return receipt requested, and addressed to the parties at the following addresses:

If to OLP: One Liberty Properties, Inc.  
60 Cutter Mill Road, Suite 303  
Great Neck, New York 11021  
Attn: Patrick J. Callan, Jr., President

With a Copy to: Charles Biederman, Chairman of the  
Audit Committee  
5 Sunset Drive  
Englewood, CO 80110

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If to Majestic:                   Majestic Property Management Corp.  
60 Cutter Mill Road, Suite 303  
Great Neck, New York 11021  
Attn: Seth D. Kobay, President.

Either party may change its address for the giving of notices under this Agreement by delivering to the other party (10) days' prior written notice of such change of address. Any notice delivery of which is refused, or which cannot be delivered because of changed address of which no notice was given, shall be deemed to have been received as of the date when sent.

(b) Emergency Notices. Either party may give the other notice of emergency situations orally (personally, by telephone or otherwise) or by telecopy, telex, telegram or other method, provided that the party giving any emergency notice as provided above in this paragraph shall promptly confirm the same by written notice in accordance with subsection (a) above.

### 10. Miscellaneous.

(a) Governing Law. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of New York.

(b) Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and understandings relating to the subject matter hereof.

(c) Amendments. This Agreement may not be modified, amended or terminated, nor may any term or provision hereof be waived or discharged, except in writing signed by the party against whom such amendment, modification, termination, waiver or discharge is sought to be enforced.

(d) Severability. If any of the provisions of this Agreement shall to any extent be held invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(e) Headings. The headings of this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

(f) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(g) Gender. Any references in this Agreement to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires.

(h) No Third Party Reliance. Notwithstanding anything to the contrary contained herein, this Agreement is intended for OLP and Majestic only and may not be relied upon by any third party for any reason.

(l) Arbitration. In the event of dispute between the parties with respect to this Agreement, then each party shall have the right to submit such dispute to arbitration, which shall be conducted in Manhattan or Nassau County, New York in accordance with the commercial arbitration rules (expedited procedures) of the American Arbitration Association, except that the provisions of this Section 10(l) shall supersede any conflicting or inconsistent provisions of said rules. The party requesting arbitration shall do so by giving notice to that effect to the other party, specifying in said notice the nature of the dispute, and that said dispute shall be determined by a panel of three (3) arbitrators in accordance with this Section 10(l). Each party shall appoint one arbitrator within five (5) business days after the giving and receipt, as

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applicable, of notice by each party. If any party shall fail timely to appoint an arbitrator, the appointed arbitrator shall select the arbitrator in such party's stead, who shall be impartial, within five (5) days after such party's failure to appoint. The arbitrators so appointed shall meet and shall jointly appoint a third impartial arbitrator, and the arbitrators shall, if possible, determine such matter within ten (10) days after the other arbitrator is appointed, if applicable, and their determination shall be binding on the parties. If for any reason such arbitrators fail to agree on the appointment of a third arbitrator within such period of ten (10) days, then any party may request Endispute/Jams (or any organization which is the successor thereto or any other arbitration or mediation organization, including, without limitation, the AAA) to appoint an arbitrator that is an active or retired state or federal judge who shall be impartial within seven (7) days of such request and both parties shall be bound by any appointments so made within such seven (7)-day period. the third arbitrator (and the second arbitrator if selected by the other arbitrator as provided above) only, shall subscribe and swear or affirm to an oath to fairly and impartially to determine such dispute. Within seven (7) days after the third arbitrator has been appointed, the first two arbitrators shall submit their respective determinations to the third arbitrator who must select one or the other of such determinations (whichever the third arbitrator believes to be correct or closest to a correct determination) within seven (7) days after the first two arbitrators shall have submitted their respective determinations to the third arbitrator, and the selection so made shall in all cases be binding upon the parties, and judgment upon such decision may be entered into any court having jurisdiction. In the event of the failure, refusal or inability of an arbitrator to act, a successor shall be appointed within ten (10) days as hereinbefore provided. The third arbitrator shall be an active or retired state or federal judge experienced with commercial real estate matters and shall schedule a hearing where the parties and their advocates shall have the right to present evidence, call witnesses and experts and cross-examine the other party's witnesses and experts. Either party shall have the right, at any time, to make a motion to the third arbitrator to grant summary judgment as to any question of law. The arbitrators shall be bound by the terms of this Agreement and shall not have the power to add to, subtract from, or otherwise modify such provisions in this Agreement. The substantially losing party shall pay the fees and expenses for such arbitration.

IN WITNESS WHEREOF, OLP and Majestic each have caused this instrument to be executed as of the day and year first above written.

ONE LIBERTY PROPERTIES, INC.

MAJESTIC PROPERTY MANAGEMENT CORP.

By: /s/ Patrck J. Callan  
-----  
Patrick J. Callan, Jr.  
President

By: /s/ Seth D. Kobay  
-----  
Seth D. Kobay  
President

ll receive cash in an amount equal to such fractional entitlement in the currency of the relevant Series of New AT1 Securities.

### ***Cash Payment Amount***

Holders whose Existing T1 Securities are accepted for exchange will receive an amount in cash equivalent to any accrued and unpaid interest or dividends, as the case may be, on the relevant Existing T1 Security from (and including) the immediately preceding interest or dividend payment date to (and excluding) the relevant Settlement Date of an Exchange Offer as part of the consideration under the relevant Exchange Offer and not, for the avoidance of doubt, as a payment of interest or a dividend on the Existing T1 Securities. For the avoidance of doubt, the *Exchange Price* column in the tables above does not take into account any Cash Payment Amount due to Holders. The Cash Payment Amount will be paid to tendering Holders, if applicable, as a separate cash payment.

### ***Minimum New Issue Size***

Each Exchange Offer is subject to the condition that a minimum amount of the corresponding New AT1 Securities are issued (each, a **Minimum New Issue Size** ) and other conditions set out in the Prospectus. In particular:

the Sterling Exchange Offer is subject to the condition that a sufficient number of Sterling T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least £150,000,000 aggregate principal amount of the Sterling AT1 Securities will be issued by Barclays;

the Euro Exchange Offer is subject to the condition that a sufficient number of Euro T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least 300,000,000 aggregate principal amount of the Euro AT1 Securities will be issued by Barclays; and

the Dollar Exchange Offer is subject to the condition that a sufficient number of Dollar T1 Securities are validly tendered and not validly withdrawn by the Expiration Date such that at least \$300,000,000 aggregate principal amount of the Dollar AT1 Securities will be issued by Barclays.

### ***Rejection of Tenders; Extension; Amendment; Waiver; Termination***

The Offerors may reject tenders of Existing T1 Securities, or extend, amend, waive any condition of or terminate the Exchange Offers, as provided for in the Prospectus.

### ***Withdrawal Rights***

Holders may withdraw any Existing T1 Securities that they previously tendered in the Exchange Offers at any time on or prior to the Expiration Date, in accordance with the procedures set out in the Prospectus.

### ***Listing and Trading***

The New AT1 Securities are expected to be provisionally admitted to trading on the SIX Swiss Exchange from the Settlement Date. Application will be made to the SIX Swiss Exchange for listing of the New AT1 Securities.

**Important Dates**

If one or more Exchange Offers are extended, the Expiration Date and Revocation Deadline for such extended Exchange Offers will be the latest date and time to which such Exchange Offers are extended.

<b>Date</b>	<b>Time and Calendar Date</b>	<b>Event</b>
Commencement of the Exchange Offers.	15 May 2014	The Exchange Offers announced. Preliminary prospectus made available to Holders of Existing T1 Securities.
Expiration Date and Revocation Deadline	11:59 p.m, New York City time, 12 June 2014.	Deadline for Holders to validly tender Existing T1 Securities in order to qualify for the relevant Exchange Offer and to validly withdraw tenders of Existing T1 Securities.
Results Announcement Date	13 June 2014	Announcement of the results of the Exchange Offers and acceptance of tenders by Barclays.
Settlement Date	Expected to be 17 June 2014 (three Business Days after the Expiration Date)	New AT1 Securities will be issued in exchange for any Existing T1 Securities validly tendered prior to the Expiration Date and accepted by the Offerors.  Payment of any applicable Cash Payment Amount and cash amounts in lieu of any fractional New AT1 Securities.

Unless stated otherwise in the Prospectus, announcements in connection with the Exchange Offers will be made (i) by the issue of a press release to a recognized financial news service or services (e.g. Reuters/Bloomberg) as selected by Barclays, (ii) by the delivery of notices to the relevant Clearing System for communication to direct participants and (iii) through RNS and on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu), and may also be found on the relevant Reuters International Insider Screen. Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agents, the contact details for whom are at the end of this announcement.

### **Participating in the Exchange Offers**

Holders are advised to read the Prospectus carefully for full details of, and information on, the procedures for participating in the Exchange Offers.

Holders who hold Existing T1 Securities through a Clearing System, broker, dealer, commercial bank, trust company or other nominee should keep in mind that such entity may require a Holder to take action with respect to the Exchange Offers a number of days before the Expiration Date in order for such entity to tender Existing T1 Securities on such Holder's behalf at or prior to the Expiration Date.

### **Further Information**

This announcement must be read in conjunction with the Prospectus. No offer or invitation to acquire or exchange any securities is being made pursuant to this announcement. This announcement and the Prospectus contain important information, which must be read carefully before any decision is made with respect to the Exchange Offers. Holders should reach their own investment decision about the New AT1 Securities only after consultation with their own financial, legal and tax advisers (as such Holder deems appropriate) about risks associated with participating in the Exchange Offers and with an investment in the New AT1 Securities and the suitability of participating in the Exchange Offers and investing in the New AT1 Securities in light of the particular characteristics and terms of the New AT1 Securities, which are complex in structure and operation, and of such Holder's particular financial circumstances. Any individual or company whose Existing T1 Securities are held on its behalf by a Clearing System, broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to participate in the Exchange Offers. None of the Offerors, the Dealer Managers or the Exchange Agents appointed in relation to the Exchange Offers makes any recommendation as to whether Holders should offer Existing T1 Securities for exchange pursuant to the Exchange Offers.

The Registration Statement has been filed with the SEC, but has not yet become effective. New AT1 Securities may not be issued in exchange for the Existing T1 Securities prior to the time the Registration Statement becomes effective.

Any questions or requests for assistance may be directed to the Dealer Managers or the Exchange Agents at their respective telephone numbers as set forth below. Any requests for additional copies of the Registration Statement, an Exchange Instruction or related documents may be directed to the Exchange Agents. A Holder may also contact such Holder's broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offers.

*The Dollar Exchange Agent is:*

***Global Bondholder Services Corporation***

By Hand, Overnight Delivery or Mail  
(Registered or Certified Mail  
Recommended):

By Facsimile Transmission  
(for Eligible Institutions only): (212) 430-3775/3779  
Email: info@gbsc-usa.com  
Confirm by Telephone: (212) 430-3774

Toll free: (866) 470-4500

65 Broadway Suite 404

New York, New York 10006

United States of America

Attn: Corporate Actions

*The Sterling and Euro Exchange Agent is:*

***Lucid Issuer Services Limited***

By Hand, Overnight Delivery or Mail  
(Registered or Certified Mail  
Recommended):

By Facsimile Transmission  
(for Eligible Institutions only): +44 20 7067 9098  
Email: barclays@lucid-is.com  
Confirm by Telephone: +44 20 7704 0880

Leroy House

436 Essex Road

London N1 3QP United Kingdom

Attn: Thomas Choquet / Yves Theis

*The Sole Global Coordinator and Lead Dealer Manager for the Exchange Offers is:*

***Barclays Capital Inc.***

745 Seventh Avenue

New York, New York 10019

United States

*In the United States:*

U.S. Toll-Free: +1 (800) 438-3242

Collect: +1 (212) 528-7581

Fax: +1 (646) 834-0584

Email: [us.lm@barclays.com](mailto:us.lm@barclays.com)

Attention: Liability Management Group

*In Europe:*

Tel: +44(0) 20 3134 8515

Fax: +44(0) 20 7516 7379

Email: [eu.lm@barclays.com](mailto:eu.lm@barclays.com)

Attention: Liability Management Group



*The Joint Dealer Managers for the Dollar Exchange Offers are:*

**Banco Bilbao Vizcaya Argentaria, S.A.**

One Canada Square  
44th Floor  
Canary Wharf  
London E14 5AA  
United Kingdom

*In Europe:*

Tel: + 44 (0)207 397 60 29

Attention: Gianmarco Deiana

Email: gianmarco.deiana@bbva.com

**Merrill Lynch, Pierce Fenner & Smith  
Incorporated**

214 North Tryon Street, 21st Floor  
Charlotte, NC 28255  
United States

*In the United States:*

U.S. Toll-Free: +1 (888) 292-0070

Collect: +1 (980) 683-3215

Attention: Debt Advisory

*In Europe:*

Tel: +44 (0)20 7995 3715 / +44 (0)20 7996 0867

Email: john.m.cavanagh@baml.com /  
karl.bystedtwikblom@baml.com

Attention: John Cavanagh / Karl Bystedt Wikblom

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**ING Financial Markets LLC**

1325 Avenue of the Americas  
New York, NY 10019  
United States

*In the United States:*

U.S. Toll-Free: +1 (877) 446-4930

Attention: Liability Management Group

Collect: +1 (646) 424-6000

Tel: +44 20 79868969

Fax: +1 (646) 424-6064

Email: [liabilitymanagement.europe@citi.com](mailto:liabilitymanagement.europe@citi.com)

Attention: Debt Capital Markets

**SMBC Nikko Capital Markets Limited**

One New Change

London EC4M 9AF

United Kingdom

*In Europe:*

Email: [lnm@smbcnikko-cm.com](mailto:lnm@smbcnikko-cm.com)

*The Joint Dealer Managers for the Sterling Exchange Offer and the Euro Exchange Offer are:*

**Crédit Agricole Corporate and Investment Bank**

Broadwalk House  
5 Appold Street  
London EC2A 2DA  
United Kingdom

*In Europe:*

Tel: +44 (0)20 7214 7140

Email: [liability.management@ca-cib.com](mailto:liability.management@ca-cib.com)

**Lloyds Securities Inc.**

1095 Avenue of the Americas  
New York, NY 10036  
United States

*In Europe:*

Tel: +44 (0)20 7158 2720

Email: [Liability.Management@lloydsbanking.com](mailto:Liability.Management@lloydsbanking.com)

Attention: Liability Management Group

**Swedbank AB (publ)**

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
Canary Wharf  
London E14 4QJ  
United Kingdom

*In Europe:*

Tel: +44 (0)20 7883 8763

Email: [liability.management@credit-suisse.com](mailto:liability.management@credit-suisse.com)

**Natixis**

30, avenue Pierre Mendès-France  
75013 Paris  
France

*In Europe:*

Tel: +33 1 58 55 27 89

Email: [legal.bonds@natixis.com](mailto:legal.bonds@natixis.com)

Attention: Legal Bonds

**UBS Limited**

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Large Corporates & Institutions

SE-105 34 Stockholm

Sweden

Attention: Legal

1 Finsbury Avenue

London EC2M 2PP

United Kingdom

Attention: Liability Management Group

*In Europe:*

Email: [dcm.legal@swedbank.se](mailto:dcm.legal@swedbank.se)

*In Europe:*

Tel: +44 (0)20 7567 0525

Email: [mark-t.watkins@ubs.com](mailto:mark-t.watkins@ubs.com) /  
[mahmoud.abdelaal@ubs.com](mailto:mahmoud.abdelaal@ubs.com)

***Analyst and Investor Information***

Further information for analysts and investors can be obtained from the following contacts at Barclays:

**Investor Relations**

Richard Caven

+ 44 (0) 207 116 2809

Sofia Lonnqvist

+44 (0) 207 116 5716

## **Barclays Treasury**

Jennifer Moreland

+ 44 (0) 203 555 4495

Tim Allen

+44 (0) 203 134 6290

## **Offer Restrictions**

### *Certain Matters Relating to Non-U.S. Jurisdictions*

Although the Offerors will mail the Prospectus to holders of the Existing T1 Securities to the extent required by U.S. law, neither the Prospectus nor this announcement is an offer to sell or exchange and it is not a solicitation of an offer to buy or exchange securities in any jurisdiction in which such offer, sale, purchase or exchange is not permitted. Countries outside the United States generally have their own legal requirements that govern securities offerings made to persons resident in those countries and often impose stringent requirements about the form and content of offers made to the general public. The Offerors have not taken any action under those non-U.S. regulations to facilitate a public offer to exchange outside the United States. Therefore, the ability of any non-U.S. person to tender Existing T1 Securities in the Exchange Offers will depend on whether there is an exemption available under the laws of such person's home country that would permit the person to participate in the Exchange Offers without the need for the Offerors to take any action to facilitate a public offering in that country or otherwise. For example, some countries exempt transactions from the rules governing public offerings if they involve persons who meet certain eligibility requirements relating to their status as sophisticated or professional investors. Non-U.S. holders should consult their advisers in considering whether they may participate in the Exchange Offers in accordance with the laws of their home countries and, if they do participate, whether there are any restrictions or limitations on transactions in the New AT1 Securities that may apply in their home countries. The Offerors and the Dealer Managers cannot provide any assurance about whether such limitations may exist.

No action has been or will be taken by Barclays, the Dealer Managers or the Exchange Agents in any jurisdiction outside the United States that would constitute a public offering of the New AT1 Securities other than the preparation of the Prospectus in compliance with articles 652a and 1156 of the Swiss Code of Obligations for purposes of making the Exchange Offers in Switzerland.

### *United Kingdom*

The communication of this announcement, the Prospectus and any other documents or materials relating to the Exchange Offers is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials in the United Kingdom is only directed at and may be communicated to (1) those persons who are within Article 43 of the Financial Promotion Order, and (2) any other persons to whom these documents and/or materials may lawfully be communicated under the Financial Promotion Order.

### *Isle of Man*

The communication of this announcement, the Prospectus and any other documents or materials relating to the Exchange Offers is not being made by, and such documents will not be registered or filed as a prospectus with any governmental or other authority in the Isle of Man and the Prospectus and the issue of the New AT1 Securities have not been approved by the Isle of Man Financial Supervision Commission. Any offer for subscription, sale or exchange of the New AT1 Securities in or from the Isle of Man must be made:

- (a) by an Isle of Man financial services licence holder appropriately licensed under section 7 of the Financial Services Act 2008 to do so;
- (b) in accordance with any relevant exclusion contained within the Regulated Activities Order 2011; or

(c) in accordance with any available relevant exemption contained within the Financial Services (Exemptions) Regulations 2011.

*Guernsey*

The communication of this announcement, the Prospectus and any other documents or materials relating to the Exchange Offers has not been made by, and such documents have not been approved or authorized by the Guernsey Financial Services Commission for circulation in Guernsey. This announcement, the Prospectus and any other documents or materials relating to the Exchange Offers may not be distributed or circulated directly or indirectly to any persons in the Bailiwick of Guernsey other than (i) by a person licensed to do so under the terms of the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, or (ii) to those persons regulated by the Guernsey Financial Services Commission as licensees under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Business and company Directors etc. (Bailiwick of Guernsey) Law, 2000.

*Jersey*

The communication of this announcement, the Prospectus and any other documents or materials relating to the Exchange Offers is not being made by, and such documents are not subject to and have not received approval from either the Jersey Financial Services Commission or the Registrar of Companies in Jersey and no statement to the contrary, explicit or implicit, is authorised to be made in this regard. The New AT1 Securities may be offered or sold in Jersey only in compliance with the provisions of the Control of Borrowing (Jersey) Order 1958.

*Belgium*

Neither this announcement, the Prospectus nor any other documents or materials relating to the Exchange Offers have been submitted to or will be submitted for approval or recognition to the Financial Services and Markets Authority (Autorité des services et marchés financiers / Autoriteit voor financiële diensten en markten) and, accordingly, the Exchange Offers may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of April 1, 2007 on public takeover bids (the **Belgian Takeover Law**) or as defined in Article 3 of the Belgian Law of June 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets (the **Belgian Prospectus Law**), both as amended or replaced from time to time. Accordingly, the Exchange Offers may not be advertised and the Exchange Offers will not be extended, and neither this announcement, the Prospectus nor any other documents or materials relating to the Exchange Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) to persons who are qualified investors in the sense of Article 10 of the Belgian Prospectus Law of June 16, 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, acting on their own account or (ii) in any other circumstances set out in Article 6, §4 of the Belgian Takeover Law and Article 3, §4 of the Belgian Prospectus Law. This announcement and the Prospectus have been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Exchange Offers. Accordingly, the information contained in this announcement and the Prospectus may not be used for any other purpose or disclosed to any other person in Belgium.

*France*

The Exchange Offers are not being made, directly or indirectly, to the public in France. Neither this announcement, the Prospectus nor any other documents or offering materials relating to the Exchange Offers, has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers) and/or (ii) qualified investors (investisseurs qualifiés), other than individuals, acting for their own account, all

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as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code monétaire et financier, are eligible to participate in the Exchange Offers. This announcement and the Prospectus have not been and will not be submitted for clearance procedures (visa) of the Autorité des marchés financiers.

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*Italy*

None of the Exchange Offers, this announcement, the Prospectus or any other documents or materials relating to the Exchange Offers has been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa ( **CONSOB** ), pursuant to Italian laws and regulations. The Exchange Offers are being carried out in the Republic of Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of February 24, 1998, as amended (the **Financial Services Act** ) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the **Issuers Regulation** ).

Accordingly, the Exchange Offers are only addressed to holders of Existing T1 Securities located in the Republic of Italy who are qualified investors (investitori qualificati) as defined pursuant to and within the meaning of Article 100 of the Financial Services Act and article 34-ter, paragraph 1, letter b) of the Issuers Regulation.

Holders or beneficial owners of the Existing T1 Securities located in the Republic of Italy that qualify as qualified investors can tender the Existing T1 Securities through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Existing T1 Securities or the Exchange Offers.

*Denmark*

The Exchange Offers have not been and will not be registered with or approved by the Danish Financial Supervisory Authority (*Finanstilsynet*).

The offering of the New AT1 Securities under the Exchange Offers and the New AT1 Securities will only be directed to persons in Denmark who acquire the securities in accordance with the exemptions from the requirement to prepare and publish a prospectus in the Danish Securities Trading Act (*Værdipapirhandelsloven*) or any executive orders issued pursuant thereto.

The Exchange Offers will not be made available to any other person in Denmark nor will the New AT1 Securities otherwise be marketed or offered for sale in Denmark.

*The Netherlands*

The Exchange Offers may exclusively be made, and the Prospectus, this announcement, and any other documents or offering materials relating to the Exchange Offers may only be distributed, in The Netherlands to legal entities qualifying as qualified investors (*gekwalficeerde beleggers*) within the meaning of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

*Grand Duchy of Luxembourg*

Neither the Prospectus, this announcement nor any other documents or materials relating to the Exchange Offers (the **Exchange Offers Documentation** ) have been or shall be offered, distributed or sold to the public within the territory of the Grand Duchy of Luxembourg unless:

- (a) it has been duly approved by the *Commission de Surveillance du Secteur Financier* (the **CSSF**) pursuant to part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended (the **Luxembourg Prospectus Law**), implementing Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, as amended through Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 (the **Prospectus Directive**), if Luxembourg is the home Member State as defined under the Luxembourg Prospectus Law; or
  
- (b) if Luxembourg is not the home Member State, the CSSF has been provided by the competent authority in the home Member State with a certificate of approval attesting that the Exchange Offers Documentation has been drawn up in accordance with the Prospectus Directive and with a copy of the said prospectus; or

- (c) the Exchange Offers Documentation benefits from an exemption from or constitutes a transaction not subject to, the requirement to publish a prospectus pursuant to the Luxembourg Prospectus Law.

*Singapore*

The Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Prospectus, this announcement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of New AT1 Securities may not be circulated or distributed, nor may New AT1 Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where New AT1 Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New AT1 Securities pursuant to an offer made under Section 275 of the SFA except: (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (ii) where no consideration is or will be given for the transfer; (iii) where the transfer is by operation of law; or (iv) as specified in Section 276(7) of the SFA.

*Hong Kong*

The New AT1 Securities have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance.

No advertisement, invitation or document relating to the New AT1 Securities (including the Prospectus and this announcement) has been issued or been in the possession of the Dealer Managers for the purposes of issue, and will not be issued or be in the possession of the Dealer Managers for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New AT1 Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New AT1 Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

*Japan*

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948) (the **FIEA** ) has been made or will be made with respect to the solicitation of the application for the acquisition of the New AT1 Securities as such solicitation falls within a Solicitation Only for Qualified Institutional Investors (as defined in Article 23-13 paragraph 1 of the FIEA). Accordingly, the New AT1 Securities have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or

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sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except in compliance with the requirements for the application of a Qualified Institutional Investors Private Placement Exemption under Article 2, paragraph 3, item 2 (a) of the FIEA and the other applicable laws and regulations of Japan.

Pursuant to the Qualified Institutional Investors Private Placement Exemption, the New AT1 Securities may not be transferred except to (i) a non-resident of Japan or (ii) a Qualified Institutional Investor (as defined in Article 2, paragraph 3, item 1 of the FIEA).

*General*

The Exchange Offers do not constitute an offer to buy or the solicitation of an offer to sell Existing T1 Securities and/or New AT1 Securities in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities or other laws require the Exchange Offers to be made by a licensed broker or dealer and the Dealer Manager or, where the context so requires, any of its affiliates is such a licensed broker or dealer in that jurisdiction, the Exchange Offers shall be deemed to be made on behalf of Barclays by such Dealer Manager or affiliate (as the case may be) in such jurisdiction.