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 September 30, 2024

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 (State or other jurisdiction of incorporation or organization)	13-3147497 (I.R.S. employer identification number)
60 Cutter Mill Road, Great Neck, New York (Address of principal executive offices)	11021 (Zip code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	OLP	New York Stock Exchange

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 has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Yes ☐ No ☐

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.

As of November 1, 2024, the registrant had 21,387,064 shares of common stock outstanding.

One Liberty Properties, Inc. and Subsidiaries
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Part I — FINANCIAL INFORMATION

Item 1. Financial Statements

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, Except Par Value)

	September 30, 2024	December 31, 2023
ASSETS	(Unaudited)	
Real estate investments, at cost		
Land	$ 171,401	$ 172,309
Buildings and improvements	704,688	692,346
Total real estate investments, at cost	876,089	864,655
Less accumulated depreciation	186,709	182,705
Real estate investments, net	689,380	681,950
Investment in unconsolidated joint ventures	2,038	2,051
Cash and cash equivalents	25,684	26,430
Unbilled rent receivable	17,312	16,661
Unamortized intangible lease assets, net	14,763	14,681
Escrow, deposits and other assets and receivables	19,669	19,833
Total assets(1)	$ 768,846	$ 761,606
LIABILITIES AND EQUITY		
Liabilities:		
Mortgages payable, net (see Note 8)	$ 426,139	$ 418,347
Line of credit	—	—
Dividends payable	9,949	9,916
Accrued expenses and other liabilities	15,350	15,502
Unamortized intangible lease liabilities, net	12,088	10,096
Total liabilities(1)	463,526	453,861
Commitments and contingencies		
Equity:		
One Liberty Properties, Inc. stockholders' equity:		
Preferred stock, $1 par value; 12,500 shares authorized; none issued	—	—
Common stock, $1 par value; 50,000 shares authorized; 20,653 and 20,323 shares issued and outstanding	20,653	20,323
Paid-in capital	333,083	326,379
Accumulated other comprehensive income	271	844
Distributions in excess of net income	(49,830)	(40,843)
Total One Liberty Properties, Inc. stockholders' equity	304,177	306,703
Non-controlling interests in consolidated joint ventures(1)	1,143	1,042
Total equity	305,320	307,745
Total liabilities and equity	$ 768,846	$ 761,606

(1) The Company's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs"). See Note 6. The consolidated balance sheets include the following amounts related to the Company's consolidated VIEs: $9,198 and $9,917 of land, $15,655 and $17,475 of building and improvements, net of $6,299 and $6,380 of accumulated depreciation, $2,513 and $3,158 of other assets included in other line items, $13,438 and $16,660 of real estate debt, net, $672 and $1,130 of other liabilities included in other line items and $1,143 and $1,042 of non-controlling interests as of September 30, 2024 and December 31, 2023, respectively.

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Rental income, net	$ 22,211	$ 22,546	$ 66,457	$ 67,905
Lease termination fee	—	—	250	—
Total revenues	22,211	22,546	66,707	67,905
Operating expenses:				
Depreciation and amortization	6,133	6,310	18,119	18,569
Real estate expenses (see Note 9 for related party information)	4,231	4,061	12,677	12,139
General and administrative (see Note 9 for related party information)	3,886	3,864	11,585	12,068
Impairment loss	—	—	1,086	—
State taxes	74	76	184	232
Total operating expenses	14,324	14,311	43,651	43,008
Other operating income				
Gain on sale of real estate, net	2,115	332	11,347	5,046
Operating income	10,002	8,567	34,403	29,943
Other income and expenses:				
Equity in (loss) earnings of unconsolidated joint ventures	(9)	(905)	87	(761)
Other income	353	87	896	131
Interest:				
Expense	(4,932)	(4,768)	(14,399)	(13,978)
Amortization and write-off of deferred financing costs	(225)	(212)	(741)	(619)
Net income	5,189	2,769	20,246	14,716
Net income attributable to non-controlling interests	(12)	(22)	(361)	(64)
Net income attributable to One Liberty Properties, Inc.	$ 5,177	$ 2,747	$ 19,885	$ 14,652
Weighted average number of common shares outstanding:				
Basic	20,635	20,567	20,578	20,552
Diluted	20,753	20,596	20,677	20,598
Per common share attributable to common stockholders:				
Basic	$ .24	$ .12	$ .92	$ .67
Diluted	$ .23	$ .12	$ .91	$ .66
Cash distributions per share of common stock	$ .45	$ .45	$ 1.35	$ 1.35

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 5,189	$ 2,769	$ 20,246	$ 14,716
Other comprehensive income				
Net unrealized loss on derivative instruments	(296)	(207)	(573)	(475)
Comprehensive income	4,893	2,562	19,673	14,241
Net income attributable to non-controlling interests	(12)	(22)	(361)	(64)
Adjustment for derivative instruments attributable to non-controlling interests	—	1	—	2
Comprehensive income attributable to One Liberty Properties, Inc.	$ 4,881	$ 2,541	$ 19,312	$ 14,179

See accompanying notes to consolidated financial statements.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands, Except Per Share Data)
(Unaudited) (Continued on Next Page)

	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Distributions in Excess of Net Income	Non-Controlling Interests in Consolidated Joint Ventures	Total
Balances, December 31, 2023	$ 20,323	$ 326,379	$ 844	$ (40,843)	$ 1,042	$ 307,745
Cash Distributions – common stock ($.45 per share)	—	—	—	(9,642)	—	(9,642)
Shares issued through dividend reinvestment plan	66	1,369	—	—	—	1,435
Restricted stock vesting	137	(137)	—	—	—	—
Compensation expense — restricted stock and RSUs	—	1,272	—	—	—	1,272
Contribution from non-controlling interest	—	—	—	—	43	43
Distributions to non-controlling interests	—	—	—	—	(94)	(94)
Net income	—	—	—	5,155	225	5,380
Other comprehensive loss	—	—	(89)	—	—	(89)
Balances, March 31, 2024	20,526	328,883	755	(45,330)	1,216	306,050
Cash Distributions – common stock ($.45 per share)	—	—	—	(9,534)	—	(9,534)
Shares issued through dividend reinvestment plan	67	1,396	—	—	—	1,463
Compensation expense — restricted stock and RSUs	—	1,167	—	—	—	1,167
Distributions to non-controlling interests	—	—	—	—	(202)	(202)
Net income	—	—	—	9,553	124	9,677
Other comprehensive loss	—	—	(188)	—	—	(188)
Balances, June 30, 2024	20,593	331,446	567	(45,311)	1,138	308,433
Cash Distributions – common stock ($.45 per share)	—	—	—	(9,696)	—	(9,696)
Shares issued through dividend reinvestment plan	21	428	—	—	—	449
Restricted stock unit vesting	39	(39)	—	—	—	—
Compensation expense — restricted stock and RSUs	—	1,248	—	—	—	1,248
Distribution to non-controlling interest	—	—	—	—	(7)	(7)
Net income	—	—	—	5,177	12	5,189
Other comprehensive loss	—	—	(296)	—		(296)
Balances, September 30, 2024	$ 20,653	$ 333,083	$ 271	$ (49,830)	$ 1,143	$ 305,320

See accompanying notes to consolidated financial statements.

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

	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Accumulated Distributions in Excess of Net Income	Non-Controlling Interests in Consolidated Joint Ventures	Total
Balances, December 31, 2022	$ 20,362	$ 325,895	$ 1,810	$ (32,102)	$ 972	$ 316,937
Cash Distributions – common stock ($.45 per share)	—	—	—	(9,628)	—	(9,628)
Shares issued through dividend reinvestment plan	49	1,025	—	—	—	1,074
Restricted stock vesting	135	(135)	—	—	—	—
Compensation expense – restricted stock and RSUs	—	1,328	—	—	—	1,328
Distributions to non-controlling interests	—	—	—	—	(9)	(9)
Net income	—	—	—	5,386	22	5,408
Other comprehensive loss	—	—	(409)	—	—	(409)
Balances, March 31, 2023	20,546	328,113	1,401	(36,344)	985	314,701
Cash Distributions – common stock ($.45 per share)	—	—	—	(9,626)	—	(9,626)
Repurchases of common stock – net	(73)	(1,382)	—	—	—	(1,455)
Shares issued through dividend reinvestment plan	50	1,048	—	—	—	1,098
Restricted stock vesting	17	(17)	—	—	—	—
Compensation expense – restricted stock and RSUs	—	1,564	—	—	—	1,564
Distributions to non-controlling interests	—	—	—	—	(7)	(7)
Net income	—	—	—	6,519	20	6,539
Other comprehensive income (loss)	—	—	142	—	(1)	141
Balances, June 30, 2023	20,540	329,326	1,543	(39,451)	997	312,955
Cash Distributions – common stock ($.45 per share)	—	—	—	(9,570)	—	(9,570)
Repurchases of common stock, net	(262)	(4,882)	—	—	—	(5,144)
Shares issued through dividend reinvestment plan	56	1,055	—	—	—	1,111
Restricted stock unit vesting	75	(75)	—	—	—	—
Compensation expense – restricted stock and RSUs	—	1,211	—	—	—	1,211
Distributions to non-controlling interests	—	—	—	—	(8)	(8)
Net income	—	—	—	2,747	22	2,769
Other comprehensive loss	—	—	(206)	—	(1)	(207)
Balances, September 30, 2023	$ 20,409	$ 326,635	$ 1,337	$ (46,274)	$ 1,010	$ 303,117

See accompanying notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net income	$ 20,246	$ 14,716
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of real estate, net	(11,347)	(5,046)
Impairment loss	1,086	—
Increase in net amortization of unbilled rental income	(1,066)	(1,574)
Write-off of unbilled rent receivable	—	133
Amortization and write-off of intangibles relating to leases, net	(940)	(698)
Amortization of restricted stock and RSU compensation expense	3,687	4,103
Equity in (earnings) loss of unconsolidated joint ventures	(87)	761
Distributions of earnings from unconsolidated joint ventures	100	23
Depreciation and amortization	18,119	18,569
Amortization and write-off of deferred financing costs	741	619
Payment of leasing commissions	(446)	(499)
(Increase) decrease in escrow, deposits, other assets and receivables	(1,061)	4,088
(Decrease) increase in accrued expenses and other liabilities	(1,541)	887
Net cash provided by operating activities	27,491	36,082
Cash flows from investing activities:		
Purchase of real estate	(44,877)	(9,229)
Improvements to real estate	(2,239)	(3,887)
Investments in ground leased property	(44)	(668)
Net proceeds from sale of real estate	37,434	13,185
Distributions of capital from unconsolidated joint venture	—	9
Net cash used in investing activities	(9,726)	(590)
Cash flows from financing activities:		
Proceeds from mortgage financings	68,138	23,450
Repayments of mortgages payable	(51,136)	(6,735)
Scheduled amortization payments of mortgages payable	(9,043)	(9,284)
Proceeds from bank line of credit	—	30,900
Repayments on bank line of credit	—	(40,200)
Issuance of shares through dividend reinvestment plan	3,347	3,283
Repurchases of common stock, net	—	(6,599)
Payment of financing costs	(872)	(449)
Capital contribution from non-controlling interest	43	—
Distributions to non-controlling interests	(303)	(24)
Cash distributions to common stockholders	(28,839)	(28,627)
Net cash used in financing activities	(18,665)	(34,285)
Net (decrease) increase in cash, cash equivalents and restricted cash	(900)	1,207
Cash, cash equivalents and restricted cash at beginning of year	29,592	7,277
Cash, cash equivalents and restricted cash at end of period	$ 28,692	$ 8,484
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest expense	$ 14,324	$ 13,939
Supplemental disclosure of non-cash investing activity:		
Purchase accounting allocation - intangible lease assets	$ 3,726	$ 871
Purchase accounting allocation - intangible lease liabilities	(3,561)	(237)
Purchase accounting allocation - mortgage intangible asset	—	260
Assumption of mortgage payable upon acquisition of property	—	4,280
Lease liabilities adjustment from the reassessment of right of use assets	—	3,366

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

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	September 30,	
	2024	**2023**
Cash and cash equivalents	$ 25,684	$ 5,471
Restricted cash included in escrow, deposits and other assets and receivables	3,008	3,013
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 28,692	$ 8,484

Restricted cash included in escrow, deposits and other assets and receivables represents amounts related to real estate tax and other reserve escrows required to be held by lenders in accordance with the Company's mortgage agreements. The restriction on these escrow reserves will lapse when the related mortgage is repaid or when the related reserve conditions are satisfied.

See accompanying notes to consolidated financial statements.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
SEPTEMBER 30, 2024

NOTE 1 – ORGANIZATION AND BACKGROUND

One Liberty Properties, Inc. ("OLP") was incorporated in 1982 in Maryland. OLP is a self-administered and self-managed real estate investment trust ("REIT"). OLP acquires, owns and manages a geographically diversified portfolio consisting primarily of industrial and, to a lesser extent, retail properties, many of which are subject to long-term net leases. As of September 30, 2024, OLP owns 104 properties, including two properties owned by consolidated joint ventures and two properties owned by unconsolidated joint ventures. The 104 properties are located in 31 states.

NOTE 2 – SUMMARY ACCOUNTING POLICIES

Principles of Consolidation/Basis of Preparation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and include all of the information and disclosures required by U.S. Generally Accepted Accounting Principles ("GAAP") for interim reporting. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statement disclosures. In the opinion of management, all adjustments of a normal recurring nature necessary for fair presentation have been included. The results of operations for the three and nine months ended September 30, 2024 and 2023 are not necessarily indicative of the results for the full year. These statements should be read in conjunction with the consolidated financial statements and related notes included in OLP's Annual Report on Form 10-K for the year ended December 31, 2023.

The preparation of the financial statements in conformity with GAAP 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 OLP, its wholly-owned subsidiaries, its joint ventures in which the Company, as defined, has a controlling interest, and variable interest entities ("VIEs") of which the Company is the primary beneficiary. OLP and its consolidated subsidiaries are referred to herein as the "Company". Material intercompany items and transactions have been eliminated in consolidation.

Purchase Accounting for Acquisition of Real Estate

In acquiring real estate, the Company evaluates whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, and if that requirement is met, the asset group is accounted for as an asset acquisition and not a business combination. Transaction costs incurred with such asset acquisitions are capitalized to real estate assets and depreciated over the respectful useful lives.

The Company allocates the purchase price of real estate, including direct transaction costs applicable to an asset acquisition, among land, building, improvements and intangibles (*e.g.,* the value of above, below and at-market leases, origination costs associated with in-place leases and above or below-market mortgages assumed at the acquisition date). The value, as determined, is allocated to the gross assets acquired based on management's determination of the relative fair values of these assets and liabilities.

The Company assesses the fair value of the gross assets acquired based on available market information which utilize estimated cash flow projections; such inputs are categorized as Level 3 inputs in the fair value hierarchy. In determining fair value, factors considered by management include an evaluation of current market demand, market capitalization rates and discount rates, estimates of carrying costs (*e.g.*, real estate taxes, insurance, and other operating expenses), and lost rental revenue during the expected lease-up periods. Management also estimates costs to execute similar leases, including leasing commissions and tenant improvements.

NOTE 2 – SUMMARY ACCOUNTING POLICIES (CONTINUED)

Investment in Joint Ventures and Variable Interest Entities

The Financial Accounting Standards Board, or FASB, provides guidance for determining whether an entity is a VIE. VIEs are defined as entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. A VIE is required to be consolidated by its primary beneficiary, which is the party that (i) has the power to control the activities that most significantly impact the VIE’s economic performance and (ii) has the obligation to absorb losses, or the right to receive benefits, of the VIE that could potentially be significant to the VIE.

The Company assesses the accounting treatment for each of its investments, including a review of each venture or limited liability company or partnership agreement, to determine the rights of each party and whether those rights are protective or participating. The agreements typically contain certain protective rights, such as the requirement of partner approval to sell, finance or refinance the property and to pay capital expenditures and operating expenditures outside of the approved budget or operating plan. In situations where, among other things, the Company and its partners jointly (i) approve the annual budget, (ii) approve certain expenditures, (iii) prepare or review and approve the joint venture’s tax return before filing, or (iv) approve each lease at a property, the Company does not consolidate as the Company considers these to be substantive participation rights that result in shared, joint power over the activities that most significantly impact the performance of the joint venture or property. Additionally, the Company assesses the accounting treatment for any interests pursuant to which the Company may have a variable interest as a lessor. Leases may contain certain protective rights, such as the right of sale and the receipt of certain escrow deposits.

The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting. All investments in unconsolidated joint ventures have sufficient equity at risk to permit the entity to finance its activities without additional subordinated financial support and, as a group, the holders of the equity at risk have power through voting rights to direct the activities of these ventures. As a result, none of these joint ventures are VIEs. In addition, the Company shares power with its co-managing members over these entities, and therefore the entities are not consolidated. These investments are recorded initially at cost, as investments in unconsolidated joint ventures, and subsequently adjusted for their share of equity in earnings, cash contributions and distributions.

The Company reviews on a quarterly basis its investments in unconsolidated joint ventures for other-than-temporary losses in investment value. Any decline that is not expected to be recovered based on the underlying assets of the investment is considered other than temporary and an impairment charge is recorded as a reduction in the carrying value of the investment. During the three months and nine months ended September 30, 2024 and 2023, there were no such other-than-temporary impairment charges related to the Company’s investments in unconsolidated joint ventures.

The Company has elected to follow the cumulative earnings approach when assessing, for the consolidated statement of cash flows, whether the distribution from the investee is a return of the investor’s investment as compared to a return on its investment. The source of the cash generated by the investee to fund the distribution is not a factor in the analysis (that is, it does not matter whether the cash was generated through investee refinancing, sale of assets or operating results). Consequently, the investor only considers the relationship between the cash received from the investee to its equity in the undistributed earnings of the investee, on a cumulative basis, in assessing whether the distribution from the investee is a return on or a return of its investment. Cash received from the unconsolidated entity is presumed to be a return on the investment to the extent that, on a cumulative basis, distributions received by the investor are less than its share of the equity in the undistributed earnings of the entity.

NOTE 3 – LEASES

Lessor Accounting

The Company owns rental properties which are leased to tenants under operating leases with current expirations ranging from 2024 to 2042, with options to extend or terminate the lease. Revenues from such leases are reported as Rental income, net, and are comprised of (i) lease components, which includes fixed and variable lease payments and (ii) non-lease components which includes reimbursements of property level operating expenses. The Company does not separate non-lease components from the related lease components, as the timing and pattern of transfer are the same, and account for the combined component in accordance with ASC 842.

Fixed lease revenues represent the base rent that each tenant is required to pay in accordance with the terms of its respective leases, and any lease incentives paid or payable to the lessee, reported on a straight-line basis over the non-cancelable term of the lease. Variable lease revenues typically include payments based on (i) tenant reimbursements, (ii) changes in the index or market-based indices after the inception of the lease, (iii) percentage rents and (iv) the operating performance of the property. Variable lease revenues are not recognized until the specific events that trigger the variable payments have occurred.

The components of lease revenues are as follows (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Fixed lease revenues	$ 18,638	$ 18,872	$ 55,230	$ 57,159
Variable lease revenues	3,298	3,431	10,287	10,048
Lease revenues (a)	$ 21,936	$ 22,303	$ 65,517	$ 67,207

(a) Excludes amortization related to lease intangible assets and liabilities of $275 and $940 for the three and nine months ended September 30, 2024, respectively, and $243 and $698 for the three and nine months ended September 30, 2023, respectively.

In many of the Company's leases, the tenant is obligated to pay the real estate taxes, insurance, and certain other expenses directly to the vendor. These obligations, which have been assumed by the tenants, are not reflected in the Company's consolidated financial statements. To the extent any such tenant defaults on its lease or if it is deemed probable that the tenant will fail to pay for such obligations, a liability for such obligations would be recorded.

On a quarterly basis, the Company assesses the collectability of substantially all lease payments due by reviewing the tenant's payment history or financial condition. Changes to collectability are recognized as a current period adjustment to rental revenue. As of September 30, 2024, the Company has assessed the collectability of all recorded lease revenues as probable.

Minimum Future Rents

As of September 30, 2024, the minimum future contractual rents to be received on non-cancellable operating leases are included in the table below (amounts in thousands). The minimum future contractual rents do not include (i) straight-line rent or amortization of lease intangibles or incentives and (ii) variable lease payments as described above.

From October 1 – December 31, 2024	$ 18,330
For the year ending December 31,	
2025	72,863
2026	69,621
2027	60,342
2028	48,569
2029	37,475
Thereafter	116,710
Total	$ 423,910

NOTE 3 – LEASES (CONTINUED)

Lessee Accounting

Ground Lease

The Company is a lessee under a ground lease in Greensboro, North Carolina, which is classified as an operating lease. The ground lease expires March 3, 2030 and provides for up to three, five-year renewal options and one seven-month renewal option. As of September 30, 2024, the remaining lease term is 5.4 years. The Company recognized lease expense related to this ground lease of $122,000 and $366,000 for the three and nine months ended September 30, 2024, respectively, and $122,000 and $422,000 for the three and nine months ended September 30, 2023, respectively, which is included in Real estate expenses on the consolidated statements of income.

Office Lease

The Company is a lessee under a corporate office lease in Great Neck, New York, which is classified as an operating lease. The lease expires on December 31, 2031 and provides for a five-year renewal option. As of September 30, 2024, the remaining lease term, including the renewal option deemed exercised, is 12.3 years. The Company recognized lease expense related to this office lease of $14,000 and $42,000 for each of the three and nine months ended September 30, 2024 and 2023, respectively, which is included in General and administrative expenses on the consolidated statements of income.

Minimum Future Lease Payments

As of September 30, 2024, the minimum future lease payments related to these operating leases are as follows (amounts in thousands):

From October 1 – December 31, 2024	$	156
For the year ending December 31,		
2025		626
2026		627
2027		629
2028		630
2029		692
Thereafter		537
Total undiscounted cash flows	$	3,897
Present value discount		(790)
Lease liability	$	3,107

The lease liability is included in Accrued expenses and other liabilities on the consolidated balance sheet.

Lease termination fee

In March 2024, a consolidated joint venture in Lakewood, Colorado, in which the Company holds a 90% interest, recognized a lease termination fee of $250,000 from a tenant due to the early termination of its lease in connection with the sale of the related restaurant parcel (see Note 5).

NOTE 4 – REAL ESTATE ACQUISITIONS

Acquisitions

The following tables detail the Company's real estate asset acquisitions and purchase price allocations during the nine months ended September 30, 2024 and year ended December 31, 2023 (amounts in thousands):

Description of Industrial Property	Date Acquired	Contract Purchase Price	Terms of Payment	Capitalized Transaction Costs
Quality Custom Distribution Services, Inc.				
Albuquerque, New Mexico	April 24, 2024	$ 6,450	All cash (a)	$ 55
Russell Equipment, Inc.				
Savannah, Georgia	May 23, 2024	5,240	All cash (b)	53
Multi-tenant				
Council Bluffs, Iowa	August 19, 2024	33,000	Cash and $18,425 mortgage (c)	79
Totals - Nine months ended September 30, 2024		$ 44,690		$ 187
Multi-tenant				
Blythewood, South Carolina	July 13, 2023	13,400	Cash and $4,280 mortgage (d)	109
Totals - Year ended December 31, 2023		$ 13,400		$ 109

Description of Industrial Property	Land	Building & Improvements	Intangible Lease		Mortgage Intangible	Total	Market Cap Rate (e)	Discount Rate (e)	
			Asset	Liability				Lease Intangible	Mortgage Intangible
Quality Custom Distribution Services, Inc.									
Albuquerque, New Mexico	$ 1,341	$ 6,330	$ 689	$ (1,855)	$ —	$ 6,505	6.75%	7.14%	—
Russell Equipment, Inc.									
Savannah, Georgia	1,044	3,724	525	—	—	5,293	7.00%	7.15%	—
Multi-tenant									
Council Bluffs, Iowa	3,811	28,462	2,512	(1,706)	—	33,079	6.60%	7.41%	—
Totals - Nine months ended September 30, 2024	$ 6,196	$ 38,516	$ 3,726	$ (3,561)	$ —	$ 44,877			
Multi-tenant									
Blythewood, South Carolina	$ 311	$ 12,304	$ 871	$ (237)	$ 260	$ 13,509	6.75%	6.75%	6.00%
Totals - Year ended December 31, 2023	$ 311	$ 12,304	$ 871	$ (237)	$ 260	$ 13,509			

(a) Subsequent to the acquisition of this property, the Company obtained new mortgage debt of $3,401 bearing an interest rate of 6.00% and maturing in 2032.

(b) Subsequent to the acquisition of this property, the Company obtained new mortgage debt of $2,812 bearing an interest rate of 6.00% and maturing in 2035.

(c) Simultaneously with the acquisition of this property, the Company obtained new mortgage debt of $18,425 bearing an interest rate of 6.08% and maturing in 2034.

(d) Simultaneously with the acquisition of this property, the Company assumed a mortgage of $4,280 bearing an interest rate of 4.60% and maturing in 2029.

(e) The fair value of the tangible assets and intangible leases of each property and the assumed mortgage on the Blythewood, South Carolina property was assessed as of the acquisition date using an income approach and estimated cash flow projections which utilize an appropriate market capitalization rate and discount rate categorized as Level 3 unobservable inputs in the fair value hierarchy (as defined in Note 12).

NOTE 5 – SALES OF PROPERTIES AND IMPAIRMENT LOSS

Sales of Properties

The following tables detail the Company's sales of real estate during the nine months ended September 30, 2024 and 2023 (amounts in thousands):

Description of Property	City, State	Date Sold	Gross Sales Price	Gain on Sale of Real Estate, Net
Hacienda Colorado restaurant parcel (a)	Lakewood, Colorado	March 6, 2024	$ 2,900	$ 1,784 (a)
Applebee's restaurant property	Kennesaw, Georgia	May 6, 2024	2,834	964
FedEx industrial property	Miamisburg, Ohio	May 9, 2024	2,793	1,507
Havertys retail property	Wichita, Kansas	June 6, 2024	6,600	1,884
Urban Outfitters retail property	Lawrence, Kansas	June 7, 2024	1,300	43
Walgreens retail property (b)	Cape Girardeau, Missouri	June 10, 2024	2,793	978 (b)
Vacant retail property	Kennesaw, Georgia	June 28, 2024	6,700	2,072
Vacant health and fitness property	Hamilton, Ohio	August 15, 2024	4,350	17 (c)
Vacant industrial property	Wauconda, Illinois	August 29, 2024	4,425	1,177
Hobby Lobby retail property	Woodbury, Minnesota	September 16, 2024	4,750	921
		Totals - Nine months ended September 30, 2024	$ 39,445 (d)	$ 11,347 (e)

Description of Property	City, State	Date Sold	Gross Sales Price	Gain on Sale of Real Estate, Net
TGI Fridays restaurant property	Hauppauge, New York	February 28, 2023	$ 4,200	$ 1,534
Havertys retail property	Duluth, Georgia	May 31, 2023	6,000	3,180
TGI Fridays restaurant property	Greensboro, North Carolina	September 20, 2023	3,250	332
		Totals - Nine months ended September 30, 2023	$ 13,450	$ 5,046 (f)

(a) A consolidated joint venture, in which the Company holds a 90% interest, sold a restaurant parcel which was part of a multi-tenant shopping center. In connection with the sale of this parcel, the joint venture paid down $1,885 of the mortgage on this property. The non-controlling interest's share of the gain was $178.

(b) This property was owned by a consolidated joint venture in which the Company held a 95% interest. The non-controlling interest's share of the gain was $105.

(c) See discussion below regarding a $1,086 impairment loss recognized at this property in connection with the sale.

(d) In connection with these sales, the Company paid off mortgages in an aggregate of $10,714.

(e) As a result of these sales, the Company wrote-off, as a reduction to Gain on sale of real estate, net, an aggregate of $285 of unbilled rent receivables, $108 of other assets and receivables and $64 of net unamortized intangible lease assets and liabilities.

(f) As a result of these sales, the Company wrote-off, as a reduction to Gain on sale of real estate, net, an aggregate of $190 of other assets and receivables and $123 of unbilled rent receivables.

Impairment Loss

In June 2024, due to a contract to sell its Hamilton, Ohio property (which was formerly tenanted by LA Fitness whose lease expired in May 2024), the Company re-measured the property's net book value to its fair value (as discussed in Note 12). As a result, the Company recognized a $1,086,000 impairment loss on the consolidated statement of income for the nine months ended September 30, 2024. This property was sold in August 2024.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
SEPTEMBER 30, 2024 (CONTINUED)

NOTE 6 – VARIABLE INTEREST ENTITIES, CONSOLIDATED JOINT VENTURES AND CONTINGENT LIABILITY

Variable Interest Entities – Consolidated Joint Ventures

The Company has determined the two consolidated joint ventures in which it holds a 90% and 95% interest are VIEs because the non-controlling interests do not hold substantive kick-out or participating rights. The Company has determined it is the primary beneficiary of these VIEs as it has the power to direct the activities that most significantly impact each joint venture's performance including management, approval of expenditures, and the obligation to absorb the losses or rights to receive benefits. Accordingly, the Company consolidates the operations of these VIEs for financial statement purposes. The VIEs' creditors do not have recourse to the assets of the Company other than those held by the applicable joint venture.

The following is a summary of the consolidated VIEs' carrying amounts and classification in the Company's consolidated balance sheets, none of which are restricted (amounts in thousands):

	September 30, 2024 (a)	December 31, 2023
Land	$ 9,198	$ 9,917
Buildings and improvements, net of accumulated depreciation of $6,299 and $6,380, respectively	15,655	17,475
Cash	667	1,059
Unbilled rent receivable	905	938
Unamortized intangible lease assets, net	122	412
Escrow, deposits and other assets and receivables	819	749
Mortgages payable, net of unamortized deferred financing costs of $80 and $109, respectively	13,438	16,660
Accrued expenses and other liabilities	452	745
Unamortized intangible lease liabilities, net	220	385
Accumulated other comprehensive income	—	2
Non-controlling interests in consolidated joint ventures	1,143	1,042

(a) During the nine months ended September 30, 2024, the Company and its joint venture partners sold a restaurant parcel at its multi-tenant shopping center in Lakewood, Colorado and a retail property in Cape Girardeau, Missouri. In connection with the sale of the restaurant parcel, the joint venture paid down the mortgage on its property by $1,885 (see Note 5).

As of September 30, 2024, MCB Real Estate, LLC and its affiliates (''MCB'') are the Company's joint venture partner in a consolidated joint venture in which the Company has an aggregate equity investment of approximately $3,476,000.

Distributions to each joint venture partner are determined pursuant to the applicable operating agreement and, in the event of a sale of, or refinancing of the mortgage encumbering, the property owned by such venture, the distributions to the Company may be less than that implied by the Company's equity ownership interest in the venture.

Variable Interest Entity – Ground Lease

The Company determined it has a variable interest through its ground lease at its Beachwood, Ohio property (the Vue Apartments) and the owner/operator is a VIE because its equity investment at risk is insufficient to finance its activities without additional subordinated financial support. The Company further determined that it is not the primary beneficiary of this VIE because the Company does not have power over the activities that most significantly impact the owner/operator's economic performance and therefore, does not consolidate this VIE for financial statement purposes. Accordingly, the Company accounts for this investment as land and the revenues from the ground lease as Rental income, net. The ground lease provides for rent which can be deferred and paid based on the operating performance of the property; therefore, this rent is recognized as rental income when the operating performance is achieved and the rent is received. No ground lease rental income has been collected since October 2020 other than a $4,642,000 litigation settlement in 2022.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
SEPTEMBER 30, 2024 (CONTINUED)

NOTE 6 – VARIABLE INTEREST ENTITIES, CONSOLIDATED JOINT VENTURES AND CONTINGENT LIABILITY (CONTINUED)

As of September 30, 2024, the VIE's maximum exposure to loss was $17,320,000 which represented the carrying amount of the land. In purchasing the property in 2016, the owner/operator obtained a $67,444,000 mortgage from a third party which, together with the Company's purchase of the land, provided substantially all of the funds to acquire the multi-family property. The Company provided its land as collateral for the owner/operator's mortgage loan; accordingly, the land position is subordinated to the mortgage. The mortgage balance was $62,608,000 as of September 30, 2024. Pursuant to the ground lease, as amended in November 2020, the Company agreed, in its discretion, to fund 78% of (i) any operating expense shortfalls at the property and (ii) any capital expenditures required at the property. The Company funded $44,000 during the nine months ended September 30, 2024 and $932,000 during the year ended December 31, 2023. These amounts are included as part of the carrying amount of the land.

NOTE 7 – INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

As of September 30, 2024 and December 31, 2023, the Company participated in two unconsolidated joint ventures, each of which owns and operates one property; the Company's equity investment in these ventures totaled $2,038,000 and $2,051,000, respectively. The Company recorded equity in loss and earnings of $9,000 and $87,000 for the three and nine months ended September 30, 2024, respectively, and equity in loss of $905,000 and $761,000 for the three and nine months ended September 30, 2023, respectively. Included in equity in loss for the three and nine months ended September 30, 2023 is the Company's 50% share of an impairment charge, or $850,000, related to its former Manahawkin, New Jersey joint venture property which was sold in December 2023.

NOTE 8 – DEBT OBLIGATIONS

Mortgages Payable

The following table details the Mortgages payable, net, balances per the consolidated balance sheets (amounts in thousands):

	September 30, 2024	December 31, 2023
Mortgages payable, gross	$ 430,524	$ 422,565
Unamortized deferred financing costs	(3,683)	(3,414)
Unamortized mortgage intangible assets (a)	(702)	(804)
Mortgages payable, net	$ 426,139	$ 418,347

(a) In connection with the assumption of two below-market mortgages.

The following table sets forth, as of September 30, 2024, scheduled principal repayments with respect to the Company's mortgage debt during the three months ending December 31, 2024 and for each of the subsequent twelve months through maturity (amounts in thousands):

	2024	2025	2026	2027	2028	Thereafter	Total
Amortization payments	$ 2,954	$ 11,031	$ 10,995	$ 9,935	$ 9,288	$ 35,285	$ 79,488
Principal due at maturity	5,149	29,157	19,179	38,525	30,155	228,871	351,036
Total	$ 8,103	$ 40,188	$ 30,174	$ 48,460	$ 39,443	$ 264,156	$ 430,524

NOTE 8 – DEBT OBLIGATIONS (CONTINUED)

Line of Credit

The Company's credit facility with Manufacturers and Traders Trust Company and VNB New York, LLC, provides that it may borrow up to $100,000,000, subject to borrowing base requirements. The facility is available for the acquisition of commercial real estate, repayment of mortgage debt, and renovation and operating expense purposes; provided, that if used for renovation and operating expense purposes, the amount outstanding for such purposes will not exceed the lesser of $40,000,000 and 40% of the borrowing base. Net proceeds received from the sale, financing or refinancing of properties are generally required to be used to repay amounts outstanding under the credit facility. The facility is guaranteed by subsidiaries of the Company that own unencumbered properties and the Company is required to pledge to the lenders the equity interests in such subsidiaries.

The facility, which matures December 31, 2026, provides for an interest rate equal to 30-day SOFR plus an applicable margin ranging from 175 basis points to 275 basis points depending on the ratio of the Company's total debt to total value, as determined pursuant to the facility. The applicable margin was 175 basis points at September 30, 2024 and December 31, 2023. An unused facility fee of 0.25% per annum applies to the facility. The Company had no balance outstanding on the facility during the nine months ended September 30, 2024. The weighted average interest rate on the facility was approximately 6.60% for the nine months ended September 30, 2023. The Company was in compliance with all covenants at each of September 30, 2024 and 2023.

At each of September 30, 2024 and November 1, 2024, $100,000,000 was available to be borrowed under the facility, including an aggregate of up to $40,000,000 available for renovation and operating expense purposes. The interest rate on the facility was 6.42% on November 1, 2024.

At September 30, 2024 and December 31, 2023, the Company had unamortized deferred financing costs of $411,000 and $549,000, respectively, which are included in Escrow, deposits and other assets and receivables on the consolidated balance sheets.

NOTE 9 – RELATED PARTY TRANSACTIONS

Compensation and Services Agreement

Pursuant to the compensation and services agreement with Majestic Property Management Corp. ("Majestic"), Majestic provides the Company with certain (i) executive, administrative, legal, accounting, clerical, property management, property acquisition, consulting (*i.e*., sale, leasing, brokerage, and mortgage financing), and construction supervisory services (collectively, the "Services") and (ii) facilities and other resources. Majestic is wholly-owned by the Company's vice- chairman and it provides compensation to several of the Company's executive officers.

In consideration for the Services, the Company paid Majestic $826,000 and $2,483,000 for the three and nine months ended September 30, 2024, respectively, and $812,000 and $2,501,000 for the three and nine months ended September 30, 2023, respectively. Included in these amounts are fees for property management services of $356,000 and $1,074,000 for the three and nine months ended September 30, 2024, respectively, and $360,000 and $1,146,000 for the three and nine months ended September 30, 2023, respectively. The amounts paid for property management services are based on 1.5% and 2.0% of the rental payments (including tenant reimbursements) actually received by the Company from net lease tenants and operating lease tenants, respectively. The Company does not pay Majestic with respect to properties managed by third parties. The Company also paid Majestic, pursuant to the compensation and services agreement, $84,000 and $252,000 for the three and nine months ended September 30, 2024, respectively, and $79,000 and $238,000 for the three and nine months ended September 30, 2023, respectively, for the Company's share of all direct office expenses, including rent, telephone, postage, computer services, internet usage and supplies.

NOTE 9 – RELATED PARTY TRANSACTIONS (CONTINUED)

Executive officers and others providing services to the Company under the compensation and services agreement were awarded shares of restricted stock and restricted stock units ("RSUs") under the Company's stock incentive plans (described in Note 10). The related expense charged to the Company's operations was $601,000 and $1,784,000 for the three and nine months ended September 30, 2024, respectively, and $594,000 and $1,879,000 for the three and nine months ended September 30, 2023, respectively.

The amounts paid under the compensation and services agreement (except for the property management services which are included in Real estate expenses) and the costs of the stock incentive plans are included in General and administrative expense on the consolidated statements of income.

Joint Venture Partners and Affiliates

The Company paid an aggregate of $24,000 and $70,000 for the three and nine months ended September 30, 2024, respectively, and $22,000 and $69,000 for the three and nine months ended September 30, 2023, respectively, to its consolidated joint venture partner or their affiliates (none of whom are officers, directors, or employees of the Company) for property management services, which are included in Real estate expenses on the consolidated statements of income.

The Company's unconsolidated joint ventures paid management fees of $1,000 and $4,000 for the three and nine months ended September 30, 2024, respectively, and $31,000 and $89,000 for the three and nine months ended September 30, 2023, respectively, to the other partner of the ventures, which increased Equity in loss and reduced Equity in earnings of unconsolidated joint ventures on the consolidated statements of income by $1,000 and $2,000 for the three and nine months ended September 30, 2024, respectively, and increased Equity in loss by $16,000 and $44,000 for the three and nine months ended September 30, 2023, respectively.

Other

During 2024 and 2023, the Company paid quarterly fees of (i) $81,378 and $78,250, respectively, to the Company's chairman and (ii) $32,551 and $31,300, respectively, to the Company's vice-chairman. These fees are included in General and administrative expenses on the consolidated statements of income.

The Company obtains its property insurance in conjunction with Gould Investors L.P. ("Gould Investors"), a related party, and reimburses Gould Investors annually for the Company's insurance cost relating to its properties. Amounts reimbursed to Gould Investors were $1,150,000 during the three and nine months ended September 30, 2024 and $1,093,000 during the three and nine months ended September 30, 2023. Included in Real estate expenses on the consolidated statements of income is insurance expense of $382,000 and $849,000 for the three and nine months ended September 30, 2024, respectively, and $363,000 and $613,000 for the three and nine months ended September 30, 2023, respectively, of amounts reimbursed to Gould Investors in prior periods. The balance of amounts reimbursed to Gould Investors represents prepaid insurance and is included in Escrow, deposits and other assets and receivables on the consolidated balance sheets.

NOTE 10 – STOCKHOLDERS' EQUITY

Common Stock Dividend

On September 11, 2024, the Board of Directors declared a quarterly cash dividend of $0.45 per share on the Company's common stock, totaling approximately $9,621,000, payable to stockholders of record at the close of business on September 24, 2024. The quarterly dividend was paid on October 2, 2024; $9,437,000 was paid in cash and the balance of such dividend payment was satisfied through the issuance of approximately 7,000 shares under the Company's dividend reinvestment plan.

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan (the "DRP"), among other things, provides stockholders with the opportunity to reinvest all or a portion of their cash dividends paid on the Company's common stock in additional shares of its common stock, at a discount, determined in the Company's sole discretion, of up to 5% from the market price (as such price is calculated pursuant to the DRP). The discount is currently being offered at 3%. Under the DRP, the Company issued approximately 21,000 and 154,000 shares of common stock during the three and nine months ended September 30, 2024, respectively, and approximately 56,000 and 155,000 shares of common stock during the three and nine months ended September 30, 2023, respectively.

Stock Repurchase Program

During 2022 and 2023, the Board of Directors authorized and/or amended repurchase programs pursuant to which the Company could repurchase shares of its common stock in open-market, through privately negotiated transactions or otherwise. No such shares were repurchased during the three and nine months ended September 30, 2024. During the three and nine months ended September 30, 2023, the Company repurchased approximately 262,000 shares and 335,000 shares of common stock, for total consideration of $5,144,000 and $6,599,000, net of commissions of $16,000 and $20,000, respectively. As of September 30, 2024, the Company is authorized to repurchase approximately $8,082,000 of shares of common stock.

Stock Based Compensation

The Company's 2022 and 2019 Incentive Plans (collectively, the "Plans"), permit the Company to grant, among other things, stock options, restricted stock, RSUs, performance share awards and dividend equivalent rights and any one or more of the foregoing to its employees, officers, directors and consultants. A maximum of 750,000 shares of the Company's common stock were authorized for issuance pursuant to each plan at such plan's inception.

The following details the shares subject to awards that are outstanding under the Plans as of September 30, 2024:

	Restricted Stock	RSUs
2022 Incentive Plan	300,515	256,740
2019 Incentive Plan (a)	426,625	—
Totals	727,140	256,740

(a) No additional awards may be granted under such plan.

Restricted Stock

For accounting purposes, the restricted stock is not included in the shares shown as outstanding on the balance sheet until they vest; however, dividends are paid on the unvested shares. The restricted stock grants are charged to General and administrative expense over the respective vesting periods based on the market value of the common stock on the grant date. Unless earlier forfeited because the participant's relationship with the Company terminated, unvested restricted stock awards vest five years from the grant date, and under certain circumstances may vest earlier.

NOTE 10 – STOCKHOLDERS' EQUITY (CONTINUED)

RSUs

The following table reflects the activities involving RSUs:

	2024 Grant (a)	2023 Grant	2022 Grant	2021 Grant	2020 Grant
RSUs granted (b)	88,250	85,250	85,350	80,700	75,026
RSUs vested	—	—	—	39,811 (c)	74,988 (d)
RSUs forfeited	—	—	2,110 (e)	40,889 (f)	38 (e)
RSUs outstanding	88,250	85,250	83,240	—	—
Vesting date (g)(h)	6/30/2027	6/30/2026	6/30/2025	6/30/2024	6/30/2023

(a) These shares were granted in July 2024.

(b) The shares underlying the RSUs are excluded from the shares shown as outstanding on the balance sheet until they have vested and been issued.

(c) Such shares were issued in August 2024.

(d) Such shares were issued in August 2023.

(e) Such shares were forfeited due to the retirement of an executive officer before the completion of the applicable three-year performance cycle.

(f) Of the 40,889 shares (i) 39,811 shares were not earned because the applicable market condition had not been satisfied and (ii) 1,078 shares were forfeited due to the retirement of an executive officer before the completion of the applicable three-year performance cycle.

(g) Generally, the recipient must maintain a relationship with the Company during the applicable three-year performance cycle.

(h) RSUs vest upon satisfaction of metrics related to average annual total stockholder return ("TSR Metric") and average annual return on capital ("ROC Metric"; together with the TSR Metric, the "Metrics") and are issued to the extent the Compensation Committee determines that the Metrics with respect to the vesting of such shares have been satisfied.

The specific metrics and other material terms and conditions of the RSUs are as follows:

			Performance Criteria (a)	
Year RSU Granted	Metric	Weight	Minimum	Maximum
2021 - 2024 (b)(c)(d)	ROC Metric (e)	50%	Average annual of at least 6.0%	Average annual of at least 8.75%
	TSR Metric (f)	50%	Average annual of at least 6.0%	Average annual of at least 11.0%

(a) If the average annual ROC or TSR falls between the applicable minimum and maximum performance criteria, a pro-rata portion of such units, as applicable, vest.

(b) Such RSUs are not entitled to voting rights.

(c) The holders of such RSUs receive an amount equal to the dividends that would have been paid on the underlying shares had such shares been outstanding during the three-year performance cycle. As of September 30, 2024 and December 31, 2023, the Company accrued an aggregate of $328,000 and $450,000 of dividend equivalents, respectively, for the unvested RSUs based on the number of shares that would have been issued, underlying such RSUs, using performance and market assumptions determined at such dates.

(d) In August 2024, the Company paid the holders of the 2021 RSU grant an aggregate of approximately $215,000 with respect to the dividend equivalent rights on the vested 39,811 shares.

(e) The ROC Metrics meet the definition of a performance condition. Fair value is based on the market value on the date of grant. For ROC Awards, the Company recognizes expense only when performance conditions are expected to be met; such performance assumptions are re-evaluated quarterly.

(f) The TSR Metrics meet the definition of a market condition. A third-party appraiser prepares a Monte Carlo simulation pricing model to determine the fair value of such awards, which is recognized ratably over the three-year service period. For the 2024 TSR awards, the per unit or share fair value was estimated using the following assumptions: an expected life of three years, a dividend rate of 7.03%, a risk-free interest rate of 4.26% - 5.17% and an expected volatility of 22.79% - 24.80%.

NOTE 10 – STOCKHOLDERS' EQUITY (CONTINUED)

As of September 30, 2024, based on performance and market assumptions, the fair value of the RSUs granted in 2024, 2023 and 2022 is $1,167,000, $906,000 and $1,368,000, respectively. Recognition of such deferred compensation will be charged to General and administrative expense over the respective three-year performance cycles.

The following is a summary of the activity of the Plans:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Restricted stock:				
Number of shares granted	—	—	151,180	152,955
Average per share grant price	$ —	$ —	$ 21.60	$ 22.09
Deferred compensation to be recognized over vesting period	$ —	$ —	$ 3,265,000	$ 3,379,000
Number of non-vested shares:				
Non-vested beginning of the period	727,140	712,920	712,560	712,375
Grants	—	—	151,180	152,955
Vested during the period	—	—	(136,600)	(152,300)
Forfeitures	—	(260)	—	(370)
Non-vested end of the period	727,140	712,660	727,140	712,660
RSUs:				
Number of underlying shares	88,250	85,250	88,250	85,250
Average per share grant price	$ 25.60	$ 20.32	$ 25.60	$ 20.32
Deferred compensation to be recognized over vesting period	$ 1,167,000	$ 979,000	$ 1,167,000	$ 979,000
Number of non-vested shares:				
Non-vested beginning of the period	168,490	166,050	248,112	241,076
Grants	88,250	85,250	88,250	85,250
Vested during the period	—	—	(39,811)	(74,988)
Forfeitures	—	—	(39,811)	(38)
Non-vested end of the period	256,740	251,300	256,740	251,300
Restricted stock and RSU grants (based on grant price):				
Weighted average per share value of non-vested shares	$ 24.88	$ 25.91	$ 24.88	$ 25.91
Value of stock vested during the period	$ —	$ —	$ 4,723,000	$ 5,165,000
Weighted average per share value of shares forfeited during the period	$ —	$ 25.85	$ 30.46	$ 25.47
Total charge to operations:				
Outstanding restricted stock grants	$ 921,000	$ 923,000	$ 2,734,000	$ 3,051,000
Outstanding RSUs	327,000	288,000	953,000	1,052,000
Total charge to operations	$ 1,248,000	$ 1,211,000	$ 3,687,000	$ 4,103,000

As of September 30, 2024, total compensation costs of $8,158,000 and $1,957,000 related to non-vested restricted stock awards and RSUs, respectively, have not yet been recognized. These compensation costs will be charged to General and administrative expense over the remaining respective vesting periods. The weighted average remaining vesting period is 2.3 years for the restricted stock and 1.8 years for the RSUs. The Company recognizes the effect of forfeitures on restricted stock awards and RSUs when they occur, and previously recognized compensation expense is reversed in the period the grant or unit is forfeited.

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NOTE 11 – EARNINGS PER COMMON SHARE

Basic earnings per share was determined by dividing net income allocable to common stockholders for each period by the weighted average number of shares of common stock outstanding during the applicable period. Net income is also allocated to the unvested restricted stock outstanding during each period, as the restricted stock is entitled to receive dividends and is therefore considered a participating security. As of September 30, 2024, the shares of common stock underlying the RSUs (see Note 10) are excluded from the basic earnings per share calculation, as these units are not participating securities until they vest and are issued.

Diluted earnings per share reflects the potential dilution that could occur if securities or other rights exercisable for, or convertible into, common stock were exercised or converted or otherwise resulted in the issuance of common stock that shared in the earnings of the Company.

The following table provides a reconciliation of the numerator and denominator of earnings per share calculations (amounts in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator for basic and diluted earnings per share:				
Net income	$ 5,189	$ 2,769	$ 20,246	$ 14,716
Deduct net income attributable to non-controlling interests	(12)	(22)	(361)	(64)
Deduct earnings allocated to unvested restricted stock (a)	(327)	(321)	(981)	(971)
Net income available for common stockholders: basic and diluted	$ 4,850	$ 2,426	$ 18,904	$ 13,681
Denominator for basic earnings per share:				
Weighted average number of common shares outstanding	20,635	20,567	20,578	20,552
Effect of dilutive securities: RSUs	118	29	99	46
Denominator for diluted earnings per share:				
Weighted average number of shares	20,753	20,596	20,677	20,598
Earnings per common share: basic	$ .24	$ .12	$ .92	$ .67
Earnings per common share: diluted	$ .23	$ .12	$ .91	$ .66

(a) Represents an allocation of distributed earnings to unvested restricted stock that, as participating securities, are entitled to receive dividends.

NOTE 11 – EARNINGS PER COMMON SHARE (CONTINUED)

The following table identifies the number of shares of common stock underlying the RSUs that are included in the calculation, on a diluted basis, of the weighted average number of shares of common stock for such periods:

Three and Nine Months Ended September 30, 2024:

Date of Award	Total Number of Underlying Shares	Shares Included Based on (a) Return on Capital Metric	Shares Included Based on (a) Stockholder Return Metric	Shares Included Based on (a) Total	Shares Excluded (b)
July 16, 2024 (c)	88,250	2,067	44,125	46,192	42,058
July 1, 2023 (c)	85,250	14,373	42,625	56,998	28,252
July 1, 2022 (c)	83,240	25,160	38,225	63,385	19,855
Totals	256,740	41,600	124,975	166,575	90,165

Three and Nine Months Ended September 30, 2023:

Date of Award	Total Number of Underlying Shares	Shares Included Based on (a) Return on Capital Metric	Shares Included Based on (a) Stockholder Return Metric	Shares Included Based on (a) Total	Shares Excluded (b)
July 1, 2023 (c)	85,250	23,839	—	23,839	61,411
July 1, 2022 (c)	85,350	35,344	—	35,344	50,006
August 3, 2021 (d)	80,700	39,811	—	39,811	40,889
Totals	251,300	98,994	—	98,994	152,306

(a) Reflects the number of shares underlying RSUs that would be issued assuming the measurement date used to determine whether the applicable conditions are satisfied is September 30 of the applicable period.

(b) Excluded as the applicable conditions had not been met for these shares at the applicable measurement dates.

(c) The RSUs awarded in 2024, 2023 and 2022 vest, subject to satisfaction of the applicable market and/or performance conditions, as of June 30, 2027, 2026 and 2025, respectively (see Note 10).

(d) With respect to the RSUs awarded August 3, 2021, 39,811 shares were deemed to have vested and the balance of 39,811 shares were forfeited in June 2024. The vested shares were issued in August 2024 (see Note 10).

NOTE 12 – FAIR VALUE MEASUREMENTS

The Company measures the fair value of financial instruments based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, a fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions. In accordance with the fair value hierarchy, Level 1 assets/liabilities are valued based on quoted prices for identical instruments in active markets, Level 2 assets/liabilities are valued based on quoted prices in active markets for similar instruments, on quoted prices in less active or inactive markets, or on other "observable" market inputs and Level 3 assets/liabilities are valued based significantly on "unobservable" market inputs.

The carrying amounts of cash and cash equivalents, escrow, deposits and other assets and receivables (excluding interest rate swaps), dividends payable, and accrued expenses and other liabilities, are not measured at fair value on a recurring basis but are considered to be recorded at amounts that approximate fair value.

The fair value and carrying amounts of the Company's mortgages payable are as follows (dollars in thousands):

	September 30, 2024	December 31, 2023
Fair value of mortgages payable (a)	$ 417,099	$ 397,031
Carrying value of mortgages payable, gross	$ 430,524	$ 422,565
Fair value less than the carrying value	$ (13,425)	$ (25,534)
Blended market interest rate (a)	5.52 %	5.93 %
Weighted average interest rate	4.53 %	4.31 %
Weighted average remaining term to maturity (years)	6.2	5.9

(a) Estimated using unobservable inputs such as available market information and discounted cash flow analysis based on borrowing rates the Company believes it could obtain with similar terms and maturities. These fair value measurements fall within Level 3 of the fair value hierarchy.

Considerable judgment is necessary to interpret market data and develop estimated fair value. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Fair Value on a Recurring Basis

As of September 30, 2024, the Company had in effect ten interest rate derivatives, all of which were interest rate swaps, related to ten outstanding mortgage loans with an aggregate $16,486,000 notional amount maturing between 2024 and 2026 (weighted average remaining term to maturity of approximately one year). These interest rate swaps, all of which were designated as cash flow hedges, converted SOFR based variable rate mortgages to fixed annual rate mortgages. The interest rates range from 3.22% to 4.34% and a weighted average interest rate of 3.92% at September 30, 2024. The Company's objective in using interest rate swaps is to add stability to interest expense. The Company does not use derivatives for trading or speculative purposes.

Fair values are approximated using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. This fair value analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. Although the Company has determined the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the associated credit valuation adjustments use Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparty. As of September 30, 2024, the Company has assessed and determined the impact of the credit valuation adjustments on the overall valuation of its derivative positions is not significant. As a result, the Company determined its derivative valuation is classified in Level 2 of the fair value hierarchy. The Company does not currently own any financial instruments that are measured on a recurring basis and that are classified as Level 1 or 3.

NOTE 12 – FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of the Company's derivative financial instruments was determined to be the following (amounts in thousands):

	As of	Carrying and Fair Value
Financial assets: Interest rate swaps	September 30, 2024	$ 271
	December 31, 2023	824

The fair value of the Company's derivatives is reflected in Escrow, deposits and other assets and receivables on the consolidated balance sheets. As of September 30, 2024 and December 31, 2023, there were no derivatives in a liability position.

The following table presents the effect of the Company's derivative financial instruments on the consolidated statements of income for the periods presented (amounts in thousands):

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2024	**2023**	**2024**	**2023**
Amount of (loss) gain recognized on derivatives in other comprehensive income	$ (106)	$ 133	$ 135	$ 500
Amount of reclassification from Accumulated other comprehensive income into Interest expense	190	340	708	975

During the twelve months ending September 30, 2025, the Company estimates an additional $236,000 will be reclassified from Accumulated other comprehensive income as a decrease to Interest expense.

The derivative agreements in effect at September 30, 2024 provide that if the wholly-owned subsidiary of the Company which is a party to such agreement defaults or is capable of being declared in default on any of its indebtedness, then a default can be declared on such subsidiary's derivative obligation. In addition, the Company is a party to the derivative agreements and if there is a default by the subsidiary on the loan subject to the derivative agreement to which the Company is a party and if there are swap breakage losses on account of the derivative being terminated early, the Company could be held liable for such swap breakage losses.

Fair Value on a Non-Recurring Basis

Non-financial assets measured at fair value on a non-recurring basis in the consolidated financial statements consist of a former property located in Hamilton, Ohio for which the Company had recorded an impairment loss of $1,086,000 during the nine months ended September 30, 2024 (as discussed in Note 5). The Company determined fair value based on an executed contract of sale for the property which was determined to be a Level 3 input in the fair value hierarchy.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
SEPTEMBER 30, 2024 (CONTINUED)

NOTE 13 – NEW ACCOUNTING PRONOUNCEMENT

On January 1, 2024, the Company adopted the FASB ASU No. 2023-07, *Segment Reporting – Improvements to Reportable Segments Disclosures,* as amended, which enhances disclosures of significant segment expenses regularly provided to the chief operating decision maker.

Substantially all of the Company's real estate assets, at acquisition, are comprised of real estate owned that is leased to tenants on a long-term basis. Therefore, the Company aggregates real estate assets for reporting purposes and operates in one reportable segment.

The Company's Chief Operating Decision Makers ("CODMs") are its Chief Executive Officer and Chief Operating Officer. As the Company operates in one reportable segment, the CODMs are provided financial reports which include (i) a consolidated income statement (detailing total revenues, total operating expenses, operating income and net income) and (ii) Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO"). These financial reports assist the CODMs in assessing the Company's financial performance and in allocating resources appropriately.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated and except as disclosed herein, there were no other events relative to the consolidated financial statements that require additional disclosure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q, together with other statements and information publicly disseminated by us, contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor 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," "could," "believe," "expect," "intend," "anticipate," "estimate," "project," or similar expressions or variations thereof and include, without limitations, statements regarding our future estimated rental income, funds from operations, adjusted funds from operations and our dividend. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our results of operations, financial condition, cash flows, performance or achievements.

The uncertainties, risks and factors which may cause actual results to differ materially from current expectations include, but are not limited to:

- the financial failure of, or other default in payment by, tenants under their leases and the potential resulting vacancies;
- adverse changes and disruption in the retail, restaurant, theater and health and fitness sectors, which could impact our tenants' ability to pay rent and expense reimbursement;
- loss or bankruptcy of one or more of our tenants, and bankruptcy laws that may limit our remedies if a tenant becomes bankrupt and rejects its lease;
- the level and volatility of interest rates;
- general economic and business conditions and developments, including those currently affecting or that may affect our economy;
- general and local real estate conditions, including any changes in the value of our real estate;
- our ability to renew or re-lease space as leases expire;
- our ability to pay dividends;
- changes in governmental laws and regulations relating to real estate and related investments;
- compliance with credit facility and mortgage debt covenants;
- the availability of, and costs associated with, sources of capital and liquidity;
- competition in our industry;
- technological changes, such as autonomous vehicles, reconfiguration of supply chains, robotics, 3D printing or other technologies;
- potential natural disasters, epidemics, pandemics or outbreak of infectious disease, such as COVID-19, and other potentially catastrophic events such as acts of war and/or terrorism; and
- the other risks, uncertainties and factors described in the reports and documents we file with the SEC including the risks, uncertainties and factors described in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "Annual Report") under the caption *"Item 1A. Risk Factors"* for a discussion of certain factors which may cause actual results to differ materially from current.

Actual results may also differ from expectations because, among other things, estimates of rental income exclude any related variable rent, anticipated property purchases, sales and/or financings may not be completed on the terms or during the period indicated or at all, and estimates of gains from property sales and financings are subject to adjustment because actual closing costs may differ from the estimated costs.

In light of the factors referred to above, the future events discussed or incorporated by reference in this report and other documents we file with the SEC may not occur, and actual results, performance or achievements could differ materially from those anticipated or implied in the forward-looking statements. Given these uncertainties, you should not rely on any forward-looking statements.

Except as may be required under the United States federal securities laws, we undertake no obligation to publicly update our forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make in our reports that are filed with or furnished to the SEC.

Challenges and Uncertainties Facing Certain Tenants and Properties

As more fully described in our Annual Report, and in particular, the sections thereof entitled "*Risk Factors*" and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"*, we face challenges due to the volatile economic environment, and certain of our properties and tenants face various challenges. Our cash flow and profitability will be adversely impacted if the issues with respect to the challenged tenants/properties identified in the Annual Report are not resolved in a satisfactory manner. There have been no material changes to the status of such tenants/ properties other than with respect to the sale of our Hamilton, Ohio property (see "*–Property Transactions – Sales during the three months ended September 30, 2024*").

Overview

We are a self-administered and self-managed real estate investment trust, or REIT. To qualify as a REIT, under the Internal Revenue Code of 1986, as amended, 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.

We acquire, own and manage a geographically diversified portfolio consisting primarily of industrial and, to a lesser extent, retail properties, many of which are subject to long-term net leases. As of September 30, 2024, we own 104 properties (including two properties owned by consolidated joint ventures and two properties owned by unconsolidated joint ventures) located in 31 states. Based on square footage, our occupancy rate at September 30, 2024 is approximately 99.1%.

We face a variety of risks and challenges in our business, including the possibility we will not be able to: acquire or dispose of properties on acceptable terms, lease our properties on terms favorable to us or at all, collect amounts owed to us by our tenants, renew or re-let, on acceptable terms, leases that are expiring or otherwise terminating.

We seek to manage the risk of our real property portfolio and the related financing arrangements by (i) diversifying among locations, tenants, scheduled lease expirations, mortgage maturities and lenders, and (ii) minimizing our exposure to interest rate fluctuations. Substantially all of our mortgage debt either bears interest at fixed rates or is subject to interest rate swaps, limiting our exposure to fluctuating interest rates on our outstanding mortgage debt.

We monitor the risk of tenant non-payments through a variety of approaches tailored to the applicable situation. Generally, based on our assessment of the credit risk posed by our tenants, we monitor a tenant's financial condition through one or more of the following actions: reviewing tenant financial statements or other financial information, obtaining other tenant related information, changes in tenant payment patterns, regular contact with tenant's representatives, tenant credit checks and regular management reviews of our tenants. We have in the past, and we may in the future, sell a property if the tenant's financial condition is unsatisfactory.

In acquiring and disposing of properties, among other things, we evaluate the terms of the leases, the credit of the existing tenants, the terms and conditions of the related financing arrangement (including any contemplated financing) and engage in a fundamental analysis of the real estate to be bought or sold. This fundamental analysis takes into account, among other things, the estimated value of the property, local competition and demographics, and the ability to re-rent or dispose of the property on favorable terms upon lease expiration or early termination. In addition, in evaluating property sales, we take into account, among other things, the property type (*i.e.,* industrial, retail or other), our perception of the property's long-term prospects (including the likelihood for, and the extent of, any further appreciation or diminution in value), the term remaining on the related lease and mortgage debt, the price and other terms and conditions for the sale of such property and the returns anticipated to be generated from the reinvestment of the net proceeds to us from such property sale.

Our 2024 contractual base rent is approximately $73.1 million and represents, after giving effect to any abatements, concessions, deferrals or adjustments, the base rent payable to us during the twelve months ending September 30, 2025 under leases in effect at September 30, 2024.

Excluded from contractual rental income is an aggregate of $1.4 million comprised of (i) $1.3 million, subject to the property generating specified levels of positive operating cash flow, of estimated variable lease payments from The Vue, a multi-family complex which ground leases the underlying land from us and as to which there is uncertainty as to when and whether the tenant will resume paying rent, and (ii) $148,000 representing our share of the base rent payable to our joint ventures.

The following table sets forth scheduled expirations of leases at our properties as of September 30, 2024 for the years indicated below:

Lease Expiration (a) 12 Months Ending September 30,	Number of Expiring Leases	Approximate Square Footage Subject to Expiring Leases (b)	Contractual Rental Income Under Expiring Leases	Percentage of Contractual Rental Income Represented by Expiring Leases
2025	9	340,049	$ 1,647,000	2.3
2026	14	792,295	5,051,000	6.9
2027	31	2,149,752	13,784,000	18.9
2028	23	1,352,279	8,981,000	12.3
2029	18	1,648,931	10,487,000	14.3
2030	16	1,026,735	7,558,000	10.3
2031	14	1,212,894	7,523,000	10.3
2032	5	457,228	2,595,000	3.6
2033	13	925,972	8,940,000	12.2
2034	7	220,107	2,369,000	3.2
2035 and thereafter	10	711,460	4,151,000	5.7
	160	10,837,702	$ 73,086,000	100.0

(a) Lease expirations assume tenants do not exercise existing renewal or termination options.

(b) Excludes an aggregate of 84,197 square feet of vacant space.

Property Transactions

Acquisition during the three months ended September 30, 2024

On August 19, 2024, we acquired an industrial property in Council Bluffs, Iowa for $33.0 million, incurred $79,000 of transaction costs that were capitalized and simultaneously obtained new mortgage debt of $18.4 million bearing an interest rate of 6.08% (interest only until 2029) and maturing in 2034 (see Note 4 to our consolidated financial statements). This property contributed $322,000 of rental income, net, $188,000 of operating expenses (including depreciation and amortization expense of $161,000) and $134,000 of mortgage interest expense. We estimate that commencing October 1, 2024, the quarterly rental income (excluding variable lease revenues), depreciation and amortization expense and mortgage interest expense from this property will be $623,000, $332,000 and $280,000, respectively.

Sales during the three months ended September 30, 2024

We sold the following properties (amounts in thousands):

Description of Property	City, State	Date Sold	Gross Sales Price	Gain on Sale of Real Estate, net
Vacant health and fitness property	Hamilton, Ohio	August 15, 2024	$ 4,350	$ 17 (a)
Vacant industrial property	Wauconda, Illinois	August 29, 2024	4,425	1,177
Hobby Lobby retail property	Woodbury, Minnesota	September 16, 2024	4,750	921
			$ 13,525 (b)	$ 2,115

(a) Excludes a $1.1 million impairment loss at our Hamilton, Ohio property recognized during the nine months ended September 30, 2024.
(b) In connection with these sales, the Company paid off mortgages in an aggregate of $6,303.

These properties contributed the following during the periods indicated (amounts in thousands):

Description	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Rental income, net	$ 21	$ 467	$ 451	$ 1,364
Real estate operating expenses (a)	(180)	(247)	(582)	(727)
Mortgage interest expense	(65)	(74)	(287)	(225)
Totals	$ (224)	$ 146	$ (418)	$ 412

(a) Includes depreciation and amortization expense of $44 and $240 for the three and nine months ended September 30, 2024, respectively, and $142 and $425 for the three and nine months ended September 30, 2023, respectively.

Transactions subsequent to September 30, 2024

In October and November 2024, we signed contracts to sell the following properties (amounts in thousands):

Description of Property	City, State	Contract Date	Gross Sales Price	Net Sales Proceeds	Estimated Gain on Sale of Real Estate, net
LA Fitness health and fitness property	Secaucus, New Jersey	October 15, 2024	$ 21,428	$ 13,000 (a)	$ 6,400 (b)
Advance Auto retail property	Hilliard, Ohio	October 24, 2024	1,615	700 (a)	300 (b)
Multi-tenant retail property	St. Louis Park, Minnesota	November 4, 2024	14,200	14,000	300 (c)
			$ 37,243	$ 27,700	$ 7,000

(a) In connection with these sales, the Company anticipates paying off mortgages in an aggregate of $7,500.
(b) These properties are anticipated to be sold during the three months ending December 31, 2024.
(c) This property is anticipated to be sold during the three months ending March 31, 2025.

These properties contributed the following during the periods indicated (amounts in thousands):

Description	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Rental income, net	$ 929	$ 954	$ 2,853	$ 2,924
Real estate operating expenses (a)	(376)	(376)	(1,126)	(1,195)
Mortgage interest expense	(90)	(95)	(273)	(287)
Totals	$ 463	$ 483	$ 1,454	$ 1,442

(a) Includes depreciation and amortization expense of $182 for each of the three months ended September 30, 2024 and 2023, respectively, and $545 for each of the nine months ended September 30, 2024 and 2023, respectively.

In November 2024, we exercised our right to terminate the contract to acquire, for $28.3 million, a 236,324 square foot property in Council Bluffs, Iowa, and our $500,000 deposit was returned. Although we continue to evaluate such acquisition, we can provide no assurance that such transaction will be completed.

Results of Operations

Total revenues

The following table compares total revenues for the periods indicated:

	Three Months Ended September 30,		Increase		Nine Months Ended September 30,		Increase	
(Dollars in thousands)	**2024**	**2023**	**(Decrease)**	**% Change**	**2024**	**2023**	**(Decrease)**	**% Change**
Rental income, net	$ 22,211	$ 22,546	$ (335)	(1.5)	$ 66,457	$ 67,905	$ (1,448)	(2.1)
Lease termination fee	—	—	—	—	250	—	250	n/a
Total revenues	$ 22,211	$ 22,546	$ (335)	(1.5)	$ 66,707	$ 67,905	$ (1,198)	(1.8)

Rental income, net

The following table details the components of rental income, net, for the periods indicated:

	Three Months Ended September 30,		Increase		Nine Months Ended September 30,		Increase	
(Dollars in thousands)	**2024**	**2023**	**(Decrease)**	**% Change**	**2024**	**2023**	**(Decrease)**	**% Change**
Acquisitions (a)	$ 955	$ 268	$ 687	256.3	$ 1,837	$ 268	$ 1,569	585.4
Dispositions (b)	21	1,471	(1,450)	(98.6)	995	4,689	(3,694)	(78.8)
Same store (c)	21,235	20,807	428	2.1	63,625	62,948	677	1.1
Rental income, net	$ 22,211	$ 22,546	$ (335)	(1.5)	$ 66,457	$ 67,905	$ (1,448)	(2.1)

(a) Represents rental income from four properties acquired since January 1, 2023.
(b) Represents rental income from properties sold since January 1, 2023.
(c) Represents rental income from 98 properties that were owned for the entirety of the periods presented.

Changes at same store properties

The changes in same store rental income during the three and nine months ended September 30, 2024 are due primarily to increases of:

- $432,000 and $1,068,000, respectively, from various lease amendments and extensions at our properties,
- $216,000 and $527,000, respectively, due to new tenants at various properties, and
- for the nine months ended September 30, 2024, $231,000 in tenant reimbursements, of which $137,000 relates to real estate tax expenses generally incurred during such period.

The increases were offset during the three and nine months ended September 30, 2024 by decreases in rental income of:

- $143,000 and $326,000, respectively, from lease expirations at various properties, and
- for the nine months ended September 30, 2024, $761,000, from our two Regal Cinemas properties due to lease amendments effectuated in connection with its 2023 bankruptcy reorganization.

Lease Termination Fee

In March 2024, a consolidated joint venture in Lakewood, Colorado, in which we hold a 90% interest, received a lease termination fee of $250,000 from a tenant due to the early termination of its lease in connection with the sale of the related restaurant parcel.

Operating Expenses

The following table compares operating expenses for the periods indicated:

(Dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Increase (Decrease)	% Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Increase (Decrease)	% Change
Operating expenses:								
Depreciation and amortization	$ 6,133	$ 6,310	$ (177)	(2.8)	$ 18,119	$ 18,569	$ (450)	(2.4)
Real estate expenses	4,231	4,061	170	4.2	12,677	12,139	538	4.4
General and administrative	3,886	3,864	22	.6	11,585	12,068	(483)	(4.0)
Impairment Loss	—	—	—	—	1,086	—	1,086	n/a
State taxes	74	76	(2)	(2.6)	184	232	(48)	(20.7)
Total operating expenses	$ 14,324	$ 14,311	$ 13	.1	$ 43,651	$ 43,008	$ 643	1.5

Depreciation and amortization. The decreases in the three and nine months ended September 30, 2024 are due primarily to (i) the inclusion in the corresponding 2023 periods of $362,000 and $858,000, respectively, of such expense from the properties sold since January 1, 2023, and (ii) decreases of $293,000 and $942,000, respectively, related to tenant origination costs at several properties that prior to September 30, 2024 were fully amortized.

The decreases were offset by (i) $293,000 and $804,000, respectively, of such expense from four properties acquired since January 1, 2023, and (ii) $151,000 and $396,000, respectively, of depreciation from improvements at several properties. In addition, the nine months ended September 30, 2024 includes $112,000 of amortization of leasing commissions at several properties.

Real estate expenses. The increases in the three and nine months ended September 30, 2024 are due primarily to (i) $104,000 and $176,000, respectively, of real estate expenses primarily related to insurance expense for several properties, none of which were individually significant, and (ii) in the nine months ended September 30, 2024, $318,000 from four properties acquired since January 1, 2023.

A substantial portion of real estate expenses is rebilled to tenants and is included in Rental income, net, on the consolidated statements of income.

General and administrative. The decrease in the nine months ended September 30, 2024 is due primarily to decreases (i) in non-cash compensation expense due primarily to the inclusion of $233,000 in the corresponding 2023 period from the retirement, and related accelerated vesting, of an executive officer's restricted stock awards, and (ii) of $165,000 in litigation related professional fees.

Impairment loss. During the nine months ended September 30, 2024, we recorded a $1.1 million impairment loss at our former Hamilton, Ohio property tenanted by LA Fitness. (See Note 5 to our consolidated financial statements).

Gain on sale of real estate, net

The following table compares gain on sale of real estate, net for the periods indicated:

(Dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Increase (Decrease)	% Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Increase (Decrease)	% Change
Gain on sale of real estate, net	$ 2,115	$ 332	$ 1,783	537.0	$ 11,347	$ 5,046	$ 6,301	124.9

The following table lists the sold properties and the related gains, net, for the periods indicated:

(Dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Restaurant parcel - Lakewood, Colorado (a)	$ —	$ —	$ 1,784	$ —
Restaurant property - Kennesaw, Georgia	—	—	964	—
Industrial property - Miamisburg, Ohio	—	—	1,507	—
Retail property - Wichita, Kansas	—	—	1,884	—
Retail property - Lawrence, Kansas	—	—	43	—
Retail property - Cape Girardeau, Missouri (b)	—	—	978	—
Vacant retail property - Kennesaw, Georgia	—	—	2,072	—
Vacant health and fitness property - Hamilton, Ohio	17	—	17	—
Vacant industrial property - Wauconda, Illinois	1,177	—	1,177	—
Retail property - Woodbury, Minnesota	921	—	921	—
Restaurant property - Hauppauge, New York	—	—	—	1,534
Retail property - Duluth, Georgia	—	—	—	3,180
Restaurant property - Greensboro, North Carolina	—	332	—	332
Total Gain on sale of real estate, net	$ 2,115	$ 332	$ 11,347	$ 5,046

(a) This restaurant parcel, at a multi-tenant shopping center, is owned through a consolidated joint venture in which we have a 90% interest. The non-controlling interest's share of this gain was $178.

(b) This property was owned through a consolidated joint venture in which we had a 95% interest. The non-controlling interest's share of this gain was $105.

Other Income and Expenses

The following table compares other income and expenses for the periods indicated:

(Dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Increase (Decrease)	% Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Increase (Decrease)	% Change
Other income and expenses:								
Equity in (loss) earnings of unconsolidated joint ventures	$ (9)	$ (905)	$ 896	(99.0)	$ 87	$ (761)	$ 848	(111.4)
Other income	353	87	266	305.7	896	131	765	584.0
Interest:								
Expense	(4,932)	(4,768)	164	3.4	(14,399)	(13,978)	421	3.0
Amortization and write-off of deferred financing costs	(225)	(212)	13	6.1	(741)	(619)	122	19.7

Equity in (loss) earnings of unconsolidated joint ventures. The three and nine months ended September 30, 2023 include our 50% share of an impairment charge, or $850,000, related to our former Manahawkin, New Jersey joint venture property which was sold in December 2023.

Other Income. The increases in the three and nine months ended September 30, 2024 are due to increases of $325,000 and $722,000, respectively, in interest income primarily from investments in short-term U.S. treasury bills.

Interest expense. The following table compares interest expense for the periods indicated:

(Dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Increase (Decrease)	% Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Increase (Decrease)	% Change
Interest expense:								
Mortgage interest	$ 4,868	$ 4,454	$ 414	9.3	$ 14,210	$ 12,976	$ 1,234	9.5
Credit line interest	64	314	(250)	(79.6)	189	1,002	(813)	(81.1)
Total	$ 4,932	$ 4,768	$ 164	3.4	$ 14,399	$ 13,978	$ 421	3.0

Mortgage interest

The following table reflects the average interest rate on the average principal amount of outstanding mortgage debt for the periods indicated:

(Dollars in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Increase (Decrease)	% Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Increase (Decrease)	% Change
Weighted average principal amount	$ 428,583	$ 421,762	$ 6,821	1.6	$ 424,261	$ 414,483	$ 9,778	2.4
Weighted average interest rate	4.51 %	4.19 %	0.32 %	7.6	4.43 %	4.15 %	0.28 %	6.7

The increases in mortgage interest in the three and nine months ended September 30, 2024 are due primarily to increases in the weighted average interest rate on the principal amount of mortgage debt outstanding as a result of financings and refinancings, offset by mortgage payoffs (generally in connection with scheduled maturities) and scheduled amortization payments.

Credit line interest

The decreases in credit line interest in the three and nine months ended September 30, 2024 are due to the payoff of the principal balance outstanding on the credit facility. The interest expense of $64,000 and $189,000 for the three and nine months ended September 30, 2024, respectively, constitutes the unused facility fee.

The weighted average interest rate was 7.01% and 6.60% for the three and nine months ended September 30, 2023, respectively, and the weighted average principal amount outstanding was $14.7 million and $17.1 million for the three and nine months ended September 30, 2023, respectively.

Liquidity and Capital Resources

Our sources of liquidity and capital include cash flow from operations, cash and cash equivalents, borrowings under our credit facility, refinancing existing mortgage loans, obtaining mortgage loans secured by our unencumbered properties, issuance of our equity securities and property sales. Our available liquidity at November 1, 2024, was $129.8 million, including $29.8 million of cash and cash equivalents (including the credit facility's required minimum $3.0 million average deposit maintenance balance) and up to $100.0 million available under our credit facility. At November 1, 2024, the facility is available for the acquisition of commercial real estate, repayment of mortgage debt, and up to $40.0 million for renovation and operating expense purposes.

Liquidity and Financing

We expect to meet our short-term (*i.e.,* one year or less) and long-term:

- operating cash requirements (including debt service, anticipated dividend payments and, if any, repurchases of our common stock), principally from cash flow from operations, our available cash and cash equivalents, proceeds from and, to the extent permitted and needed, our credit facility,

- investing cash requirements (including an estimated $3.6 million of capital expenditures on existing properties), from the foregoing, as well as property sales, sales of our common stock and property financings and refinancings, and

- financing cash requirements as described below.

At September 30, 2024, we had 64 outstanding mortgages payable secured by 65 properties in the aggregate principal amount of $430.5 million (before netting unamortized deferred financing costs of $3.7 million and mortgage intangibles of $702,000). These mortgages represent first liens on individual real estate investments with an aggregate carrying value of $685.0 million, before accumulated depreciation of $129.4 million. After giving effect to interest rate swap agreements, the mortgage payments bear interest at fixed rates ranging from 3.05% to 6.25% (a 4.53% weighted average interest rate) and mature between 2024 and 2047 (a 6.2 year weighted average remaining term to maturity).

The following table sets forth, as of September 30, 2024, information with respect to our mortgage debt that is payable during the three months ending December 31, 2024 and for each of the subsequent twelve months through December 31, 2027:

(Dollars in thousands)	2024	2025	2026	2027	Total
Amortization payments	$ 2,954	$ 11,031	$ 10,995	$ 9,935	$ 34,915
Principal due at maturity	5,149	29,157	19,179	38,525	92,010
Total	$ 8,103	$ 40,188	$ 30,174	$ 48,460	$ 126,925
Weighted average interest rate on principal due at maturity	4.44 %	4.34 %	3.88 %	3.64 %	3.96 %

We intend to make debt amortization payments from operating cash flow and, although no assurance can be given that we will be successful in this regard, generally intend to refinance, extend or pay off the mortgage loans which mature from 2024 through 2027. In particular, we anticipate refinancing a substantial portion of the remaining debt maturing in 2024 and 2025, although given the significant increase in interest rates over the past year, we can provide no assurance that we will be able to do so on terms as favorable as those currently in effect or at all. We generally intend to repay the amounts not refinanced or extended from our existing funds and sources of funds, including our available cash, proceeds from property sales and, if any, the sale of our common stock, and our credit facility (to the extent available).

We continually seek to refinance existing mortgage loans on terms we deem acceptable to generate additional liquidity. Additionally, in the normal course of our business, we sell properties when we determine that it is in our best interests, which also generates additional liquidity. Further, although we have done so infrequently and primarily in the context of a tenant default at a property for which we have not found a replacement tenant, if we believe we have negative equity in a property subject to a non-recourse mortgage loan, we may convey such property to the mortgagee to terminate our mortgage obligations, including payment of interest, principal and real estate taxes, with respect to such property.

Typically, we use funds from our credit facility to acquire a property and, thereafter secure long-term, fixed rate mortgage debt on such property. We apply the proceeds from the mortgage loan to repay borrowings under the credit facility, thus providing us with the ability to re-borrow under the credit facility for the acquisition of additional properties.

Credit Facility

Our credit facility provides that subject to borrowing base requirements, we can borrow up to $100.0 million for the acquisition of commercial real estate, repayment of mortgage debt, and renovation and operating expense purposes; provided, that if used for renovation and operating expense purposes, the amount outstanding for such purposes will not exceed the lesser of $40.0 million and 40% of the borrowing base. The facility matures December 31, 2026 and bears interest equal to 30-day SOFR plus the applicable margin. The applicable margin ranges from 175 basis points if our ratio of total debt to total value (as calculated pursuant to the facility) is equal to or less than 50%, increasing to a maximum of 275 basis points if such ratio is greater than 60%. The applicable margin was 175 basis points for each of the nine months ended September 30, 2024 and 2023. There is an unused facility fee of 0.25% per annum on the difference between the outstanding loan balance and $100.0 million. The credit facility requires the maintenance of $3.0 million in average deposit balances. The interest rate on the facility was 6.59% and 6.42% at September 30, 2024 and November 1, 2024.

The terms of our credit facility include certain restrictions and covenants which may limit, among other things, the incurrence of liens, and which require compliance with financial ratios relating to, among other things, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of debt to value, the minimum level of net income, certain investment limitations and the minimum value of unencumbered properties and the number of such properties. Net proceeds received from the sale, financing or refinancing of properties are generally required to be used to repay amounts outstanding under our credit facility. At September 30, 2024, we were in compliance with the covenants under this facility.

Off-Balance Sheet Financing Arrangement

We own a land parcel located in Beachwood, Ohio which is improved by a multi-family complex (*i.e.,* The Vue Apartments) that we ground lease to the owner/operator of such complex. This ground lease did not generate any rental income during the nine months ended September 30, 2024 and 2023. At September 30, 2024, the carrying value of the land on our balance sheet was approximately $17.3 million; our leasehold position is subordinate to $62.6 million of mortgage debt incurred by our tenant, the owner/operator of the multi-family complex. In addition, we have agreed, in our discretion, to fund certain capital expenditures and operating cash flow shortfalls at this property. We do not believe that this type of off-balance sheet arrangement has been or will be material to our liquidity and capital resource positions, except to the extent we determine to continue to fund the capital expenditures required by, and the operating cash flow shortfalls at, this property. See Note 6 to our consolidated financial statements for additional information regarding this arrangement.

Application of Critical Accounting Estimates

A complete discussion of our critical accounting estimates is included in our Annual Report. There have been no changes in such estimates.

Funds from Operations and Adjusted Funds from Operations

We compute funds from operations, or FFO, in accordance with the “White Paper on Funds From Operations” issued by the National Association of Real Estate Investment Trusts (“NAREIT”) and NAREIT’s related guidance. FFO is defined in the White Paper as net income (calculated in accordance with GAAP), excluding depreciation and amortization related to real estate, gains and losses from the sale of certain real estate assets, gains and losses from change in control, impairment write-downs of certain real estate assets and investments in entities where the impairment is directly attributable to decreases in the value of depreciable real estate held by the entity. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. In computing FFO, we do not add back to net income the amortization of costs in connection with our financing activities or depreciation of non-real estate assets.

We compute adjusted funds from operations, or AFFO, by adjusting from FFO for straight-line rent accruals and amortization of lease intangibles, deducting from income additional rent from ground lease tenant, income on settlement of litigation, income on insurance recoveries from casualties, lease termination and assignment fees, and adding back amortization of restricted stock and restricted stock unit compensation expense, amortization of costs in connection with our financing activities (including our share of our unconsolidated joint ventures), debt prepayment costs and amortization of lease incentives and mortgage intangible assets. Since the NAREIT White Paper does not provide guidelines for computing AFFO, the computation of AFFO varies from one REIT to another.

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

FFO and AFFO do not represent net income or cash flows from operations as defined by GAAP. FFO and AFFO and should not be considered to be an alternative to net income as a reliable measure of our operating performance; nor should FFO and AFFO be considered an alternative to cash flows from operating, investing or financing activities (as defined by GAAP) as measures of liquidity. FFO and AFFO do not measure whether cash flow is sufficient to fund all of our cash needs, including principal amortization, capital improvements and distributions to stockholders.

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

The tables below provide a reconciliation of net income and net income per common share (on a diluted basis) in accordance with GAAP to FFO and AFFO for the periods indicated (dollars in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
GAAP net income attributable to One Liberty Properties, Inc.	$ 5,177	$ 2,747	$ 19,885	$ 14,652
Add: depreciation and amortization of properties	5,921	6,134	17,524	18,028
Add: our share of depreciation and amortization of unconsolidated joint ventures	6	130	16	389
Add: impairment loss	—	—	1,086	—
Add: amortization of deferred leasing costs	212	176	595	541
Add: our share of amortization of deferred leasing costs of unconsolidated joint ventures	11	5	12	14
Add: our share of impairment loss of unconsolidated joint venture property	—	850	—	850
Deduct: gain on sale of real estate, net	(2,115)	(332)	(11,347)	(5,046)
Adjustments for non-controlling interests	(19)	(19)	227	(53)
NAREIT funds from operations applicable to common stock	9,193	9,691	27,998	29,375
Deduct: straight-line rent accruals and amortization of lease intangibles	(836)	(619)	(2,006)	(2,139)
Adjust: our share of straight-line rent accruals and amortization of lease intangibles of unconsolidated joint ventures	30	(5)	27	(15)
Deduct: lease termination fee income	—	—	(250)	—
Deduct: other income and income on settlement of litigation	(27)	(75)	(82)	(75)
Deduct: our share of unconsolidated joint venture lease termination fee income	—	(21)	—	(21)
Deduct: additional rent from ground lease tenant	—	—	—	(16)
Add: amortization of restricted stock and RSU compensation	1,248	1,211	3,687	4,103
Add: amortization and write-off of deferred financing costs	225	212	741	619
Add: amortization of lease incentives	30	30	90	91
Add: amortization of mortgage intangible assets	34	33	103	79
Add: our share of amortization of deferred financing costs of unconsolidated joint venture	—	4	—	13
Adjustments for non-controlling interests	2	(1)	30	(1)
Adjusted funds from operations applicable to common stock	$ 9,899	$ 10,460	$ 30,338	$ 32,013

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
GAAP net income attributable to One Liberty Properties, Inc.	$ .23	$ .12	$ .91	$ .66
Add: depreciation and amortization of properties	.29	.29	.83	.86
Add: our share of depreciation and amortization of unconsolidated joint ventures	—	.01	—	.02
Add: impairment loss	—	—	.05	—
Add: amortization of deferred leasing costs	.01	.01	.03	.03
Add: our share of amortization of deferred leasing costs of unconsolidated joint ventures	—	—	—	—
Add: our share of impairment loss of unconsolidated joint venture property	—	.04	—	.04
Deduct: gain on sale of real estate, net	(.10)	(.02)	(.53)	(.24)
Adjustments for non-controlling interests	—	—	.01	—
NAREIT funds from operations per share of common stock (a)	.43	.45	1.30	1.37
Deduct: straight-line rent accruals and amortization of lease intangibles	(.04)	(.03)	(.08)	(.10)
Adjust: our share of straight-line rent accruals and amortization of lease intangibles of unconsolidated joint ventures	—	—	—	—
Deduct: lease termination fee income	—	—	(.01)	—
Deduct: other income and income on settlement of litigation	—	—	—	—
Deduct: our share of unconsolidated joint venture lease termination fee income	—	—	—	—
Deduct: additional rent from ground lease tenant	—	—	—	—
Add: amortization of restricted stock and RSU compensation	.06	.06	.17	.19
Add: amortization and write-off of deferred financing costs	.01	.01	.03	.03
Add: amortization of lease incentives	—	—	—	—
Add: amortization of mortgage intangible assets	—	—	—	—
Add: our share of amortization of deferred financing costs of unconsolidated joint venture	—	—	—	—
Adjustments for non-controlling interests	—	—	—	—
Adjusted funds from operations per share of common stock (a)	$ .46	$ .49	$ 1.41	$ 1.49

(a) The weighted average number of diluted common shares used to compute FFO and AFFO applicable to common stock includes unvested restricted shares that are excluded from the computation of diluted EPS.

Three months ended September 30, 2024 and 2023

The $498,000, or 5.1%, decrease in FFO for the three months ended September 30, 2024 from the corresponding 2023 period is due primarily to:

- a $335,000 decrease in rental income, net,
- a $170,000 increase in real estate operating expenses, and
- a $164,000 increase in interest expense.

Offsetting the decrease is:

- a $266,000 increase in other income.

The $561,000, or 5.4%, decrease in AFFO for the three months ended September 30, 2024 from the corresponding 2023 period is due to the factors impacting FFO as described immediately above, including a $217,000 decrease in rental income, net, due to the exclusion of the amortization of straight line rent and lease-related intangibles.

See "—*Results of Operations*" for further information regarding these changes.

Nine months ended September 30, 2024 and 2023

The $1.4 million, or 4.7%, decrease in FFO for the nine months ended September 30, 2024 from the corresponding 2023 period is due primarily to:

- a $1.4 million decrease in rental income, net,
- a $538,000 increase real estate operating expenses,
- a $421,000 increase in interest expense, and
- a $377,000 decrease in equity in earnings from our unconsolidated joint ventures due to the inclusion and exclusion, in the 2023 period, of rent income and depreciation expense, respectively, from our former Manahawkin, New Jersey shopping center, which was sold in December 2023.

Offsetting the decrease is:

- a $765,000 increase in other income,
- a $483,000 decrease in general and administrative expenses, and
- $250,000 of lease termination fee income.

The $1.7 million, or 5.2%, decrease in AFFO for the nine months ended September 30, 2024 from the corresponding 2023 period is due to the factors impacting FFO as described immediately above, excluding the (i) $416,000 decrease in general and administrative expenses related to the amortization of restricted stock and RSU compensation, (ii) $250,000 lease termination fee income, and (iii) a $133,000 increase in rental income, net, due to the exclusion of the amortization of straight line rent and lease-related intangibles.

See "—*Results of Operations*" for further information regarding these changes.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure is the effect of changes in interest rates on the interest cost of draws on our revolving variable rate credit facility and the effect of changes in the fair value of our interest rate swap agreements. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

We use interest rate swaps to limit interest rate risk on substantially all variable rate mortgages. These swaps are used for hedging purposes - not for speculation. We do not enter into interest rate swaps for trading purposes. At September 30, 2024, we had no liability in the event of the early termination of our swaps.

At September 30, 2024, we had 10 interest rate swap agreements outstanding. The fair market value of the interest rate swaps is dependent upon existing market interest rates and swap spreads, which change over time. As of September 30, 2024, if there had been an increase of 100 basis points in forward interest rates, the fair market value of the interest rate swaps and the net unrealized gain on derivative instruments would have increased by $132,000. If there were a decrease of 100 basis points in forward interest rates, the fair market value of the interest rate swaps and the net unrealized gain on derivative instruments would have decreased by $134,000. These changes would not have any impact on our net income or cash.

Our variable mortgage debt, after giving effect to the interest rate swap agreements, primarily bears interest at fixed rates and accordingly, the effect of changes in interest rates would not impact the interest expense we incur under these mortgages.

The fair market value of our long-term debt is estimated based on discounting future cash flows at interest rates that our management believes reflect the risks associated with long-term debt of similar risk and duration.

Item 4. Controls and Procedures

Based on their evaluation as of the end of the period covered by this report, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) are effective.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) promulgated under the Exchange Act) during the three months ended September 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 5. Other Information

None of our officers or directors had any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement" in effect at any time during the three months ended September 30, 2024.

Item 6. Exhibits

Exhibit No.	Title of Exhibit
31.1	Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Senior Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Senior Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements and notes from the One Liberty Properties, Inc. Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 filed on November 6, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Income; (iii) Consolidated Statements of Comprehensive Income; (iv) Consolidated Statements of Changes in Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to the Consolidated Financial Statements.
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document and included in Exhibit 101).

* Indicates a management contract or compensatory plan or arrangement.

ONE LIBERTY PROPERTIES, INC.
SIGNATURES

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 thereunto duly authorized.

	ONE LIBERTY PROPERTIES, INC. (Registrant)
Date: November 6, 2024	/s/ Patrick J. Callan, Jr. Patrick J. Callan, Jr. President and Chief Executive Officer (principal executive officer)
Date: November 6, 2024	/s/ Isaac Kalish Isaac Kalish Senior Vice President and Chief Financial Officer (principal financial officer)

EXHIBIT 31.1

CERTIFICATION

I, Patrick J. Callan, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 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 officer 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) and 15d-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 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 officer 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: November 6, 2024

/s/ Patrick J. Callan, Jr.
Patrick J. Callan, Jr.
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Isaac Kalish, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 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 officer 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) and 15d-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 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 officer 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: November 6, 2024

/s/ Isaac Kalish
Isaac Kalish
Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER

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

I, Patrick J. Callan, Jr., do 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 September 30, 2024 of One Liberty Properties, Inc. (“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: November 6, 2024

/s/ Patrick J. Callan, Jr.
Patrick J. Callan, Jr.
President and
Chief Executive Officer

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

EXHIBIT 32.2

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)

I, Isaac Kalish, do 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 September 30, 2024 of One Liberty Properties, Inc. (“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: November 6, 2024

/s/ Isaac Kalish
Isaac Kalish
Senior Vice President and
Chief Financial Officer

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.