

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

**FORM 8-K
CURRENT REPORT**

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

Date of Report (Date of earliest event reported): July 8, 2020

ONE LIBERTY PROPERTIES, INC.
(Exact name of Registrant as specified in charter)

Maryland
(State or other jurisdiction
of incorporation)

001-09279
(Commission file No.)

13-3147497
(IRS Employer
I.D. No.)

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b2 of this chapter).

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 standards provided pursuant to Section 13(a) of the Exchange Act.

Section 1 – Registrant’s Business and Operations Item

Item 1.01 Entry into a Material Definitive Agreement

Our credit facility provides that subject to borrowing base requirements, we can borrow up to \$100 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 \$30 million and 30% of the borrowing base subject to a cap of (i) \$20 million for renovation expenses and (ii) \$10 million for operating expense purposes. Effective as of July 8, 2020, the credit facility was amended (the “Credit Facility Amendment”) to (i) increase, from \$10 million to \$20 million, the amount we can borrow for operating expense purposes and (ii) decrease, from \$20 million to \$10 million, the amount that we can borrow for renovation expenses. These changes are effective through February 28, 2021, at which time the amount that we can borrow for these purposes resets to the thresholds in effect prior to this amendment. To the extent that as of March 1, 2021 more than \$10 million is outstanding for operating expense purposes, such excess must be repaid immediately.

Section 8 – Other Events

Item 8.01 Other Events

Liquidity and Capital Resources

Our available liquidity at July 13, 2020, was approximately \$79.9 million, including approximately \$19 million of cash and cash equivalents (including the credit facility’s required \$3 million average deposit maintenance balance) and \$60.9 million available under our credit facility. The facility is currently available for the acquisition of commercial real estate, repayment of mortgage debt, and, after giving effect to the Credit Facility Amendment, up to \$10 million for renovation expenses and up to \$18.7 million for operating expenses.

Status of Certain Tenants; Rent Abatements and Deferrals

Three tenants (NPC International (or its affiliate), a Wendy’s franchisee that, among other things, operates more than 385 Wendy’s restaurants, CEC Entertainment, Inc., the operator of Chuck E Cheese restaurants, and Tuesday Morning Corporation (or its affiliate), a Nasdaq listed retailer specializing in home products) leasing an aggregate of eight properties located in Pennsylvania, Indiana and Texas filed for bankruptcy protection in May through early July. The base rent payable by these tenants during the six months ending December 31, 2020, without giving effect to the bankruptcy proceedings, is approximately \$585,000. At June 30, 2020, the mortgage debt(excluding the mortgage debt at a multi-tenant property at which the bankrupt tenant accounts for less than 14% of the square footage leased at such property), unbilled rent receivable and intangible lease liabilities at these properties aggregated approximately \$4.1 million, \$859,000 and \$72,000, respectively. Notwithstanding these bankruptcy filings, these tenants have continued to pay rent – though no assurance can be given in this regard, we believe that these tenants intend to continue operations at such properties.

Through July 13, 2020 and with respect to the quarter ended June 30, 2020, we extended (or anticipate extending), the lease term of three tenants and abated (or anticipate abating, with the latest ending abatement expiring in August 2020), the rent of several tenants. We estimate that our rental income for the quarter ended June 30, 2020 will be negatively impacted by approximately \$400,000 as the net result of such extensions and abatements, though such amount may change as we continue to work with tenants that are experiencing financial difficulty.

We have also agreed to defer, generally through 2021, approximately \$3.1 million of rental payments due during the quarter ended June 30, 2020. We do not anticipate that such deferrals will have a material adverse effect on our liquidity.

Forward Looking Information

This Current Report on Form 8-K, 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. 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 actual results, performance or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to the financial condition of our tenants and their performance of lease obligations; general economic and business conditions, including those currently affecting our nation’s economy and real estate markets; the availability of and costs associated with sources of liquidity; general and local real estate conditions, including any changes in the value of our real estate; compliance with credit facility covenants; increased competition for leasing of vacant space due to current economic conditions; changes in governmental laws and regulations relating to real estate and related investments; the level and volatility of interest rates; competition in our industry; limitations on our ability to exercise legal remedies due to court closures and/or moratoriums on the exercise of certain type of remedies or activities; the challenges presented by the COVID-19 pandemic; and the other risks described under Item 1A. Risk Factors in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

Any or all of our forward-looking statements in this report and in any other public statements we make may turn out to be incorrect. Actual results may differ from our forward-looking statements because of inaccurate assumptions we might make or because of the occurrence of known or unknown risks and uncertainties. Many factors referenced above will be important in determining future results. Consequently, no forward-looking statement can be guaranteed, and you are cautioned not to place undue reliance on these forward-looking statements.

Except as may be required under applicable law, 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.

Section 9 – Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

In reviewing the agreement included as an exhibit to this Current Report on Form 8-K, please remember it is included to provide you with information regarding its terms and is not intended to provide any other factual or disclosure information about us or the other parties to the agreement. The agreement contains representations and warranties by one or more of the parties thereto. These representations and warranties have been made solely for the benefit of one or more of the other parties to the agreement and:

- should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by disclosures that were made to the other party in connection with the negotiation of the agreement, which disclosures are not necessarily reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

| Exhibit No. | Description of Exhibit |
|--------------------|---|
| 10.1 | <u>Second Amendment to Third Amended and Restated Loan Agreement and Other Loan Documents dated as of the 8th day of July, 2020, among us, VNB New York, LLC, Bank Leumi USA, Manufacturers and Traders Trust Company, People’s United Bank, National Association, and Manufacturers and Traders Trust Company.</u> |
| 101 | Cover Page Interactive Data File - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 104 | Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document. |

SIGNATURE

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

ONE LIBERTY PROPERTIES, INC.

Date: July 14, 2020

By: /s/ David W. Kalish
David W. Kalish
Chief Financial Officer

**SECOND AMENDMENT TO THIRD AMENDED
AND RESTATED LOAN AGREEMENT AND OTHER LOAN DOCUMENTS**

This SECOND AMENDMENT TO THIRD AMENDED AND RESTATED LOAN AGREEMENT AND OTHER LOAN DOCUMENTS (this "**Second Amendment**") dated as of the 8th day of July, 2020, among (1) ONE LIBERTY PROPERTIES, INC., a Maryland corporation, having its principal place of business at 60 Cutter Mill Road, Suite 303, Great Neck, New York 11021 ("**Borrower**"), (2) VNB NEW YORK, LLC, a New York limited liability company (as successor by merger to VNB New York Corp., as assignee of Valley National Bank, Merchants Bank Division), as a lender, having an office at 1 Penn Plaza, 29th Floor, New York, New York 10119 ("**VNB**"), (3) BANK LEUMI USA, as a lender, having an office at 579 Fifth Avenue, New York, New York 10017 ("**Leumi**"), (4) MANUFACTURERS AND TRADERS TRUST COMPANY, as a lender, having an office at 350 Park Avenue, New York, New York 10022 ("**M&T**"), (5) PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION, as a lender, having an office at 100 Motor Parkway, Suite 160, Hauppauge, New York 11788 ("**People's Bank**"), and (6) MANUFACTURERS AND TRADERS TRUST COMPANY, as administrative agent (together with its successors and assigns, "**Administrative Agent**") on behalf of VNB, Leumi, M&T, People's Bank and the other Lenders (as defined in the Loan Agreement (as defined below)). *Capitalized terms not otherwise defined in this Second Amendment shall have the meanings ascribed to them in the Loan Agreement.*

RECITALS

WHEREAS, Borrower, Administrative Agent and Lenders entered into a certain Third Amended and Restated Loan Agreement made as of November 9, 2016, as amended by that certain First Amendment to Third Amended and Restated Loan Agreement and Other Loan Documents dated as of July 1, 2019 (as amended from time to time, collectively, the "**Loan Agreement**"); and

WHEREAS, Borrower, Administrative Agent and Lenders wish to supplement and amend the Loan Agreement by revising certain of the covenants contained in the Loan Agreement all upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, it is agreed as follows:

1. Section 2.06 of the Loan Agreement is hereby amended by replacing the last sentence of said section with the following sentence:

"No Lender shall advance, and Borrower shall not request, Renovation Expense Loans and Operating Expense Loans which, in the aggregate, exceed the lesser of (x) \$30,000,000 or (y) 30% of the Borrowing Base; provided, however, that in no event shall (A) Operating Expense Loans exceed (1) \$20,000,000 through February 28, 2021 and (2) \$10,000,000 from and after March 1, 2021, and (B) Renovation Expense Loans exceed (1) \$10,000,000 through February 28, 2021 and (2) \$20,000,000 from and after March 1, 2021, and Borrower shall immediately prepay such Operating Expense Loans and/or Renovation Expense Loans to the extent of any such excess and there shall be no further advances until such excess is repaid."

2. Section 2.10 of the Loan Agreement is hereby amended and restated in its entirety as follows:

“SECTION 2.10 Use of Proceeds. The proceeds of the Revolving Credit Loans shall be used for (i) the acquisition of a Property; (ii) the repayment (in whole or in part) of existing mortgage debt on a Property; and (iii) Renovation Expense Loans and Operating Expense Loans in the aggregate not to exceed the lesser of (x) \$30,000,000 or (y) 30% of the Borrowing Base; provided, however, that in no event shall (A) Operating Expense Loans exceed (1) \$20,000,000 through February 28, 2021 and (2) \$10,000,000 from and after March 1, 2021, and (B) Renovation Expense Loans exceed (1) \$10,000,000 through February 28, 2021 and (2) \$20,000,000 from and after March 1, 2021. No part of the proceeds of any Loan may be used for any purpose that directly or indirectly violates or is inconsistent with, the provisions of Regulations T, U or X. Borrower shall not use, and shall take reasonable steps to ensure that none of its Subsidiaries and its or their respective directors, officers, employees and agents shall use, the proceeds of any Revolving Credit Loans (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, or (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country.”

3. The effectiveness of this Second Amendment shall be expressly subject to receipt by Administrative Agent and Lenders of the following items:

- (a) a fully-executed Second Amendment;
- (b) a fully executed Ratification and Confirmation of Guaranty in the form attached as Exhibit A (the “**Guaranty Ratification**”);
- (c) payment of all reasonable, out-of-pocket costs and expenses incurred by Administrative Agent in connection with this Second Amendment;
- (d) payment to Administrative Agent’s and each Lender’s outside counsel for reasonable fees and expenses in connection with the preparation, negotiation and execution of this Second Amendment;

- (e) a satisfactory attorney opinion letter from Richard M. Figueroa, Senior Vice President and Legal Counsel of Borrower, (i) stating that Borrower is duly formed, fully qualified, validly existing and in good standing under the laws of the State of Maryland and the State of New York and is authorized and empowered, by signature of the undersigned, to enter into this Second Amendment and perform all of the terms, provisions, covenants and conditions hereof, and that in doing so, Borrower shall not be in violation of Borrower's by-laws or any other agreement to which Borrower is a party, (ii) stating that each Guarantor is duly formed, fully qualified, validly existing and in good standing under the laws of their respective state of formation and each Guarantor is authorized and empowered, by signature of the undersigned, to enter into the Guaranty Ratification and perform all of the terms, provisions, covenants and conditions thereof, and that in doing so, each Guarantor shall not be in violation of such Guarantor's formation or organizational documents or any other agreement to which such Guarantor is a party, (iii) regarding the validity and enforceability of this Second Amendment and the documents to be executed in connection herewith, and (iv) stating that there have been no changes to (x) Borrower's certificate of incorporation or by-laws other than as described in Borrower's Proxy Statement dated April 22, 2020 and Form 8-K dated July 7, 2020 or (y) any Guarantor's certificate of incorporation, formation or limited partnership, as applicable, or by-laws, operating agreement or partnership agreement, as applicable, in each instance, since the versions thereof delivered to Administrative Agent on November 9, 2016; and
- (f) such other agreements and instruments as Administrative Agent and Lenders reasonably deem necessary to carry out the terms and provisions of this Second Amendment.

4. Except as expressly provided in this Second Amendment, all of the terms, provisions, covenants and conditions of the Loan Documents (as such term is defined in the Loan Agreement) shall be and remain in full force and effect as written, unmodified hereby. Borrower hereby further ratifies and acknowledges the continuing validity and enforceability of the Loan Documents as herein modified and the obligations evidenced thereby. In the event of any conflict between the terms, provisions, covenants and conditions of this Second Amendment and the Loan Documents, this Second Amendment shall control. Except as may be expressly provided in this Second Amendment, this Second Amendment shall not waive, suspend, diminish or impair the Loan Documents or the obligations, liabilities, liens or security interests represented thereby.

5. Borrower hereby represents and warrants that:

- (a) Except as set forth on replacement schedules attached hereto as Exhibit B, any and all of the representations, warranties and schedules (as such schedules may have been previously supplemented and/or modified from time to time in accordance with the Loan Agreement) contained in the Loan Agreement or any of the other Loan Documents are true and correct in all material respects on and as of the date hereof as though made on and as of such date;
- (b) The execution of this Second Amendment, the delivery by Borrower to Administrative Agent of all monies, items and documents provided for herein, Borrower's performance hereof and the transactions contemplated hereby have been duly authorized by the requisite action on the part of Borrower. This Second Amendment constitutes the valid and binding obligation of Borrower and is enforceable against Borrower in accordance with its terms, provisions, covenants and conditions, except as enforcement thereof may be limited by applicable laws affecting the enforcement of creditors' rights generally;

- (c) Except as may previously have been expressly disclosed in writing by Borrower to Administrative Agent or the Lenders, no event has occurred and is continuing which constitutes an Event of Default under the Loan Agreement or under any of the other Loan Documents or which upon the giving of notice or the lapse of time or both would constitute an Event of Default;
- (d) As of the date hereof, Borrower is legally, validly and enforceably indebted to Lenders in the aggregate principal amount of \$22,150,000, all of which amounts are due without offset, claim, defense, counterclaim or right of recoupment; and
- (e) Borrower hereby knowingly, voluntarily, intentionally, unconditionally and irrevocably waives, releases, and forever discharges Administrative Agent, Lenders, and Administrative Agent's and Lenders' parent, affiliates, subsidiaries (such persons or parties being hereinafter collectively referred to as "**Lender Entities**") and Lender Entities' agents, officers, directors, shareholders, partners, members and employees (Administrative Agent, Lenders and Lender Entities and such other persons or parties being herein collectively referred to as "**Lender Parties**"), from and against any and all rights, claims, counterclaims, actions or causes of action against Administrative Agent, Lenders and/or Lender Parties, arising out of Administrative Agent's, Lenders' and/or Lender Parties' actions or inactions in connection with the Loan prior to the execution and delivery of this Second Amendment, or any security interest, lien or collateral then given/granted to Administrative Agent, Lenders and/or Lender Parties in connection therewith, as well as, to the extent arising out of such actions or inactions, any and all rights of set-off, defenses, claims, actions, causes of action and any other bar to the enforcement of this Second Amendment and/or the Loan Documents.

6. This Second Amendment shall be governed and construed in accordance with the laws of the State of New York without reference to principles of conflicts of law.

7. No modification or waiver of or with respect to any provisions of this Second Amendment and all other agreements, instruments and documents delivered pursuant hereto or thereto, nor consent to any departure by Administrative Agent or Lenders from any of the terms or conditions thereof, shall in any event be effective unless it shall be in writing and executed in accordance with the provisions of the Loan Agreement, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No consent to or demand on Borrower in any case shall, of itself, entitle Borrower to any other or further notice or demand in similar or other circumstances.

8. The provisions of this Second Amendment are severable, and if any clause or provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision in the Second Amendment in any jurisdiction.

9. This Second Amendment may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of this Second Amendment (or counterparts hereof) by pdf electronic transmission shall be effective with the same effect as delivery of original signatures.

10. This Second Amendment shall be binding upon and inure to the benefit of Borrower and its successors and to the benefit of Administrative Agent, Lenders and their respective successors and assigns. The rights and obligations of Borrower under this Second Amendment shall not be assigned or delegated without the prior written consent of Administrative Agent and Lenders, and any purported assignment or delegation without such consent shall be void.

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IN WITNESS WHEREOF, the undersigned have caused this Second Amendment to be duly executed and delivered as of the date first above written.

BORROWER:

ONE LIBERTY PROPERTIES, INC.

By: _____
Mark H. Lundy
Senior Vice President

[SIGNATURES CONTINUE ON NEXT PAGE]

LENDER:

VNB NEW YORK, LLC

By: _____
Andrew Baron
First Vice President

[SIGNATURES CONTINUE ON NEXT PAGE]

LENDER:

BANK LEUMI USA

By: _____
Jeffrey Puchin
Senior Associate Relationship Manager

By: _____
Roger Rofe
Senior Vice President

[SIGNATURES CONTINUE ON NEXT PAGE]

LENDER:

PEOPLE'S UNITED BANK, NATIONAL
ASSOCIATION

By: _____

Name:

Title:

[SIGNATURES CONTINUE AND END ON NEXT PAGE]

LENDER:

MANUFACTURERS AND TRADERS
TRUST COMPANY

By: _____
Name:
Title:

ADMINISTRATIVE AGENT:

MANUFACTURERS AND TRADERS
TRUST COMPANY

By: _____
Name:
Title:
