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**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 March 31, 2021

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 May 3, 2021, the registrant had 20,732,153 shares of common stock outstanding.

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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)

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
(Unaudited)		
Real estate investments, at cost		
Land	\$ 191,050	\$ 190,391
Buildings and improvements	649,198	648,667
Total real estate investments, at cost	840,248	839,058
Less accumulated depreciation	151,557	147,136
Real estate investments, net	688,691	691,922
Investment in unconsolidated joint ventures	10,580	10,702
Cash and cash equivalents	11,245	12,705
Unbilled rent receivable	15,391	15,438
Unamortized intangible lease assets, net	23,306	24,703
Escrow, deposits and other assets and receivables	18,953	20,667
Total assets <sup>(1)</sup>	<u>\$ 768,166</u>	<u>\$ 776,137</u>
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Mortgages payable, net of \$3,684 and \$3,845 of deferred financing costs, respectively	\$ 424,271	\$ 429,704
Line of credit, net of \$377 and \$425 of deferred financing costs, respectively	15,073	12,525
Dividends payable	9,329	9,261
Accrued expenses and other liabilities	20,260	21,498
Unamortized intangible lease liabilities, net	10,794	11,189
Total liabilities <sup>(1)</sup>	<u>479,727</u>	<u>484,177</u>
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; 20,008 and 19,878 shares issued and outstanding	20,008	19,878
Paid-in capital	314,643	313,430
Accumulated other comprehensive loss	(3,504)	(5,002)
Distributions in excess of net income	(43,906)	(37,539)
Total One Liberty Properties, Inc. stockholders' equity	287,241	290,767
Non-controlling interests in consolidated joint ventures <sup>(1)</sup>	1,198	1,193
Total equity	<u>288,439</u>	<u>291,960</u>
Total liabilities and equity	<u>\$ 768,166</u>	<u>\$ 776,137</u>

(1) The Company's consolidated balance sheets include assets and liabilities of consolidated variable interest entities ("VIEs"). See Note 4. The consolidated balance sheets include the following amounts related to the Company's consolidated VIEs: \$12,158 and \$12,158 of land, \$23,284 and \$23,372 of building and improvements, net of \$5,454 and \$5,232 of accumulated depreciation, \$3,707 and \$3,679 of other assets included in other line items, \$23,313 and \$23,530 of real estate debt, net, \$1,398 and \$1,278 of other liabilities included in other line items and \$1,198 and \$1,193 of non-controlling interests as of March 31, 2021 and December 31, 2020, 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 March 31,	
	2021	2020
<b>Revenues:</b>		
Rental income, net	\$ 20,684	\$ 21,239
Lease termination fees	132	—
Total revenues	<u>20,816</u>	<u>21,239</u>
<b>Operating expenses:</b>		
Depreciation and amortization	5,757	5,674
General and administrative (see Note 7 for related party information)	3,642	3,334
Real estate expenses (see Note 7 for related party information)	3,686	3,342
State taxes	75	82
Total operating expenses	<u>13,160</u>	<u>12,432</u>
<b>Other operating income</b>		
Gain on sale of real estate, net	—	4,252
Operating income	<u>7,656</u>	<u>13,059</u>
<b>Other income and expenses:</b>		
Equity in (loss) earnings of unconsolidated joint ventures	(22)	64
Equity in earnings from sale of unconsolidated joint venture property	—	121
Prepayment costs on debt	—	(290)
Other income (see Note 11)	170	4
<b>Interest:</b>		
Expense	(4,634)	(4,884)
Amortization and write-off of deferred financing costs	(213)	(243)
Net income	2,957	7,831
Net loss (income) attributable to non-controlling interests	5	(5)
Net income attributable to One Liberty Properties, Inc.	<u>\$ 2,962</u>	<u>\$ 7,826</u>
<b>Weighted average number of common shares outstanding:</b>		
Basic	<u>20,003</u>	<u>19,361</u>
Diluted	<u>20,061</u>	<u>19,374</u>
<b>Per common share attributable to common stockholders:</b>		
Basic and Diluted	<u>\$ .13</u>	<u>\$ .39</u>
Cash distributions per share of common stock	<u>\$ .45</u>	<u>\$ .45</u>

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	
	March 31,	
	2021	2020
Net income	\$ 2,957	\$ 7,831
Other comprehensive income		
Net unrealized gain (loss) on derivative instruments	1,501	(4,818)
Comprehensive income	4,458	3,013
Net loss (income) attributable to non-controlling interests	5	(5)
Adjustment for derivative instruments attributable to non-controlling interests	(3)	9
Comprehensive income attributable to One Liberty Properties, Inc.	<u>\$ 4,460</u>	<u>\$ 3,017</u>

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)

	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, 2019	\$ 19,251	\$ 301,517	\$ (1,623)	\$ (28,382)	\$ 1,221	\$ 291,984
Distributions – common stock						
Cash – \$.45 per share	—	—	—	(9,036)	—	(9,036)
Restricted stock vesting	122	(122)	—	—	—	—
Shares issued through dividend reinvestment plan	7	159	—	—	—	166
Distributions to non-controlling interests	—	—	—	—	(8)	(8)
Compensation expense – restricted stock	—	976	—	—	—	976
Net income	—	—	—	7,826	5	7,831
Other comprehensive loss	—	—	(4,809)	—	(9)	(4,818)
Balances, March 31, 2020	<u>\$ 19,380</u>	<u>\$ 302,530</u>	<u>\$ (6,432)</u>	<u>\$ (29,592)</u>	<u>\$ 1,209</u>	<u>\$ 287,095</u>
Balances, December 31, 2020	\$ 19,878	\$ 313,430	\$ (5,002)	\$ (37,539)	\$ 1,193	\$ 291,960
Distributions – common stock						
Cash – \$.45 per share	—	—	—	(9,329)	—	(9,329)
Restricted stock vesting	130	(130)	—	—	—	—
Contribution from non-controlling interest	—	—	—	—	20	20
Distributions to non-controlling interests	—	—	—	—	(13)	(13)
Compensation expense – restricted stock	—	1,343	—	—	—	1,343
Net income	—	—	—	2,962	(5)	2,957
Other comprehensive income	—	—	1,498	—	3	1,501
Balances, March 31, 2021	<u>\$ 20,008</u>	<u>\$ 314,643</u>	<u>\$ (3,504)</u>	<u>\$ (43,906)</u>	<u>\$ 1,198</u>	<u>\$ 288,439</u>

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,957	\$ 7,831
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of real estate, net	—	(4,252)
Decrease (increase) in unbilled rent receivable	95	(380)
Amortization and write-off of intangibles relating to leases, net	(232)	(190)
Amortization of restricted stock expense	1,343	976
Equity in loss (earnings) of unconsolidated joint ventures	22	(64)
Equity in earnings from sale of unconsolidated joint venture property	—	(121)
Distributions of earnings from unconsolidated joint ventures	100	—
Depreciation and amortization	5,757	5,674
Amortization and write-off of deferred financing costs	213	243
Payment of leasing commissions	(71)	(38)
Decrease in escrow, deposits, other assets and receivables	1,167	303
Increase in accrued expenses and other liabilities	102	69
Net cash provided by operating activities	<u>11,453</u>	<u>10,051</u>
<b>Cash flows from investing activities:</b>		
Purchase of real estate	—	(28,504)
Improvements to real estate	(512)	(109)
Investments in ground leased property	(430)	—
Net proceeds from sale of real estate	—	7,093
Insurance recovery proceeds due to casualty loss	300	—
Net cash used in investing activities	<u>(642)</u>	<u>(21,520)</u>
<b>Cash flows from financing activities:</b>		
Scheduled amortization payments of mortgages payable	(3,520)	(3,389)
Repayment of mortgages payable	(2,074)	(3,332)
Proceeds from mortgage financings	—	18,200
Proceeds from bank line of credit	2,500	41,500
Repayment on bank line of credit	—	(22,100)
Issuance of shares through dividend reinvestment plan	—	166
Payment of financing costs	(6)	(165)
Capital contribution from non-controlling interest	20	—
Distributions to non-controlling interests	(13)	(8)
Cash distributions to common stockholders	(9,261)	(8,965)
Net cash (used in) provided by financing activities	<u>(12,354)</u>	<u>21,907</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	(1,543)	10,438
Cash, cash equivalents and restricted cash at beginning of year	13,564	11,968
Cash, cash equivalents and restricted cash at end of period	<u>\$ 12,021</u>	<u>\$ 22,406</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the period for interest expense	\$ 4,613	\$ 4,844
<b>Supplemental disclosure of non-cash investing activity:</b>		
Purchase accounting allocation - intangible lease assets	\$ —	\$ 3,905
Purchase accounting allocation - intangible lease liabilities	—	(568)

(Continued on next page)

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 (amounts in thousands):

	March 31,	
	2021	2020
Cash and cash equivalents	\$ 11,245	\$ 21,360
Restricted cash included in escrow, deposits and other assets and receivables	776	1,046
Total cash, cash equivalents and restricted cash shown in the consolidated statement of cash flows	<u>\$ 12,021</u>	<u>\$ 22,406</u>

Restricted cash included in escrow, deposits and other assets and receivables represent 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.

See accompanying notes to consolidated financial statements.



ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)  
MARCH 31, 2021

**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, retail, restaurant, health and fitness, and theater properties, many of which are subject to long-term net leases. As of March 31, 2021, OLP owns 123 properties, including four properties owned by consolidated joint ventures and three properties owned by unconsolidated joint ventures. The 123 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 months ended March 31, 2021 and 2020 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, 2020.

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.

***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.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)  
MARCH 31, 2021 (Continued)

**NOTE 2 – SUMMARY ACCOUNTING POLICIES (CONTINUED)**

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. None of the joint venture debt is recourse to the Company, subject to standard carve-outs.

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 ended March 31, 2021 and 2020, there were no 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 2021 to 2055, 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 their respective leases reported on a straight-line basis over the non-cancelable term of the lease. Variable lease revenues 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 or (iv) the operating performance of the property. Variable lease revenues are not recognized until the specific events that trigger the variable payments have occurred.

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ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)  
MARCH 31, 2021 (Continued)

**NOTE 3 – LEASES (CONTINUED)**

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

	Three Months Ended	
	March 31,	
	2021	2020
Fixed lease revenues	\$ 17,465	\$ 18,067
Variable lease revenues	2,987	2,982
Lease revenues (a)	<u>\$ 20,452</u>	<u>\$ 21,049</u>

(a) Excludes \$232 and \$190 of amortization related to lease intangible assets and liabilities for the three months ended March 31, 2021 and 2020, 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 our 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.

During the year ended December 31, 2020, in response to requests for rent relief from tenants impacted by the COVID-19 pandemic and the governmental and non-governmental responses thereto, the Company deferred and accrued \$3,360,000 of rent payments. For 2020, the three months ended March 31, 2021 and for April 2021, the Company collected \$497,000, \$843,000 and \$359,000, respectively, of such deferred rents. The \$1,661,000 balance of deferred rents is deemed collectible and is expected to be collected from 2021 through 2023.

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. In February 2021, the Company executed lease amendments with Regal Cinemas, a tenant at two properties, which was adversely affected by the pandemic. In connection with the lease amendments, the Company agreed to defer an aggregate of \$1,449,000 of rent otherwise payable from September 2020 through August 2021, the tenant agreed to pay an aggregate of \$441,000 of rent during that same period and the parties extended the lease for one of these properties for two years. Through April 30, 2021, the tenant is current on all lease obligations in accordance with these lease amendments. The Company did not accrue the deferred rents due from September 2020 through March 2021 as collections were deemed less than probable. The Company has assessed the collectability of all recorded lease payments as probable as of March 31, 2021.

*Minimum Future Rents*

As of March 31, 2021, 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 intangibles, (ii) COVID-19 lease deferral repayments accrued to rental income in 2020 and (iii) variable lease payments as described above.

From April 1 – December 31, 2021	\$ 52,571
For the year ended December 31,	
2022	62,646
2023	53,279
2024	44,609
2025	40,391
2026	34,860
Thereafter	129,439
Total	<u>\$ 417,795</u>

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)  
MARCH 31, 2021 (Continued)

**NOTE 3 – LEASES (CONTINUED)**

*Lease Termination Fees*

In January 2021, the Company received \$350,000 as a lease termination fee from a retail tenant in connection with the exercise of an early lease termination option. The Company is amortizing this to revenues over the revised lease term expiring January 15, 2022.

In December 2020, the Company received \$88,000 as a lease termination fee from an industrial tenant in connection with the exercise of an early lease termination option. The Company is amortizing this to revenues over the revised lease term expiring May 31, 2021.

*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, 2025 and provides for up to four, 5-year renewal options and one seven-month renewal option. As of March 31, 2021, the remaining lease term, including renewal options deemed exercised, is 13.9 years. The Company recognized lease expense related to this ground lease of \$150,000 and \$131,000 for the three months ended March 31, 2021 and 2020, 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 a 5-year renewal option. As of March 31, 2021, the remaining lease term, including the renewal option deemed exercised, is 15.8 years. The Company recognized lease expense related to this office lease of \$14,000 for both the three months ended March 31, 2021 and 2020, which is included in General and administrative expenses on the consolidated statements of income.

*Minimum Future Lease Payments*

As of March 31, 2021, the minimum future lease payments related to the operating ground and office leases are as follows (amounts in thousands):

From April 1 – December 31, 2021	\$	383
For the year ended December 31,		
2022		506
2023		507
2024		557
2025		626
2026		627
Thereafter		6,220
Total undiscounted cash flows	\$	9,426
Present value discount		(2,000)
Lease liability	\$	7,426

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)  
 MARCH 31, 2021 (Continued)

**NOTE 4 – VARIABLE INTEREST ENTITIES, CONTINGENT LIABILITY AND CONSOLIDATED JOINT VENTURES**

***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. Ground lease rental income amounted to \$243,000 for the three months ended March 31, 2020. No ground lease rental income was collected during the three months ended March 31, 2021.

As of March 31, 2021, the VIE’s maximum exposure to loss was \$14,560,000 which represented the carrying amount of the land. In purchasing the property in 2016, the owner/operator obtained a mortgage for \$67,444,000 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 \$66,870,000 as of March 31, 2021.

Pursuant to the ground lease, as amended, 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 \$430,000 during the three months ended March 31, 2021 and an additional \$611,000 from April 1 through May 3, 2021. These amounts are included as part of the carrying amount of the land.

***Variable Interest Entities – Consolidated Joint Ventures***

The Company has determined that the four consolidated joint ventures in which it holds between a 90% to 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):

	March 31, 2021	December 31, 2020
Land	\$ 12,158	\$ 12,158
Buildings and improvements, net of accumulated depreciation of \$5,454 and \$5,232, respectively	23,284	23,372
Cash	1,195	1,102
Unbilled rent receivable	856	861
Unamortized intangible lease assets, net	605	627
Escrow, deposits and other assets and receivables	1,051	1,089
Mortgages payable, net of unamortized deferred financing costs of \$238 and \$253, respectively	23,313	23,530
Accrued expenses and other liabilities	885	752
Unamortized intangible lease liabilities, net	513	526
Accumulated other comprehensive loss	(99)	(127)
Non-controlling interests in consolidated joint ventures	1,198	1,193

As of March 31, 2021 and December 31, 2020, MCB Real Estate, LLC and its affiliates (“MCB”) are the Company’s joint venture partner in three consolidated joint ventures in which the Company has aggregate equity investments of approximately \$7,489,000 and \$7,495,000, respectively.

Distributions to each joint venture partner are determined pursuant to the applicable operating agreement and may not be *pro rata* to the equity interest each partner has in the applicable venture.

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**NOTE 5 – INVESTMENT IN UNCONSOLIDATED JOINT VENTURES**

As of March 31, 2021 and December 31, 2020, the Company participated in three unconsolidated joint ventures, each of which owns and operates one property; the Company's equity investment in these ventures totaled \$10,580,000 and \$10,702,000, respectively. The Company recorded equity in loss of \$22,000 and equity in earnings of \$64,000 for the three months ended March 31, 2021 and 2020, respectively.

As of March 31, 2021 and December 31, 2020, MCB and the Company are partners in an unconsolidated joint venture in which the Company's equity investment is approximately \$8,688,000 and \$8,761,000, respectively.

**NOTE 6 – DEBT OBLIGATIONS**

*Mortgages Payable*

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

	March 31, 2021	December 31, 2020
Mortgages payable, gross	\$ 427,955	\$ 433,549
Unamortized deferred financing costs	(3,684)	(3,845)
Mortgages payable, net	<u>\$ 424,271</u>	<u>\$ 429,704</u>

*Line of Credit*

The Company has a credit facility with Manufacturers & Traders Trust Company, People's United Bank, VNB New York, LLC, and Bank Leumi USA, pursuant to which 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 \$30,000,000 and 30% of the borrowing base subject to a cap of (i) \$20,000,000 for operating expense purposes and (ii) \$10,000,000 for renovation expenses. On July 1, 2022, the amounts the Company can borrow for renovation expenses and operating expenses will change to \$20,000,000 and \$10,000,000, respectively. To the extent that as of June 30, 2022 more than \$10,000,000 is outstanding for operating expense purposes, such excess must be repaid immediately. 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 pledged to the lenders the equity interests in the Company's subsidiaries.

The facility, which matures December 31, 2022, provides for an interest rate equal to the one month LIBOR rate plus an applicable margin ranging from 175 basis points to 300 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 200 basis points at March 31, 2021 and 2020. An unused facility fee of .25% per annum applies to the facility. The average interest rate on the facility was approximately 1.88% and 3.20% for the three months ended March 31, 2021 and 2020, respectively. The Company was in compliance with all covenants under this facility at March 31, 2021.

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**NOTE 6 – DEBT OBLIGATIONS (CONTINUED)**

The following table details the Line of credit, net, balances per the consolidated balance sheets (amounts in thousands):

	March 31, 2021	December 31, 2020
Line of credit, gross	\$ 15,450	\$ 12,950
Unamortized deferred financing costs	(377)	(425)
Line of credit, net	<u>\$ 15,073</u>	<u>\$ 12,525</u>

At May 3, 2021, there was an outstanding balance of \$15,350,000 (before unamortized deferred financing costs) under the facility. There is \$19,000,000 available for operating expense purposes.

**NOTE 7 – 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 the services of executive, administrative, legal, accounting, clerical and property management personnel, as well as property acquisition, sale and lease consulting and brokerage services, consulting services with respect to mortgage financings and construction supervisory services (collectively, the “Services”). Majestic is wholly-owned by the Company’s vice-chairman and certain of the Company’s executive officers are officers of, and are compensated by, Majestic.

In consideration for the Services, the Company paid Majestic \$785,000 and \$767,000 for the three months ended March 31, 2021 and 2020, respectively. Included in these fees are \$348,000 and \$331,000 of property management costs for the three months ended March 31, 2021 and 2020, respectively. The amounts paid for property management services is 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, \$74,000 and \$69,000 in the three months ended March 31, 2021 and 2020, respectively, for the Company’s share of all direct office expenses, including rent, telephone, postage, computer services, internet usage and supplies. The Company does not pay Majestic for such services except as described in this paragraph.

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 9). The related expense charged to the Company’s operations was \$652,000 and \$449,000 for the three months ended March 31, 2021 and 2020, respectively.

The amounts paid under the compensation and services agreement (except for the property management costs 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 \$19,000 and \$20,000 for the three months ended March 31, 2021 and 2020, respectively, to its consolidated joint venture partners 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 \$29,000 and \$22,000 for the three months ended March 31, 2021 and 2020, respectively, to the other partner of the venture, which reduced Equity in earnings on the consolidated statements of income by \$15,000 and \$11,000 for the three months ended March 31, 2021 and 2020, respectively.

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**NOTE 7 – RELATED PARTY TRANSACTIONS (CONTINUED)**

**Other**

During each of the three months ended March 31, 2021 and 2020, the Company paid quarterly fees of \$74,500 to the Company’s chairman and \$29,800 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. Included in Real estate expenses on the consolidated statements of income is insurance expense of \$281,000 and \$246,000 for the three months ended March 31, 2021 and 2020, respectively, of amounts reimbursed to Gould Investors in prior periods.

**NOTE 8 – 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 March 31, 2021, the shares of common stock underlying the RSUs awarded between 2018 and 2020 under the 2019 and 2016 Incentive Plans (See Note 9) are excluded from the basic earnings per share calculation, as these units are not participating securities.

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 March 31,	
	2021	2020
Numerator for basic and diluted earnings per share:		
Net income	\$ 2,957	\$ 7,831
Add (deduct) net loss (income) attributable to non-controlling interests	5	(5)
Deduct earnings allocated to unvested restricted stock (a)	(325)	(316)
Net income available for common stockholders: basic and diluted	<u>\$ 2,637</u>	<u>\$ 7,510</u>
Denominator for basic earnings per share:		
Weighted average number of common shares outstanding	20,003	19,361
Effect of dilutive securities:		
RSUs	58	13
Denominator for diluted earnings per share:		
Weighted average number of shares	<u>20,061</u>	<u>19,374</u>
Earnings per common share, basic and diluted	<u>\$ .13</u>	<u>\$ .39</u>

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



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**NOTE 8 – 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:

Three Months Ended March 31, 2021 (a):

Date of Award	Total Number of Underlying Shares (b)(c)	Shares Included Based on			Shares Excluded (d)
		Return on Capital Metric	Stockholder Return Metric	Total	
July 1, 2018	73,750	25,306	—	25,306	48,444
July 1, 2019	75,026	23,970	—	23,970	51,056
August 3, 2020	75,026	37,513	37,513	75,026	—
Totals	223,802	86,789	37,513	124,302	99,500

Three Months Ended March 31, 2020 (e):

Date of Award	Total Number of Underlying Shares (b)(c)	Shares Included Based on			Shares Excluded (d)
		Return on Capital Metric	Stockholder Return Metric	Total	
September 26, 2017 (f)	76,250	26,036	—	26,036	50,214
July 1, 2018	73,750	20,423	—	20,423	53,327
July 1, 2019	75,026	12,261	—	12,261	62,765
Totals	225,026	58,720	—	58,720	166,306

- (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 March 31, 2021.
- (b) The RSUs awarded in 2018, 2019 and 2020 vest, subject to satisfaction of the applicable market and/or performance conditions, on June 30, 2021, 2022 and 2023, respectively (see Note 9).
- (c) During 2019, 2,500 shares of the 2018 award and 2,750 shares of the 2019 award were forfeited (see Note 9).
- (d) Excluded as the applicable conditions had not been met for these shares at the applicable measurement dates.
- (e) 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 March 31, 2020.
- (f) With respect to the RSUs awarded September 26, 2017, 24,343 shares vested and 51,907 shares were forfeited in 2020 (see Note 9).

**NOTE 9 – STOCKHOLDERS' EQUITY**

***Common Stock Dividend***

On March 12, 2021, the Board of Directors declared a quarterly cash dividend of \$0.45 per share on the Company's common stock, totaling approximately \$9,329,000. The quarterly dividend is payable on April 7, 2021 to stockholders of record on March 24, 2021.

***Dividend Reinvestment Plan***

On June 10, 2020, the Company temporarily suspended the dividend reinvestment feature of its Dividend Reinvestment Plan (the "DRP"). The DRP, among other things, provided 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 of up to 5% from the market price (as such price is calculated pursuant to the DRP). The discount was determined in the Company's sole discretion and had been offered at a 5% discount from market. Under the DRP, the Company issued 7,000 shares of common stock during the three months ended March 31, 2020.

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**NOTE 9 – STOCKHOLDERS’ EQUITY (CONTINUED)**

***Stock Based Compensation***

The Company’s 2019 Incentive Plan (“Plan”), approved by the Company’s stockholders in June 2019, permits 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 is authorized for issuance pursuant to this Plan. As of March 31, 2021, an aggregate of 450,952 shares subject to awards in the form of restricted stock (300,900 shares) and RSUs (150,052 shares) are outstanding under the Plan.

Under the Company’s 2016 equity incentive plan (the “Prior Plan”), as of March 31, 2021, (i) an aggregate of 495,900 shares in the form of restricted stock (422,150 shares) and RSUs (73,750 shares) are outstanding and have not yet vested, and (ii) with respect to 76,250 shares of common stock underlying RSUs that had been granted in 2017, 24,343 shares were deemed to have vested in 2020 and such shares were issued after the Compensation Committee determined that the metrics with respect to such shares had been satisfied. RSUs with respect to the 51,907 share balance were forfeited. No additional awards may be granted under the Prior Plan.

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.

In 2020, 2019 and 2018, the Company granted RSUs exchangeable for up to 75,026, 77,776, and 76,250 shares, respectively, of common stock upon satisfaction, through June 30, 2023, June 30, 2022 and June 30, 2021, respectively, of specified conditions. Specifically, up to 50% of these RSUs vest upon achievement of metrics related to average annual total stockholder return (the “TSR Awards”), which metrics meet the definition of a market condition, and up to 50% vest upon achievement of metrics related to average annual return on capital (the “ROC Awards”), which metrics meet the definition of a performance condition. The holders of the RSUs are not entitled to dividends or to vote the underlying shares until such RSUs vest and shares are issued. Accordingly, the shares underlying these RSUs are not included in the shares shown as outstanding on the balance sheet. For the TSR Awards, a third party appraiser prepared a Monte Carlo simulation pricing model to determine the fair value, which is recognized ratably over the service period. For the ROC Awards, the fair value is based on the market value on the date of grant and the performance assumptions are re-evaluated quarterly. The Company does not recognize expense on ROC Awards which it does not expect to vest. During 2019, RSUs exchangeable in 2021 and 2022 for an aggregate of 5,250 shares were forfeited.

As of March 31, 2021, based on performance and market assumptions, the fair value of the RSUs granted in 2020, 2019 and 2018 is \$962,000, \$1,446,000 and \$1,006,000, respectively. Recognition of such deferred compensation will be charged to General and administrative expense over the respective three year performance cycle. None of these RSUs were forfeited or vested during the three months ended March 31, 2021.

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**NOTE 9 – STOCKHOLDERS’ EQUITY (CONTINUED)**

The following is a summary of the activity of the equity incentive plans:

	Three Months Ended March 31,	
	2021	2020
<i>Restricted stock grants:</i>		
Number of shares	151,500	149,550
Average per share grant price	\$ 20.34	\$ 28.10
Deferred compensation to be recognized over vesting period	\$ 3,082,000	\$ 4,202,000
Number of non-vested shares:		
Non-vested beginning of year	701,675	674,250
Grants	151,500	149,550
Vested during period	(129,925)	(122,125)
Forfeitures	(200)	—
Non-vested end of period	<u>723,050</u>	<u>701,675</u>
<i>RSU grants:</i>		
Number of underlying shares	—	—
Average per share grant price	\$ —	\$ —
Deferred compensation to be recognized over vesting period	\$ —	\$ —
Number of non-vested shares:		
Non-vested beginning of year	223,802	225,026
Grants	—	—
Vested during period	—	—
Forfeitures	—	—
Non-vested end of period	<u>223,802</u>	<u>225,026</u>
<i>Restricted stock and RSU grants (based on grant price):</i>		
Weighted average per share value of non-vested shares	\$ 24.68	\$ 25.52
Value of stock vested during the period	\$ 2,825,000	\$ 3,004,000
Weighted average per share value of shares forfeited during the period	\$ 23.62	\$ —
<i>Total charge to operations:</i>		
Outstanding restricted stock grants	\$ 897,000	\$ 875,000
Outstanding RSUs	446,000	101,000
Total charge to operations	<u>\$ 1,343,000</u>	<u>\$ 976,000</u>

As of March 31, 2021, total compensation costs of \$9,994,000 and \$1,432,000 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 2.8 years for the restricted stock and 1.3 years for the RSUs.

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**NOTE 10 – 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 (excluding interest rate swaps), are not measured at fair value on a recurring basis, but are considered to be recorded at amounts that approximate fair value.

At March 31, 2021, the \$444,282,000 estimated fair value of the Company's mortgages payable is greater than their \$427,955,000 carrying value (before unamortized deferred financing costs) by approximately \$16,327,000 assuming a blended market interest rate of 3.5% based on 6.9 year weighted average remaining term to maturity of the mortgages.

At December 31, 2020, the \$461,965,000 estimated fair value of the Company's mortgages payable is greater than their \$433,549,000 carrying value (before unamortized deferred financing costs) by approximately \$28,416,000, assuming a blended market interest rate of 3.0% based on the 7.1 year weighted average remaining term to maturity of the mortgages.

At March 31, 2021 and December 31, 2020, the carrying amount of the Company's line of credit (before unamortized deferred financing costs) of \$15,450,000 and \$12,950,000, respectively, approximates its fair value.

The fair value of the Company's mortgages payable and line of credit are 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 March 31, 2021, the Company had in effect 22 interest rate derivatives, all of which were interest rate swaps, related to 22 outstanding mortgage loans with an aggregate \$81,862,000 notional amount maturing between 2021 and 2028 (weighted average remaining term to maturity of 3.7 years). The Company's objective in using interest rate swaps is to add stability to interest expense. These interest rate swaps, all of which were designated as cash flow hedges, converted LIBOR based variable rate mortgages to fixed annual rate mortgages (with interest rates ranging from 3.02% to 5.16% and a weighted average interest rate of 3.95% at March 31, 2021). The Company does not use derivatives for trading or speculative purposes.

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

<i>Financial liabilities:</i>	As of	Carrying and Fair Value	Balance Sheet Classification
Interest rate swaps	March 31, 2021	\$ 3,511	Other liabilities
	December 31, 2020	5,012	

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**NOTE 10 – FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair values are approximated using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. This 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 credit valuation adjustments associated with its 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 March 31, 2021, 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.

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	
	March 31,	
	2021	2020
Amount of gain (loss) recognized on derivatives in other comprehensive loss	\$ 1,093	\$ (4,928)
Amount of reclassification from Accumulated other comprehensive loss into Interest expense	(408)	(110)

No amounts were reclassified from Accumulated other comprehensive loss into interest expense as a result of forecasted transactions being no longer probable of occurring for the three months ended March 31, 2021 and 2020. No gain or loss was recognized with respect to amounts excluded from effectiveness testing on the Company's cash flow hedges for the three months ended March 31, 2021 and 2020.

During the twelve months ending March 31, 2022, the Company estimates an additional \$1,547,000 will be reclassified from Accumulated other comprehensive loss as an increase to Interest expense.

The derivative agreements in effect at March 31, 2021 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.

As of March 31, 2021 and December 31, 2020, the fair value of the derivatives in a liability position, including accrued interest of \$123,000 and \$120,000, respectively, but excluding any adjustments for non-performance risk, was approximately \$3,727,000 and \$5,314,000, respectively. In the event the Company had breached the contractual provisions of the derivative contracts, it would be required to settle its obligations thereunder at their termination liability value of \$3,727,000 and \$5,314,000 as of March 31, 2021 and December 31, 2020, respectively. This termination liability value, net of adjustments for non-performance risk of \$93,000 and \$182,000, is included in Accrued expenses and other liabilities on the consolidated balance sheet at March 31, 2021 and December 31, 2020, respectively.

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**NOTE 11 – OTHER INCOME**

***Lease Assignment Fee Income***

In March 2021, the Company received a one-time \$100,000 fee from a tenant in connection with consenting to a lease assignment related to six of its properties; such amount is included in Other income on the consolidated statement of income for the three months ended March 31, 2021.

***Insurance Recoveries on Hurricane Casualty***

In 2020, a portion of a multi-tenanted building at the Company's Lake Charles, Louisiana property was damaged due to Hurricane Laura and the Company recognized an impairment loss of \$430,000 for the damaged portion of the building. The Company submitted a claim to its insurance carrier to cover, subject to a \$250,000 deductible, the (i) estimated \$2,100,000 cost to rebuild the damaged portion of the building and (ii) \$129,000 of losses in rental income. In 2020, the Company recorded a receivable of \$430,000 related to this claim as income on insurance recoveries, of which \$150,000 was collected by December 31, 2020. Through March 31, 2021, the Company received an additional \$300,000 advance from the insurance carrier, of which a \$20,000 gain is included in Other income on the consolidated statement of income for the three months ended March 31, 2021.

***Interest Income on Loan Receivable***

In December 2020, in connection with a sale of two properties in Houston, Texas, the Company provided a \$4,612,500 one-year loan representing 50% of the purchase price as seller-financing to the buyer which is included in other receivables on the consolidated balance sheets at March 31, 2021 and December 31, 2020. The Company received \$46,000 of interest income on this loan during the three months ended March 31, 2021, which is recorded in Other income on the consolidated statement of income. The Company has evaluated the credit loss using the loss-rate method and determined the expected credit loss on this loan is immaterial for the three months ended March 31, 2021. On April 26, 2021, the loan was repaid.

**NOTE 12 – SALE OF PROPERTY**

In 2020, the Company sold a retail property located in Onalaska, Wisconsin for approximately \$7,093,000, net of closing costs. The sale resulted in a gain of \$4,252,000 which was recorded as Gain on sale of real estate, net, in the consolidated statement of income for the three months ended March 31, 2020. In connection with the sale, the Company paid off the \$3,332,000 mortgage and incurred a \$290,000 debt prepayment cost which was recorded as Prepayment costs on debt in the consolidated statement of income for the three months ended March 31, 2020.

**NOTE 13 – NEW ACCOUNTING PRONOUNCEMENTS**

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)*, which contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. Through the three months ended March 31, 2021, the Company has elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. The Company may apply other elections, as applicable, as additional changes in the market occur. The Company continues to evaluate the new guidance to determine the extent to which it may impact the Company's consolidated financial statements.

**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.

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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.

Currently, the most significant risk and uncertainty we face is the adverse effect of the COVID-19 pandemic, the various governmental and non-governmental responses thereto, and the related economic consequences of the foregoing on (i) our and our tenants' financial condition, results of operations, cash flows and performance, and (ii) the real estate market, global economy and financial markets. The extent to which COVID-19 impacts us, our tenants and the economy generally will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures, among others. Moreover, you should interpret many of the risks, uncertainties and challenges identified in this report, as well as the risks, uncertainties and challenges set forth in the other reports we file with the Securities and Exchange Commission (the "SEC"), as being heightened as a result of the numerous adverse impacts of the COVID-19 pandemic, which risks, uncertainties and challenges are magnified due to the ongoing nature of the pandemic. Additional 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;
- the ability or willingness of mortgage lenders to make accommodations with respect to our debt service obligations at properties for which we provide rent relief to our tenants or which are otherwise challenged;
- adverse changes and disruption in the retail sector, 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;
- 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;
- limitations on our ability to exercise legal remedies due to court closures and/or moratoriums on the exercise of certain types of remedies or activities;
- the level and volatility of interest rates;
- general economic and business conditions, including those currently affecting our nation's economy and real estate markets;
- general and local real estate conditions, including any changes in the value of our real estate;
- compliance with credit facility and mortgage debt covenants;
- the availability of, and costs associated with, sources of capital and liquidity;

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- competition in our industry; 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 under “*Item 1A. Risk Factors*” and “*Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations*” in our Annual Report on Form 10-K for the year ended December 31, 2020, and in the Quarterly Reports on Form 10-Q and the other reports we file thereafter with the SEC.

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.

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 mentioned in the discussion below and elsewhere in this report 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. Actual future results may vary materially.

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 Our Properties

As more fully described in our Annual Report on Form 10-K for the year ended December 31, 2020 (the “Annual Report”), and in particular the sections thereof entitled “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Challenges and Uncertainties Resulting from the COVID-19 Pandemic*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Challenges and Uncertainties Facing our Beachwood, Ohio Property*”, several of our properties face challenges due to the pandemic or other factors. There have been no material changes to the status of the properties as described in our Annual Report other than:

- Regal Cinemas has announced that the three theaters we own (including a theater owned by an unconsolidated joint venture) will reopen by mid-May 2021; Regal has paid all payments required to be made by it pursuant to the lease amendments entered into in February 2021 (see Note 3 to our consolidated financial statements); and
- The owner/operator of The Vue, a multi-family residential complex in Beachwood, Ohio, has not made rental payments for the past several months and we do not anticipate it will make any rent payments for several more months, if not longer. During the quarter ended March 31, 2021, and from April 1 through May 3, 2021, we provided The Vue with funding, all of which has been or will be capitalized, of \$378,000 and \$552,000, respectively, for operating expense shortfalls, and \$52,000 and \$59,000 for capital expenditures, respectively.

### 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, retail (including furniture stores and supermarkets), restaurant, health and fitness and theater properties, many of which are subject to long-term net leases. As of March 31, 2021, we own 123 properties (including four properties owned by consolidated joint ventures and three properties owned by unconsolidated joint ventures) located in 31 states. Based on square footage, our occupancy rate at March 31, 2021 is approximately 97.5%.



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In addition to the challenges and uncertainties presented by the pandemic, we, among other things, face additional challenges and uncertainties, which are heightened by the pandemic, 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 industries, 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, regular contact with tenant's representatives, tenant credit checks and regular management reviews of our tenants. We may sell a property if the tenant's financial condition is unsatisfactory.

In acquiring or disposing of properties, we evaluate the terms of the leases and the credit of the existing tenants with a fundamental analysis of the real estate to be bought or sold, which analysis takes into account, among other things, the estimated value of the property, local 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 depreciation in value), the term remaining on any related 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.

Over the past several years, we have been addressing the challenges presented by the growth of e-commerce and our exposure to the retail industry by focusing on acquiring industrial properties (including warehouse and distribution facilities) and properties that we believe capitalize on e-commerce activities, and disposing of retail properties which we did not believe to be advantageous to hold for the long-term. Approximately 54.8% of our contractual base rent (as described below) is derived from industrial properties and 31.8%, 4.9%, 4.6%, 2.4%, and 1.5% from retail, restaurant, health and fitness, other and theater properties, respectively. We face significant competition in seeking to acquire industrial properties. The returns and cash flow we generate from industrial properties, and in particular, the returns and cash flow generated by the reinvestment in industrial properties of the net proceeds from the sale of retail properties may not be as favorable to us as the returns and cash flow currently generated by our retail properties. Decreases in cash flows or returns on investments resulting from the ownership of industrial properties as compared to retail properties may make it difficult for us to sustain our current level of dividend payments.

Our 2021 contractual base rent is approximately \$69.9 million and represents, after giving effect to any abatements, concessions, deferrals or adjustments in effect as of March 31, 2021, the base rent payable to us during the year ending December 31, 2021 under leases in effect at March 31, 2021, excluding an aggregate of \$5.8 million comprised of: (i) \$2.7 million of COVID-19 rent deferral repayments due in 2021 which were accrued to rental income in 2020, of which \$1.2 million was paid by April 30, 2021, (ii) \$1.6 million representing our share of the base rent payable in 2021 to our unconsolidated joint ventures, (iii) \$1.2 million of estimated variable lease payments from The Vue, a multi-family complex which ground leases the underlying land from us and which we do not anticipate will be paying rent for several months, if not longer, (iv) approximately \$755,000 of amortization of intangibles and (v) the reversal of approximately \$443,000 of straight-line rent.

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The following table sets forth scheduled expirations of leases for our properties as of March 31, 2021 for the periods indicated below:

Lease Expiration (1) Year Ending December 31,	Number of Expiring Leases	Approximate Square Footage Subject to Expiring Leases (2)	Contractual Base Rent Under Expiring Leases	Contractual Base Rent Represented by Expiring Leases
2021	7	244,951	\$ 1,038,780	1.5 %
2022	26	2,204,757	15,178,783	21.7
2023	24	1,257,165	8,638,546	12.4
2024	20	743,326	4,963,327	7.1
2025	13	439,652	4,582,869	6.6
2026	13	738,276	6,034,807	8.6
2027	9	1,106,041	6,464,456	9.2
2028	9	557,653	2,791,102	4.0
2029	6	908,121	4,594,092	6.6
2030	6	191,843	3,695,577	5.3
2031 and thereafter	23	1,800,207	11,871,724	17.0
	<u>156</u>	<u>10,191,992</u>	<u>\$ 69,854,063</u>	<u>100.0 %</u>

- (1) Lease expirations assume tenants do not exercise existing renewal or termination options.  
(2) Excludes an aggregate of 112,080 square feet of vacant space.

Results of Operations

*Total revenues*

The following table compares Total revenues for the periods indicated:

(Dollars in thousands)	Three Months Ended March 31,		Increase (Decrease)	% Change
	2021	2020		
Rental income, net	\$ 20,684	\$ 21,239	\$ (555)	(2.6)
Lease termination fees	132	—	132	n/a
Total revenues	<u>\$ 20,816</u>	<u>\$ 21,239</u>	<u>\$ (423)</u>	<u>(2.0)</u>

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

(Dollars in thousands)	Three Months Ended March 31,		Increase (Decrease)	% Change
	2021	2020		
Acquisitions (1)	\$ 530	\$ 204	\$ 326	159.8
Dispositions (2)	—	578	(578)	(100.0)
Same store (3)	20,154	20,457	(303)	(1.5)
Rental income, net	<u>\$ 20,684</u>	<u>\$ 21,239</u>	<u>\$ (555)</u>	<u>(2.6)</u>

- (1) Represents rental income from two properties acquired since January 1, 2020; no properties were acquired during the three months ended March 31, 2021.  
(2) Represents rental income from four properties sold since January 1, 2020.  
(3) Represents rental income from properties that were owned for the entirety of the periods presented.

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Changes due to acquisitions and dispositions

The three months ended March 31, 2021 reflect a decrease of \$578,000 from the three months ended March 31, 2020, due primarily to the inclusion, in the 2020 period, of rental income from four properties sold during 2020. Offsetting this decrease is an increase of \$204,000 generated by two properties acquired in 2020.

Changes at same store properties

The decrease in same store rental income during the three months ended March 31, 2021 is due primarily to a decrease of (i) \$243,000 in variable rent at The Vue and (ii) \$198,000 from our two Regal Cinemas' properties, for which we are recording income on a cash basis and for which 90% of the rent for the quarter ended March 31, 2021 is being deferred until January 2022. Rental income from several other properties resulted in additional decreases and increases, none of which were individually significant.

This decrease was offset during the three months ended March 31, 2021 by a net increase of \$225,000 of tenant reimbursements which relate to real estate taxes (*i.e.* \$160,000) and operating expenses (*i.e.* \$65,000) generally incurred in the same period.

*Lease termination fees.*

In connection with the exercise of early lease termination options of two tenants, we received aggregate fees of \$438,000 fee (*i.e.*, \$88,000 in 2020 and \$350,000 in 2021), of which \$132,000 was recognized in the three months ended March 31, 2021, and the balance will be recognized from April through December 2021.

*Operating Expenses*

The following table compares operating expenses for the periods indicated:

(Dollars in thousands)	Three Months Ended March 31,		Increase (Decrease)	% Change
	2021	2020		
Operating expenses:				
Depreciation and amortization	\$ 5,757	\$ 5,674	\$ 83	1.5
General and administrative	3,642	3,334	308	9.2
Real estate expenses	3,686	3,342	344	10.3
State taxes	75	82	(7)	(8.5)
Total operating expenses	<u>\$ 13,160</u>	<u>\$ 12,432</u>	<u>\$ 728</u>	5.9

*Depreciation and amortization.* The increase is due primarily to (i) the inclusion of \$144,000 of such expense from the properties acquired in 2020 and (ii) accelerated amortization of tenant origination costs of \$94,000 in connection with the tenant's exercise of an early lease termination option. This increase was offset by the inclusion, in the corresponding period in 2020, of \$95,000 of such expense from the properties sold since January 1, 2020.

*General and administrative.* The increase is due primarily to a \$345,000 increase in non-cash compensation expense related to RSUs (due to updated and more favorable projections of the achievability of performance metrics), offset by a \$86,000 decrease in professional fees.

*Real estate expenses.* The increase is due primarily to increases of (i) \$185,000 of snow removal expense and (ii) \$135,000 of real estate tax expense.

*Gain on sale of real estate, net.*

The \$4.3 million gain in the 2020 period was realized from the sale of our Onalaska, Wisconsin property. There were no sales during the three months ended March 31, 2021.

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*Other Income and Expenses*

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

(Dollars in thousands)	Three Months Ended March 31,		Increase (Decrease)	% Change
	2021	2020		
<b>Other income and expenses:</b>				
Equity in (loss) earnings of unconsolidated joint ventures	\$ (22)	\$ 64	\$ (86)	(134.4)
Equity in earnings from sale of unconsolidated joint venture property	—	121	(121)	(100.0)
Prepayment costs on debt	—	(290)	(290)	(100.0)
Other income	170	4	166	4,150.0
<b>Interest:</b>				
Expense	(4,634)	(4,884)	(250)	(5.1)
Amortization and write-off of deferred financing costs	(213)	(243)	(30)	(12.3)

*Equity in (loss) earnings of unconsolidated joint ventures.* The 2021 period reflects a \$91,000 decrease due primarily to the impact of the pandemic on a multi-tenant retail property in Manahawkin, New Jersey (the “Manahawkin Property”).

*Equity in earnings from sale of unconsolidated joint venture property.* The 2020 period includes a \$121,000 gain from the sale of the Savannah, Georgia property. There was no corresponding gain during the 2021 period.

*Prepayment costs on debt.* The 2020 period includes costs incurred in connection with the sale of the Onalaska, Wisconsin property.

*Other income.* The 2021 period includes a \$100,000 fee obtained in connection with an assignment of a lease.

*Interest expense.* The following table details the components of interest expense for the periods indicated:

(Dollars in thousands)	Three Months Ended March 31,		Increase (Decrease)	% Change
	2021	2020		
<b>Interest expense:</b>				
Credit line interest	\$ 121	\$ 240	\$ (119)	(49.6)
Mortgage interest	4,513	4,644	(131)	(2.8)
Total	\$ 4,634	\$ 4,884	\$ (250)	(5.1)

Credit line interest

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

(Dollars in thousands)	Three Months Ended March 31,		Increase (Decrease)	% Change
	2021	2020		
Average interest rate on credit line debt	1.88 %	3.20 %	(1.32)%	(41.3)
Average principal amount of credit line debt	\$ 15,339	\$ 24,137	\$ (8,798)	(36.5)

The decrease in credit line interest is due to a (i) 132 basis point decrease (*i.e.*, from 3.20% to 1.88%) in the weighted average interest rate due to a decrease in the one month LIBOR rate and (ii) decrease of \$8.8 million (*i.e.*, from \$24.1 million to \$15.3 million) in the weighted average balance outstanding under our line of credit.

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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		Increase (Decrease)	% Change
	March 31,			
	2021	2020		
Average interest rate on mortgage debt	4.19 %	4.19 %	— %	—
Average principal amount of mortgage debt	\$ 430,768	\$ 443,055	\$ (12,287)	(2.8)

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, issuances of our equity securities and property sales. Our available liquidity at May 3, 2021, was \$81.5 million, including \$6.8 million of cash and cash equivalents (including the credit facility's required \$3.0 million average deposit maintenance balance) and \$74.7 million available under our credit facility. At May 3, 2021, the facility is available for the acquisition of commercial real estate, repayment of mortgage debt, and \$10.0 million for renovation expenses and \$19.0 million for operating expenses.

Liquidity and Financing

We expect to meet our (i) operating cash requirements (including debt service and current level dividend payments) principally from cash flow from operations, our available cash and cash equivalents, proceeds from and, to the extent permitted and needed, our credit facility and (ii) investing and financing cash requirements (including an estimated \$3.3 million of capital expenditures and transaction fees that may be required over the next two years in connection with anticipated lease extensions) from the foregoing, as well as property financings, property sales and sale of our common stock. We and our joint venture partner are also re-developing the Manahawkin Property and are targeting a 2022 completion - we estimate that our share of the capital expenditures required in connection with such re-development will range from \$12.0 million to \$15.0 million. We are evaluating various sources of funding for such expenditures including borrowings from our credit facility.

At March 31, 2021, excluding the mortgage debt of our unconsolidated joint venture, we had 73 outstanding mortgages payable secured by 90 properties in the aggregate principal amount of \$428.0 million (before netting unamortized deferred financing costs of \$3.7 million). These mortgages represent first liens on individual real estate investments with an aggregate carrying value of \$705.1 million, before accumulated depreciation of \$119.8 million. After giving effect to interest rate swap agreements, the mortgage payments bear interest at fixed rates ranging from 3.02% to 5.87% (a 4.19% weighted average interest rate) and mature between 2021 and 2042 (a 6.9 year weighted average remaining term to maturity).

The following table sets forth, as of March 31, 2021, information with respect to our mortgage debt that is payable during the nine months ending December 31, 2021 and for each of the subsequent twelve months through December 31, 2024 (excluding the mortgage debt of our unconsolidated joint venture):

(Dollars in thousands)	2021	2022	2023	2024	Total
Amortization payments	\$ 10,512	\$ 14,542	\$ 13,569	\$ 12,380	\$ 51,003
Principal due at maturity	6,469	31,584	16,709	50,636	105,398
Total	\$ 16,981	\$ 46,126	\$ 30,278	\$ 63,016	\$ 156,401

At March 31, 2021, an unconsolidated joint venture had a first mortgage on its property with an outstanding balance of \$22.7 million, bearing an interest rate of 4.0% and maturing in 2025.

We intend to make debt amortization payments from operating cash flow and, though no assurance can be given that we will be successful in this regard, generally intend to refinance, extend or payoff the mortgage loans which mature in 2021

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through 2024. We intend to repay the amounts not refinanced or extended from our existing funds and sources of funds, including our available cash, proceeds from 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, since each of our encumbered properties is subject to a non-recourse mortgage (with standard carve-outs), if our in-house evaluation of the market value of such property is less than the principal balance outstanding on the mortgage loan, we may determine to convey, in certain circumstances, such property to the mortgagee in order to terminate our mortgage obligations, including payment of interest, principal and real estate taxes, with respect to such property.

Typically, we utilize 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 \$30.0 million and 30% of the borrowing base subject to a cap of (i) \$10.0 million for renovation expenses and (ii) \$20.0 million for operating expense purposes. On July 1, 2022, the amounts we can borrow for renovation expenses and operating expenses will change to \$20.0 million and \$10.0 million, respectively. To the extent that as of June 30, 2022 more than \$10.0 million is outstanding for operating expense purposes, such excess must be repaid immediately. The facility matures December 31, 2022 and bears interest equal to the one month LIBOR rate 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 300 basis points if such ratio is greater than 65%. The applicable margin was 200 basis points for the three months ended March 31, 2021 and 2020. 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 1.86% at March 31, 2021 and May 2, 2021, respectively.

The terms of our credit facility include certain restrictions and covenants which 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 total 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 March 31, 2021, we were in compliance with the covenants under this facility.

*Off-Balance Sheet Arrangement*

We are not a party to any off-balance sheet arrangements other than with respect to a land parcel owned by us and located in Beachwood, Ohio. This parcel is improved by a multi-family complex and we ground leased the parcel to the owner/operator of such complex. This ground lease did not generate any rental income during the three months ended March 31, 2021. At March 31, 2021, the carrying value of the land on our balance sheet was \$14.6 million; our leasehold position is subordinate to \$66.9 million of mortgage debt incurred by our tenant, the owner/operator of the multi-family complex. In addition, we have agreed 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 4 to our consolidated financial statements for additional information regarding this arrangement.

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*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 our straight-line rent accruals and amortization of lease intangibles, deducting lease termination and certain other non-recurring 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), income on insurance recoveries from casualties and debt prepayment costs. Since the NAREIT White Paper does not provide guidelines for computing AFFO, the computation of AFFO may vary 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 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.

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The table below provides 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 March 31,	
	2021	2020
GAAP net income attributable to One Liberty Properties, Inc.	\$ 2,962	\$ 7,826
Add: depreciation and amortization of properties	5,655	5,573
Add: our share of depreciation and amortization of unconsolidated joint ventures	134	139
Add: amortization of deferred leasing costs	102	101
Add: our share of amortization of deferred leasing costs of unconsolidated joint ventures	7	4
Deduct: gain on sale of real estate, net	—	(4,252)
Deduct: equity in earnings from sale of unconsolidated joint venture property	—	(121)
Adjustments for non-controlling interests	(21)	(21)
NAREIT funds from operations applicable to common stock	8,839	9,249
Deduct: straight-line rent accruals and amortization of lease intangibles	(137)	(570)
Deduct: our share of straight-line rent accruals and amortization of lease intangibles of unconsolidated joint ventures	(1)	(13)
Deduct: lease termination fee income	(132)	—
Deduct: lease assignment fee income	(100)	—
Add: amortization of restricted stock compensation	1,343	976
Add: prepayment costs on debt	—	290
Deduct: income on insurance recoveries from casualty loss	(20)	—
Add: amortization and write-off of deferred financing costs	213	243
Add: our share of amortization and write-off of deferred financing costs of unconsolidated joint ventures	4	4
Adjustments for non-controlling interests	—	1
Adjusted funds from operations applicable to common stock	\$ 10,009	\$ 10,180

	Three Months Ended March 31,	
	2021	2020
GAAP net income per common share attributable to One Liberty Properties, Inc.	\$ .13	\$ .39
Add: depreciation and amortization of properties	.28	.27
Add: our share of depreciation and amortization of unconsolidated joint ventures	.01	.01
Add: amortization of deferred leasing costs	—	.01
Add: our share of amortization of deferred leasing costs of unconsolidated joint ventures	—	—
Deduct: gain on sale of real estate, net	—	(.21)
Deduct: equity in earnings from sale of unconsolidated joint venture property	—	(.01)
Adjustments for non-controlling interests	—	—
NAREIT funds from operations per share of common stock	.42	.46
Deduct: straight-line rent accruals and amortization of lease intangibles	(.01)	(.02)
Deduct: our share of straight-line rent accruals and amortization of lease intangibles of unconsolidated joint ventures	—	—
Deduct: lease termination fee income	(.01)	—
Deduct: lease assignment fee income	—	—
Add: amortization of restricted stock compensation	.07	.05
Add: prepayment costs on debt	—	.01
Deduct: income on insurance recoveries from casualty loss	—	—
Add: amortization and write-off of deferred financing costs	.01	.01
Add: our share of amortization and write-off of deferred financing costs of unconsolidated joint ventures	—	—
Adjustments for non-controlling interests	—	—
Adjusted funds from operations per share of common stock	\$ .48	\$ .51



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The \$410,000, or 4.4%, decrease in FFO is due primarily to:

- a \$555,000 decrease in rental income,
- a \$337,000 increase in real estate operating expense, and
- a \$308,000 net increase in general and administrative expense.

Offsetting the decrease is:

- a \$290,000 decrease in prepayment costs on debt,
- a \$250,000 decrease in interest expense,
- a \$166,000 increase in other income, and
- a \$132,000 increase in lease termination fee income.

See “—*Results of Operations*” for further information about these changes.

The \$171,000, or 1.7%, decrease in AFFO is due primarily to:

- a \$433,000 decrease in rental income related to straight-line rent accruals and amortization of lease intangibles,
- a \$367,000 increase in general and administrative expense related to amortization of restricted stock compensation,
- the \$290,000 decrease in prepayment costs on debt,
- the \$120,000 increase in other income primarily from a lease assignment fee, and
- the \$132,000 increase in lease termination fee income.

See “—*Results of Operations*” for further information about 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 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 March 31, 2021, our aggregate liability in the event of the early termination of our swaps was \$3.7 million.

At March 31, 2021, we had 22 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 March 31, 2021, if there had been an increase of 100 basis points in forward interest rates, the fair market value of the interest rate swaps would have increased by approximately \$2.7 million and the net unrealized loss on derivative instruments would have decreased by \$2.7 million. If there were a decrease of 100 basis points in forward interest rates, the fair market value of the interest rate swaps would have decreased by approximately \$2.8 million and the net unrealized loss on derivative instruments would have increased by \$2.8 million. 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, bears interest at fixed rates and accordingly, the effect of changes in interest rates would not impact the amount of interest expense that we incur under these mortgages.

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Our variable rate credit facility is sensitive to interest rate changes. Based on the outstanding balance under this facility of \$15.5 million at March 31, 2021, a 100 basis point increase of the interest rate would increase our related interest costs over the next twelve months by approximately \$155,000 and a 100 basis point decrease of the interest rate would decrease our related interest costs over the next twelve months by approximately \$16,000.

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 March 31, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II – Other Information

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Title of Exhibit</u>
3.2	Amended and Restated By-Laws of One Liberty Properties, Inc.
10.1*	<a href="#">First Amendment to Compensation and Services Agreement effective as of April 1, 2012 between One Liberty Properties, Inc. and Majestic Property Management Corp. (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012).</a>
10.2*	<a href="#">Form of Restricted Stock Award Agreement for the 2012 Incentive Plan (incorporated by reference to Exhibit 10.9 to our Annual Report on Form 10-K for the year ended December 31, 2013).</a>
10.3*	<a href="#">Form of Restricted Stock Award Agreement for awards granted in 2017 pursuant to the 2016 Incentive Plan (incorporated by reference to Exhibit 10.12 to our Annual Report on Form 10-K for the year ended December 31, 2016).</a>
10.4*	<a href="#">Form of Performance Award Agreement for grants in 2017 pursuant to the 2016 Incentive Plan (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2017).</a>
10.5*	<a href="#">Form of Restricted Stock Award Agreement for awards granted in 2018 and 2019 pursuant to the 2016 Incentive Plan (incorporated by reference to Exhibit 10.7 of our Annual Report on Form 10-K for the year ended December 31, 2017).</a>
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 March 31, 2021 filed on May 6, 2021, 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.  
The file number for all the exhibits incorporated by reference is 001-09279.

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**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: May 6, 2021

/s/ Patrick J. Callan, Jr.  
Patrick J. Callan, Jr.  
President and Chief Executive Officer  
(principal executive officer)

Date: May 6, 2021

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

**ONE LIBERTY PROPERTIES, INC.**  
**AMENDED AND RESTATED BY LAWS**

ARTICLE I  
OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Corporation in the State of Maryland shall be located at such place as the Board of Directors may designate.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II  
MEETINGS OF STOCKHOLDERS

Section 1. PLACE. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set in accordance with these Bylaws and stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on the date and at the time and place set by the Board of Directors.

Section 3. SPECIAL MEETINGS.

- (a) General. Each of the Chairman of the Board, the Chief Executive Officer, the President and the Board of Directors may call a special meeting of stockholders. Except as provided in subsection (b)(4) of this Section 3, a special meeting of stockholders shall be held on the date and at the time and place set by the Chairman of the Board, the Chief Executive Officer, the President or the Board of Directors, whoever has called the meeting. Subject to subsection (b) of this Section 3, a special meeting of stockholders shall also be called by the Secretary of the Corporation to act on any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders entitled to cast at least 25 percent of all the votes entitled to be cast on such matter at such meeting.
- (b) Stockholder-Requested Special Meetings.
- (1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the Secretary (the "Record Date Request Notice") by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "Request Record Date"). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature
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of each such stockholder (or such agent) and shall set forth all information relating to each such stockholder and each matter proposed to be acted on at the meeting that would be required to be disclosed in connection with the solicitation of proxies for the election of directors in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such a solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which a Record Date Request Notice is received by the Secretary.

- (2) In order for any stockholder to request a special meeting to act on any matter that may properly be considered at a meeting of stockholders, one or more written requests for a special meeting (collectively, the "Special Meeting Request") signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast at least 25 percent of all of the votes entitled to be cast on such matter at such meeting (the "Special Meeting Percentage") shall be delivered to the Secretary. In addition, the Special Meeting Request shall (A) set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the Secretary), (B) bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (C) set forth (i) the name and address, as they appear in the Corporation's books, of each stockholder signing such request (or on whose behalf the Special Meeting Request is signed), (ii) the class, series and number of all shares of stock of the Corporation which are owned (beneficially and of record) by each such stockholder and (iii) the nominee holder for, and number of, shares of stock of the Corporation owned beneficially but not of record by such stockholder, (D) be sent to the Secretary by registered mail, return receipt requested, and (E) be received by the Secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation of the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the Secretary.
  - (3) The Secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing or delivering the notice of the meeting (including the Corporation's proxy materials). The Secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this Section 3(b), the Secretary receives payment of such reasonably estimated cost prior to the preparation and mailing or delivery of such notice of the meeting.
  - (4) In the case of any special meeting called by the Secretary upon the request of stockholders (a "Stockholder-Requested Meeting"), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; *provided, however*, that the date of any Stockholder-Requested Meeting shall be not more than 90 days after the record date for such meeting (the "Meeting Record Date"); and provided further, that
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if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually received by the Secretary (the "Delivery Date"), a date and time for a Stockholder-Requested Meeting, then such meeting shall be held at 9:00 a.m., Eastern Time, on the 90th day after the Meeting Record Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and provided further, that in the event that the Board of Directors fails to designate a place for a Stockholder-Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for a Stockholder-Requested Meeting, the Board of Directors may consider such factors as it deems relevant, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for the meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder-Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder-Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this Section 3(b).

- (5) If written revocations of the Special Meeting Request have been delivered to the Secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting on the matter to the Secretary: (A) if the notice of meeting has not already been delivered, the Secretary shall refrain from delivering the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for a special meeting on the matter, or (B) if the notice of meeting has been delivered and if the Secretary first sends to all requesting stockholders who have not revoked requests for a special meeting on the matter written notice of any revocation of a request for the special meeting and written notice of the Corporation's intention to revoke the notice of the meeting or for the chairman of the meeting to adjourn the meeting without action on the matter, (i) the Secretary may revoke the notice of the meeting at any time before ten days before the commencement of the meeting or (ii) the chairman of the meeting may call the meeting to order and adjourn the meeting without acting on the matter. Any request for a special meeting received after a revocation by the Secretary of a notice of a meeting shall be considered a request for a new special meeting.
  - (6) The Chairman of the Board, the Chief Executive Officer, the President or the Board of Directors may appoint regionally or nationally recognized independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the Secretary. For the purpose of permitting the inspectors to perform such review, no such purported Special Meeting Request shall be deemed to have been received by the Secretary until the earlier of (A) five Business Days after actual receipt by the Secretary of such purported request and (B) such date as the independent inspectors certify to the Corporation that the valid requests received by the Secretary represent, as of the Request Record Date, stockholders of record entitled to cast not less than the Special Meeting Percentage. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to
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take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

- (7) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of stockholders, the Secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting notice in writing or by electronic transmission stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, by mail, by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business, by electronic transmission or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid. If transmitted electronically, such notice shall be deemed to be given when transmitted to the stockholder by an electronic transmission to any address or number of the stockholder at which the stockholder receives electronic transmissions. The Corporation may give a single notice to all stockholders who share an address, which single notice shall be effective as to any stockholder at such address, unless such stockholder objects in writing or by electronic transmission to receiving such single notice or revokes a prior consent to receiving such single notice. Failure to give notice of any meeting to one or more stockholders, or any irregularity in such notice, shall not affect the validity of any meeting fixed in accordance with this Article II or the validity of any proceedings at any such meeting.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice. The Corporation may postpone or cancel a meeting of stockholders by making a public announcement (as defined in Section 11(c)(3) of this Article II) of such postponement or cancellation prior to the meeting. Notice of the date, time and place to which the meeting is postponed shall be given not less than ten days prior to such date and otherwise in the manner set forth in this Section.

Section 5. QUORUM. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter shall constitute a quorum; but this Section shall not affect any requirement under any statute or the charter of the Corporation (the "Charter") for the vote necessary for the approval of any matter. If such quorum is not established at any meeting of stockholders, the chairman of the meeting may conclude the meeting or adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting.

The stockholders present either in person or by proxy, at a meeting which has been duly called and at which a quorum has been established, may continue to transact business until adjournment, notwithstanding the withdrawal from the meeting of enough stockholders to leave fewer than would be required to establish a quorum.

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Section 6. VOTING; PROXIES.

- (a) Except in a contested election, a nominee for director shall be elected as a director only if such nominee receives the affirmative vote of a majority of the total votes cast "for" or "against," or withheld as to, such nominee at a meeting of stockholders duly called and at which a quorum is present. In a contested election, directors shall be elected by a plurality of the votes cast in the election of directors at a meeting of stockholders duly called and at which a quorum is present. An election shall be considered contested if, as of the date of the proxy statement for the meeting of stockholders at which directors are to be elected, there are more nominees for election than the number of directors to be elected. Unless otherwise provided by statute or by the Charter, each outstanding share entitles the holder thereof to vote for as many individuals as there are directors to be elected and for whose election the holder is entitled to vote. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the Charter. Unless otherwise provided by statute, by the Charter or by these Bylaws, each outstanding share, regardless of class, entitles the holder thereof to cast one vote on each matter properly submitted to a vote at a duly-called meeting of stockholders. Voting on any question or in any election may be viva voce unless the chairman of the meeting shall order that voting be by ballot or otherwise.
- (b) A stockholder of record may vote in person or by proxy executed by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the record of the proceedings of the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

Section 7. TELEPHONE MEETINGS. The Board of Directors or the chairman of the meeting may permit one or more stockholders to participate in a meeting by means of a conference telephone or other communications equipment in any manner permitted by Maryland law. In addition, the Board of Directors may determine that a meeting not be held at any place, but instead may be held solely by means of remote communications in any matter permitted by Maryland law. Participation in a meeting by these means constitutes presence in person at the meeting.

Section 8. ORGANIZATION AND ORDER OF BUSINESS. Every meeting of stockholders shall be conducted by the chairman of the board or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting in the following order: the vice chairman of the board, if there is one, the chief executive officer, the president, the vice presidents in their order of rank and, within each rank, in their order of seniority, or, in the absence of such officers, a chairman chosen by the Board of Directors. The secretary or, in the case of a vacancy in the office or absence of the secretary, an assistant secretary, or, in the absence of both the secretary and assistant secretaries, an individual appointed by the Board of Directors or, in the absence of such appointment, an individual appointed by the chairman of the meeting shall act as secretary. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting.

The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of the chairman and without any action by the stockholders, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance or participation at the meeting to stockholders of record of the Corporation, their duly authorized proxies and such other individuals as the

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chairman of the meeting may determine; (c) recognizing speakers at the meeting and determining when and for how long speakers and any individual speaker may address the meeting; (d) determining when and for how long the polls should be opened and when the polls should be closed and when announcement of the results should be made; (e) maintaining order and security at the meeting; (f) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; (g) concluding a meeting or recessing or adjourning the meeting, whether or not a quorum is present, to a later date and time and at a place announced at the meeting; and (h) complying with any state and local laws and regulations concerning safety and security. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with any rules of parliamentary procedure.

Section 9. INSPECTORS. The Board of Directors or the chairman of the meeting may appoint, before or at the meeting, one or more inspectors for the meeting and any successor to the inspector. Except as otherwise provided by the chairman of the meeting, the inspectors, if any, shall (i) determine the number of shares of stock represented at the meeting, in person or by proxy, and the validity of proxies, (ii) receive and tabulate all votes, ballots or consents, (iii) report such tabulation to the chairman of the meeting, (iv) hear and determine all challenges and questions arising in connection with the right to vote, and (v) do such acts as are proper to fairly conduct the election or vote. Each such report shall be in writing and signed by the inspector or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 10. CONSENT OF STOCKHOLDERS IN LIEU OF MEETING. Except as otherwise provided by statute or the Charter, any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a unanimous consent setting forth the action is given in writing or by electronic transmission by each stockholder entitled to vote on the matter and filed with the minutes of proceedings of the stockholders.

Section 11. ADVANCE NOTICE OF STOCKHOLDER NOMINEES FOR DIRECTOR AND OTHER STOCKHOLDER PROPOSALS.

(a) Annual Meetings of Stockholders.

(1) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record as of the record date set by the Board of Directors for the purpose of determining stockholders entitled to vote at the annual meeting, at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting (and any postponement or adjournment thereof), who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with this Section 11(a).

(2) For any nomination or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 11, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information

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required under this Section 11 and shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting; *provided, however*, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, in order for notice by the stockholder to be timely, such notice must be so delivered not earlier than the 150th day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120th day prior to the date of such annual meeting, as originally convened, or the tenth day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

- (3) Such stockholder's notice shall set forth:
- (i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director (each, a "Proposed Nominee"), all information relating to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act;
  - (ii) as to any other business that the stockholder proposes to bring before the meeting, a description of such business, the stockholder's reasons for proposing such business at the meeting and any material interest in such business of such stockholder or any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder or the Stockholder Associated Person therefrom;
  - (iii) as to the stockholder giving the notice, any Proposed Nominee and any Stockholder Associated Person,
    - (A) the class, series and number of all shares of stock or other securities of the Corporation (collectively, the "Company Securities"), if any, which are owned (beneficially or of record) by such stockholder, Proposed Nominee or Stockholder Associated Person, the date on which each such Company Security was acquired and the investment intent of such acquisition, and any short interest (including any opportunity to profit or share in any benefit from any decrease in the price of such stock or other security) in any Company Securities of any such person,
    - (B) the nominee holder for, and number of, any Company Securities owned beneficially but not of record by such stockholder, Proposed Nominee or Stockholder Associated Person,
    - (C) whether and the extent to which such stockholder, Proposed Nominee or Stockholder Associated Person, directly or indirectly (through brokers, nominees or otherwise), is subject to or during the last six months has engaged in any hedging, derivative or other transaction or
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series of transactions or entered into any other agreement, arrangement or understanding (including any short interest, any borrowing or lending of securities or any proxy or voting agreement), the effect or intent of which is to (I) manage risk or benefit of changes in the price of Company Securities for such stockholder, Proposed Nominee or Stockholder Associated Person or (II) increase or decrease the voting power of such stockholder, Proposed Nominee or Stockholder Associated Person in the Corporation disproportionately to such person's economic interest in the Company Securities, and

(D) any substantial interest, direct or indirect (including, without limitation, any existing or prospective commercial, business or contractual relationship with the Corporation), by security holdings or otherwise, of such stockholder, Proposed Nominee or Stockholder Associated Person, in the Corporation, other than an interest arising from the ownership of Company Securities where such stockholder, Proposed Nominee or Stockholder Associated Person receives no extra or special benefit not shared on a *pro rata* basis by all other holders of the same class or series;

(iv) as to the stockholder giving the notice, any Stockholder Associated Person with an interest or ownership referred to in clauses (ii) or (iii) of this paragraph (3) of this Section 11(a) and any Proposed Nominee,

(A) the name and address of such stockholder, as they appear on the Corporation's stock ledger, and the current name and address, if different, of each such Stockholder Associated Person and any Proposed Nominee and

(B) the investment strategy or objective, if any, of such stockholder and each such Stockholder Associated Person who is not an individual and a copy of the prospectus, offering memorandum or similar document, if any, provided to investors or potential investors in such stockholder and each such Stockholder Associated Person;

(v) the name and address of any person who contacted or was contacted by the stockholder giving the notice or any Stockholder Associated Person about the Proposed Nominee or other business proposal prior to the date of such stockholder's notice; and

(vi) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(4) Such stockholder's notice shall, with respect to any Proposed Nominee, be accompanied by a written undertaking executed by the Proposed Nominee (i) that such Proposed Nominee (a) is not, and will not become, a party to any agreement, arrangement or understanding with any person or entity other than the Corporation in connection with service or action as a director that has not been disclosed to the Corporation and (b) will serve as a director of the Corporation if elected; and (ii) attaching a completed Proposed Nominee questionnaire (which questionnaire shall be provided by the Corporation, upon request by the stockholder providing the notice, and shall include all information relating

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to the Proposed Nominee that would be required to be disclosed in connection with the solicitation of proxies for the election of the Proposed Nominee as a director in an election contest (even if an election contest is not involved), or would otherwise be required in connection with such solicitation, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act, or would be required pursuant to the rules of any national securities exchange on which any securities of the Corporation are listed or over-the-counter market on which any securities of the Corporation are traded).

(5) Notwithstanding anything in this subsection (a) of this Section 11 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased, and there is no public announcement of such action at least 130 days prior to the anniversary of the date of the proxy statement (as defined in Section 11(c)(3) of this Article II) for the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive office of the Corporation not later than 5:00 p.m., Eastern Time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(6) For purposes of this Section 11, "Stockholder Associated Person" of any stockholder shall mean (i) any person acting in concert with such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record, beneficially or both by such stockholder (other than a stockholder that is a depository) and (iii) any person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such stockholder or such Stockholder Associated Person.

- (b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting and, except as contemplated by and in accordance with the next two sentences of this Section 11(b), no stockholder may nominate an individual for election to the Board of Directors or make a proposal of other business to be considered at a special meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected only (i) by or at the direction of the Board of Directors, (ii) by a stockholder that has requested that a special meeting be called for the purpose of electing directors in compliance with Section 3 of this Article II and that has supplied the information required by Section 3 of this Article II about each individual whom the stockholder proposes to nominate for election of directors or (iii) provided that the special meeting has been called in accordance with Section 3(a) of this Article II for the purpose of electing directors, by any stockholder of the Corporation who is a stockholder of record as of the record date set by the Board of Directors for the purpose of determining stockholders entitled to vote at the special meeting, at the time of giving of notice provided for in this Section 11 and at the time of the special meeting (and any postponement or adjournment thereof), who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the notice procedures set forth in this Section 11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice, containing the information required by paragraphs (a)(3) and (4) of this Section 11, is delivered to the Secretary at
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the principal executive office of the Corporation not earlier than the 120<sup>th</sup> day prior to such special meeting and not later than 5:00 p.m., Eastern Time, on the later of the 90<sup>th</sup> day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) General.

(1) If information submitted pursuant to this Section 11 by any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall be inaccurate in any material respect, such information may be deemed not to have been provided in accordance with this Section 11. Any such stockholder shall notify the Corporation of any inaccuracy or change (within two Business Days of becoming aware of such inaccuracy or change) in any such information. Upon written request by the Secretary or the Board of Directors, any such stockholder shall provide, within five Business Days of delivery of such request (or such other period as may be specified in such request), (A) written verification, satisfactory, in the discretion of the Board of Directors or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11, and (B) a written update of any information (including, if requested by the Corporation, written confirmation by such stockholder that it continues to intend to bring such nomination or other business proposal before the meeting) submitted by the stockholder pursuant to this Section 11 as of an earlier date. If a stockholder fails to provide such written verification or written update within such period, the information as to which written verification or a written update was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 11.

(3) For purposes of this Section 11, "the date of the proxy statement" shall have the same meaning as "the date of the company's proxy statement released to shareholders" as used in Rule 14a-8(e) promulgated under the Exchange Act, as interpreted by the Securities and Exchange Commission from time to time. "Public announcement" shall mean disclosure (A) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or other widely circulated news or wire service or (B) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, or the right of the Corporation to omit a proposal from, any proxy statement filed by the Corporation with the Securities and Exchange Commission pursuant to Rule 14a-8 (or

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any successor provision) under the Exchange Act. Nothing in this Section 11 shall require disclosure of revocable proxies received by the stockholder or Stockholder Associated Person pursuant to a solicitation of proxies after the filing of an effective Schedule 14A by such stockholder or Stockholder Associated Person under Section 14(a) of the Exchange Act.

Section 12. CERTAIN SHARE ACQUISITIONS. The tender offer commenced by Gould Investors L.P. ("Gould") on December 27, 1988, as such tender offer was amended on January 17, 1989, and as such tender offer may be further amended from time to time and any other acquisition by Gould of equity securities of the Corporation following the adoption of this Section 12 shall be exempt from any and all provisions of proposed Subtitle 7 of Title 3 of the Maryland General Corporation Law entitled "Corporations and Associations -- Special Voting Requirements and Control Share Acquisitions" (as such act or any act of similar import is now proposed or as it may be later introduced in, adopted, or later amended by the Maryland General Assembly) as, if and when such act becomes effective. Notwithstanding any other provision of these By-Laws, this Section 12 may not be amended, altered or repealed without either the written consent of Gould or the approval of the holders of at least two-thirds of the outstanding shares of capital stock.

### ARTICLE III BOARD OF DIRECTORS

Section 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed by its Board of Directors, which may exercise all of the powers of the Corporation, except such as are by law or by the Charter or by these By-Laws conferred upon or reserved to the stockholders

Section 2. NUMBER OF DIRECTORS. The number of directors of the Corporation shall be three (3). By vote of a majority of the entire Board of Directors, the number of directors fixed by the Charter or by these By-Laws may be increased or decreased by resolution from time-to-time, but may not exceed twelve (12) nor be less than three (3). The tenure of office of a director shall not be affected by any decrease in the number of directors so made by the board.

Section 3. ELECTION AND TERM. The directors of the Corporation shall be classified with respect to the time for which they shall severally hold office by dividing them into three classes, each class to be as nearly equal in number as possible, which classes shall be designated as Class 1, Class 2 and Class 3. Subject to the provisions hereof, the number of directors in each class shall from time to time be designated by the Board of Directors of the Corporation pursuant to these by-laws. At each annual meeting, the successors to the class of directors whose terms shall expire that year shall be elected to hold office for a term of three years so that each term of office of one class of directors shall expire in each year.

Section 4. VACANCIES. If for any reason any or all of the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder. Any vacancy on the Board of Directors for any cause other than an increase in the number of directors may be filled by a majority of the remaining directors, even if such majority is less than a quorum. Any vacancy in the number of directors created by an increase in the number of directors may be filled by a majority of the entire Board of Directors. Any individual so elected as director shall serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies.

Section 5. REMOVAL OF DIRECTORS. Only the stockholders may, at any meeting of stockholders duly called and at which a quorum is present, by the affirmative vote or consent of the

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holders of a majority of all of the outstanding shares entitled to vote, remove any director or directors from office, and only for cause, and may elect a successor or successors to fill any resulting vacancies for the unexpired terms of removed directors.

Section 6. PLACE OF ANNUAL AND REGULAR MEETINGS. The annual and regular meetings of the Board of Directors may be held in or out of the State of Maryland at such place as the Board of Directors may from time to time determine or as shall be specified in the notice of such meeting.

Section 7. ANNUAL MEETING. The first meeting of each newly elected Board of Directors may be held as soon as practicable after the annual meeting of the stockholders at which the directors were elected. The meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors, except that no notice shall be necessary if such meeting is held immediately after the adjournment, and at the site, of the meeting of stockholders.

Section 8. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board of Directors.

Section 9. SPECIAL MEETINGS; NOTICE OF SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by two or more directors of the Corporation, by the Chairman of the Board, the Chief Executive Officer or the President. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, courier or United States mail to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to the meeting. Notice by United States mail shall be given at least three days prior to the meeting. Notice by courier shall be given at least two days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by United States mail shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 10. QUORUM AND VOTING. At all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business, and the action of a majority of the directors present at any meeting, at which a quorum is present shall be the action of the Board of Directors unless the concurrence of a greater proportion is required for such act by statute, the Charter or these By-Laws. If a quorum shall not be present at any meeting of directors, the directors present at the meeting may, by a majority vote adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 11. ORGANIZATION. The Chairman of the Board shall preside at each meeting of the Board. In the absence or inability of the Chairman of the Board to preside at a meeting, the President, or, in his or her absence or inability to act, another director chosen by a majority of the Directors present, shall act as chairman of the meeting and preside thereat. The Secretary (or, in his or her absence or inability to act, any person appointed by the Chairman shall act as Secretary of the meeting and keep the minutes thereof.

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Section 12. MEETING BY CONFERENCE TELEPHONE. Members of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at a meeting.

Section 13. CONSENT IN LIEU OF MEETING. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Section 14. COMPENSATION. Directors may receive compensation for services to the Corporation in their capacities as directors in such manner and in such amounts as may be fixed from time to time by the Board, and expenses of attendance at each regular or special meeting of the Board of Directors, or of any committee thereof.

Section 15. CERTAIN RIGHTS OF DIRECTORS AND OFFICERS. Any director or officer, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to, in addition to or in competition with those of or relating to the Corporation.

Section 16. EMERGENCY PROVISIONS. Notwithstanding any other provision in the Charter or these Bylaws, this Section 16 shall apply during the existence of any catastrophe, or other similar emergency condition, as a result of which a quorum of the Board of Directors under Article III of these Bylaws cannot readily be obtained (an "Emergency"). During any Emergency, unless otherwise provided by the Board of Directors, (a) a meeting of the Board of Directors or a committee thereof may be called by any director by any means feasible under the circumstances; (b) notice of any meeting of the Board of Directors during such an Emergency may be given less than 24 hours prior to the meeting to as many directors and by such means as may be feasible at the time, including publication, television, radio or electronic transmission; and (c) the number of directors necessary to constitute a quorum shall be one-third of the entire Board of Directors.

#### ARTICLE IV COMMITTEES OF DIRECTORS

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Directors may appoint from among its members one or more committees, composed of one or more directors, to serve at the pleasure of the Board of Directors. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member.

Section 2. POWERS. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law. Except as may be otherwise provided by the Board of Directors, any committee may delegate some or all of its power and authority to one or more subcommittees, composed of one or more directors, as the committee deems appropriate in its sole and absolute discretion.

Section 3. MEETINGS. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority

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of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee (if there are at least two members of the committee) may fix the time and place of its meeting unless the Board of Directors shall otherwise provide.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or other communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. CONSENT BY COMMITTEES WITHOUT A MEETING. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each member of the committee and is filed with the minutes of proceedings of such committee.

Section 6. VACANCIES. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill any vacancy, to designate an alternate member to replace any absent or disqualified member or to dissolve any such committee.

## ARTICLE V OFFICERS AND AGENTS

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall include a president, a secretary and a treasurer and may include a chairman of the board, a vice chairman of the board, a chief executive officer, one or more vice presidents, a chief operating officer, a chief financial officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as it shall deem necessary or desirable. The officers of the Corporation shall be elected by the Board of Directors. Each officer shall serve until his or her successor is elected and qualifies or until his or her death, or his or her resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. COMPENSATION. The compensation of the officers of the Corporation shall be fixed from time to time by or under the authority of the Board of Directors and no officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a director.

Section 3. REMOVAL; VACANCIES; AND RESIGNATION. Any officer or agent may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors for the unexpired portion of the term of the office which shall be vacant. Any officer of the Corporation may resign at any time by delivering his or her resignation to the Board of Directors, the chairman of the board, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

Section 4. CHAIRMAN OF THE BOARD. The Board of Directors may designate from among its members a chairman of the board, who shall not, solely by reason of these Bylaws, be an officer of the

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Corporation. The Board of Directors may designate the chairman of the board as an executive or non-executive chairman. The chairman of the board shall preside over the meetings of the Board of Directors. The chairman of the board shall perform such other duties as may be assigned to him or her by these Bylaws or the Board of Directors.

Section 5. CHIEF EXECUTIVE OFFICER. The Board of Directors may designate a chief executive officer. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. CHIEF OPERATING OFFICER. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 7. CHIEF FINANCIAL OFFICER. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as determined by the Board of Directors or the chief executive officer.

Section 8. PRESIDENT. The Board of Directors shall designate a president. In the absence of the designation of a chief executive officer, the president shall supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He or she may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 9. VICE PRESIDENTS. The Board of Directors may designate one or more vice presidents. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to such vice president by the chief executive officer, the president or the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president, senior vice president, assistant vice president, vice president for particular areas of responsibility, and any one or more of the foregoing.

Section 10. SECRETARY. The Board of Directors shall designate a secretary. The secretary shall (a) keep, or cause to be kept, the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) serve as, or cause another person to serve as, custodian of the corporate records and of the seal of the Corporation; (d) in general perform such other duties as from time to time may be assigned to him or her by the chief executive officer, the president or the Board of Directors.

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Section 11. TREASURER. The Board of Directors shall designate a treasurer. The treasurer shall perform such duties as from time to time may be assigned to him or her by the chief executive officer, the president, the chief financial officer or the Board of Directors.

Section 12. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Board of Directors shall designate one or more assistant secretaries or assistant treasurers. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the chief executive officer, the president or the Board of Directors.

## ARTICLE VI CERTIFICATES OF STOCK

Section 1. CERTIFICATES. Except as may be otherwise provided by the Board of Directors, the Chief Executive Officer or the President of the Corporation, stockholders of the Corporation are not entitled to certificates representing the shares of stock held by them. In the event that the Corporation issues shares of stock represented by certificates, such certificates shall be in such form as prescribed by the Board of Directors or a duly authorized officer, shall contain the statements and information required by the Maryland General Corporation Law (the "MGCL") and shall be signed by the officers of the Corporation in any manner permitted by the MGCL. In the event that the Corporation issues shares of stock without certificates, to the extent then required by the MGCL, the Corporation shall provide to the record holders of such shares a written statement of the information required by the MGCL to be included on stock certificates. There shall be no differences in the rights and obligations of stockholders based on whether or not their shares are represented by certificates.

Section 2. TRANSFERS. All transfers of shares of stock shall be made on the books of the Corporation, by the holder of the shares, in person or by his or her attorney, in such manner as the Board of Directors or any officer of the Corporation may prescribe and, if such shares are certificated, upon surrender of certificates duly endorsed. The issuance of a new certificate upon the transfer of certificated shares is subject to the determination of the Board of Directors or any officer of the Corporation that such shares shall no longer be represented by certificates. Upon the transfer of any uncertificated shares, the Corporation shall provide to the record holders of such shares, to the extent then required by the MGCL, a written statement of the information required by the MGCL to be included on stock certificates. The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by the laws of the State of Maryland. Notwithstanding the foregoing, transfers of shares of any class or series of stock will be subject in all respects to the Charter and all of the terms and conditions contained therein.

Section 3. REPLACEMENT CERTIFICATE. The Chief Executive Officer, President and Secretary of the Corporation may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, destroyed, stolen or mutilated, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated; provided, however, if such shares have ceased to be certificated, no new certificate shall be issued unless requested in writing by such stockholder and the Board of Directors or any officer of the Corporation has determined that such certificates may be issued. Unless otherwise determined by an officer of the Corporation, the owner of such lost, destroyed, stolen or mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Corporation a bond in such sums as it may direct as indemnity against any claim that may be made against the Corporation.

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Section 4. FIXING OF A RECORD DATE. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

When a record date for the determination of stockholders entitled to notice of and to vote at any meeting of stockholders has been set as provided in this Section, such record date shall continue to apply to the meeting if postponed or adjourned, except if the meeting is postponed or adjourned to a date more than 120 days after the record date originally fixed for the meeting, in which case a new record date for such meeting shall be determined as set forth herein.

Section 5. STOCK LEDGER. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate stock ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors may authorize the Corporation to issue fractional shares of stock or authorize the issuance of scrip, all on such terms and under such conditions as it may determine. Notwithstanding any other provision of the Charter or these Bylaws, the Board of Directors may authorize the issuance of units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

#### ARTICLE VII DIVIDENDS

Subject to the provisions of law and the Charter, dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors and may be paid in cash, property, or stock of the Corporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine and the Board of Directors may modify or abolish any such reserve.

#### ARTICLE VIII ANNUAL STATEMENT

The Corporation shall prepare or cause to be prepared annually a statement of the affairs of the Corporation including a balance sheet and a financial statement of operations for the preceding fiscal year, which shall be distributed to stockholders prior to the annual meeting of stockholders.

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ARTICLE IX  
CONTRACTS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when duly authorized or ratified by action of the Board of Directors and executed by the chief executive officer, the president or any other person authorized by the Board of Directors.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by the chief executive officer, the president, the chief financial officer, the treasurer or such other officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors, the chief executive officer, the president, the chief financial officer or the treasurer.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited or invested from time to time to the credit of the Corporation as the Board of Directors, the chief executive officer, the president, the chief financial officer, the treasurer or any other officer designated by the Board of Directors may determine.

ARTICLE XI  
WAIVER OF NOTICE

Whenever any notice of a meeting is required to be given pursuant to the Charter or these Bylaws or pursuant to applicable law, a waiver thereof in writing or by electronic transmission, given by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice of such meeting, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE XII  
SEAL

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Maryland". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE XIII  
EXCLUSIVE FORUMS FOR CERTAIN LITIGATION

Unless the Corporation consents in writing to the selection of an alternative forum, either the Circuit Court for Baltimore City, Maryland, or the Supreme Court of Nassau County, New York, or, if neither such court has jurisdiction, the United States District Court for the District of Maryland, Northern

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Division, or the United States District Court for the Eastern District of New York, shall be the sole and exclusive forums for (a) any Internal Corporate Claim, as such term is defined in Section 1-101(q) of the MGCL, or any successor provision thereof, (b) any derivative action or proceeding brought on behalf of the Corporation, other than actions arising under federal securities laws, (c) any action asserting a claim of breach of any duty owed by any director or officer or other employee of the Corporation to the Corporation or to the stockholders of the Corporation, (d) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to any provision of the MGCL, the Charter or these Bylaws, or (e) any other action asserting a claim against the Corporation or any director or officer or other employee of the Corporation that is governed by the internal affairs doctrine. None of the foregoing actions, claims or proceedings may be brought in any court sitting outside the State of Maryland, the Supreme Court of Nassau County, New York, or the United States District Court for the Eastern District of New York unless the Corporation consents in writing to such court.

ARTICLE XIV  
AMENDMENTS

The Board of Directors shall have the power, at any regular meeting or at any special meeting, to alter, modify or repeal any By-Laws of the Corporation and to make new By-Laws except that the Board of Directors shall not alter, modify or repeal or any By-Laws made by the stockholders.

The stockholders shall have the power, at any annual meeting or at any special meeting if notice thereof be included in the notice of such special meeting, to alter, modify or repeal any By-Laws of the Corporation and to make new By-Laws by the affirmative vote of the holders of a majority of the total number of shares outstanding and entitled to vote thereon.

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## CERTIFICATION

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

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 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: May 6, 2021

/s/ Patrick J. Callan, Jr.

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

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CERTIFICATION

I, David W. Kalish, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 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: May 6, 2021

/s/ David W. Kalish

David W. Kalish

Senior Vice President and Chief Financial Officer

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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 March 31, 2021 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: May 6, 2021

/s/ Patrick J. Callan, Jr.

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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.

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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, David W. 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 March 31, 2021 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: May 6, 2021

/s/ David W. Kalish

David W. 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.

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