

ONE LIBERTY PROPERTIES INC
Form 10-K
March 12, 2015

Use these links to rapidly review the document

[TABLE OF CONTENTS Form 10-K](#)

[Item 7A. Qualitative and Quantitative Disclosures About Market Risk.](#)

[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-K

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

Or

o **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 No.)

60 Cutter Mill Road, Great Neck, New York

(Address of principal executive offices)

11021

(Zip Code)

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

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

Title of each class

Common Stock, par value \$1.00 per share

Name of exchange on which registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes o No ý

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No ý

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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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a
small reporting company)

Indicate by check mark whether registrant is a shell company (defined in Rule 12b-2 of the Act). Yes No

As of June 30, 2014 (the last business day of the registrant's most recently completed second quarter), the aggregate market value of all common equity held by non-affiliates of the registrant, computed by reference to the price at which common equity was last sold on said date, was approximately \$267 million.

As of March 9, 2015, the registrant had 16,365,059 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the 2015 annual meeting of stockholders of One Liberty Properties, Inc., to be filed pursuant to Regulation 14A not later than April 30, 2015, are incorporated by reference into Part III of this Annual Report on Form 10-K.

Table of Contents

TABLE OF CONTENTS
Form 10-K

Item No.		Page(s)
<u><i>PART I</i></u>		
<u>1.</u>	<u>Business</u>	<u>2</u>
<u>1A.</u>	<u>Risk Factors</u>	<u>9</u>
<u>1B.</u>	<u>Unresolved Staff Comments</u>	<u>18</u>
<u>2.</u>	<u>Properties</u>	<u>19</u>
<u>3.</u>	<u>Legal Proceedings</u>	<u>25</u>
<u>4.</u>	<u>Mine Safety Disclosures</u>	<u>25</u>
<u><i>PART II</i></u>		
<u>5.</u>	<u>Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>25</u>
<u>6.</u>	<u>Selected Financial Data</u>	<u>27</u>
<u>7.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>30</u>
<u>7A.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>43</u>
<u>8.</u>	<u>Financial Statements and Supplementary Data</u>	<u>44</u>
<u>9.</u>	<u>Changes In and Disagreements With Accountants on Accounting and Financial Disclosure</u>	<u>44</u>
<u>9A.</u>	<u>Controls and Procedures</u>	<u>44</u>
<u>9B.</u>	<u>Other Information</u>	<u>45</u>
<u><i>PART III</i></u>		
<u>10.</u>	<u>Directors, Executive Officers and Corporate Governance</u>	<u>45</u>
<u>11.</u>	<u>Executive Compensation</u>	<u>45</u>
<u>12.</u>	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>45</u>
<u>13.</u>	<u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>46</u>
<u>14.</u>	<u>Principal Accountant Fees and Services</u>	<u>46</u>
<u><i>PART IV</i></u>		
<u>15.</u>	<u>Exhibits and Financial Statement Schedules</u>	<u>46</u>
<u>Signatures</u>		<u>50</u>

Table of Contents

PART I

Item 1. Business.

General

We are a self-administered and self-managed real estate investment trust, also known as a REIT. We were incorporated in Maryland on December 20, 1982. We acquire, own and manage a geographically diversified portfolio of retail, industrial, flex, health and fitness, and other properties, a substantial portion of which are under long-term leases. Substantially all of our leases are "net leases" and ground leases under which the tenant is typically responsible for real estate taxes, insurance and ordinary maintenance and repairs. As of December 31, 2014, we own 110 properties (including two properties disposed of in January 2015 as described below) and participate in joint ventures that own five properties. These properties and the properties owned by our joint ventures are located in 30 states and have an aggregate of approximately 6.8 million square feet (including an aggregate of approximately 924,000 square feet at properties owned by our joint ventures).

As of December 31, 2014:

our 2015 contractual rental income (as described below) is approximately \$53.3 million.

the occupancy rate of our properties is approximately 98.3% based on square footage.

the occupancy rate of properties owned by our joint ventures is 100% based on square footage.

the weighted average remaining term of our mortgage debt is 9.1 years and the weighted average interest rate thereon is 5.02%.

the weighted average remaining term of the leases generating our 2015 contractual rental income and for the leases at properties owned by our joint ventures is 7.8 years and 6.0 years, respectively.

Our 2015 contractual rental income represents, after giving effect to any abatements, concessions or adjustments, the base rent payable to us in 2015 under leases in effect at December 31, 2014. Contractual rental income for 2015 excludes approximately \$1.3 million of straight-line rent, amortization of approximately \$514,000 of intangibles, and our share of the rental income payable to our joint ventures, which in 2015 will be approximately \$1.5 million.

2014 Highlights and Recent Developments

In 2014:

our rental income, net, increased by \$7.4 million, or 14.9%, from 2013.

income from continuing operations increased by \$4.8 million, or 27.5%, from 2013.

we acquired nine properties for an aggregate purchase price of \$56.8 million. The acquired properties account for approximately \$4.3 million, or 8.0%, of our 2015 contractual rental income.

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we sold three properties for an aggregate sales price of \$45.5 million as follows: (i) two Michigan health club facilities were sold for \$5.5 million in January 2014 contemporaneously with the expiration of the related leases, and at December 31, 2013, we incurred an impairment charge of \$62,000 in connection with such properties; and (ii) a Parsippany, New Jersey office property was sold in October 2014 for \$40.0 million resulting in a net gain (without giving effect to the \$1.6 million of prepayment costs on debt related to sale of real estate) of \$10.2 million.

we entered into an amendment to our credit facility which, among other things, extended the expiration date of the facility from March 2015 to December 31, 2018 and eliminated the

Table of Contents

interest rate floor of 4.75%. Effective as of January 1, 2015, the interest rate equals the one month LIBOR rate plus the applicable margin (as described herein). Assuming that the 30-day LIBOR rate continues to be 0.17%, the rate in effect on the effective date of the amendment, the interest rate on the facility in the first quarter of 2015 will be approximately 1.92%, a decrease of approximately 283 basis points from the interest rate in effect prior to the amendment.

we obtained (i) an aggregate of \$28.1 million from mortgage financings secured by properties acquired in 2014 and 2013 and (ii) \$9.7 million of net proceeds from financings and refinancings of mortgage debt secured by properties acquired prior to 2013.

Since January 1, 2015, we:

disposed of a retail property in Morrow, GA pursuant to a foreclosure proceeding.

sold a retail center in Cherry Hill, NJ for \$16.0 million, net of closing costs, resulting in a gain of approximately \$5.4 million, before giving effect to a swap breakage charge of \$478,000 and the write-off of \$249,000 of the remaining deferred mortgage cost. The non-controlling interest's share of income from the transaction is approximately \$1.3 million.

acquired, through a joint venture in which we have a 90% equity interest, a 101,590 square foot shopping center located in Lakewood, Colorado, for approximately \$17.5 million. In connection with the acquisition, we obtained \$11.9 million of mortgage debt maturing in 2025, amortizing over 25 years and bearing an annual interest rate of 4.12%.

In the narrative portion of this report, information with respect to our consolidated joint ventures is generally described as if such ventures are our wholly owned subsidiaries and information with respect to unconsolidated joint ventures is generally separately described. Except as otherwise indicated, all references to joint ventures refer to unconsolidated joint ventures. In addition, 2015 contractual rental income derived from multiple properties leased pursuant to a master lease is allocated among such properties based on management's estimate of the appropriate allocations.

Acquisition Strategies

We seek to acquire properties throughout the United States that have locations, demographics and other investment attributes that we believe to be attractive. We believe that long-term leases provide a predictable income stream over the term of the lease, making fluctuations in market rental rates and in real estate values less significant to achieving our overall investment objectives. Our goal is to acquire single-tenant properties that are subject to long-term net or ground leases that include periodic contractual rental increases or rent increases based on increases in the consumer price index. Periodic contractual rental increases provide reliable increases in future rent payments and rent increases based on the consumer price index provide protection against inflation. Historically, long-term leases have made it easier for us to obtain longer-term, fixed-rate mortgage financing with principal amortization, thereby moderating the interest rate risk associated with financing or refinancing our property portfolio by reducing the outstanding principal balance over time. We may, however, acquire a property that is subject to a short-term lease when we believe the property represents a good opportunity for recurring income and residual value. Although the acquisition of single-tenant properties subject to net and ground leases is the focus of our investment strategy, we also consider investments in, among other things, (i) properties that can be re-positioned or re-developed, (ii) community shopping centers anchored by national or regional tenants and (iii) properties ground leased to operators of multi-family properties. We pay substantially all the operating expenses at community shopping centers, a significant portion of which is reimbursed by tenants pursuant to their leases.

Generally, we hold the properties we acquire for an extended period of time. Our investment criteria are intended to identify properties from which increased asset value and overall return can be

Table of Contents

realized from an extended period of ownership. Although our investment criteria favor an extended period of ownership, we will dispose of a property if we regard the disposition of the property as an opportunity to realize the overall value of the property sooner or to avoid future risks by achieving a determinable return from the property.

We identify properties through the network of contacts of our senior management and our affiliates, which includes real estate brokers, private equity firms, banks and law firms. In addition, we attend industry conferences and engage in direct solicitations.

Our charter documents do not limit the number of properties in which we may invest, the amount or percentage of our assets that may be invested in any specific property or property type, or the concentration of investments in any region in the United States. We do not intend to acquire properties located outside of the United States. We will continue to form entities to acquire interests in real properties, either alone or with other investors, and we may acquire interests in joint ventures or other entities that own real property.

It is our policy, and the policy of our affiliated entities, that any investment opportunity presented to us or to any of our affiliated entities that involves primarily the acquisition of a net leased property, a ground lease or a community shopping center, will first be offered to us and may not be pursued by any of our affiliated entities unless we decline the opportunity.

Investment Evaluation

In evaluating potential investments, we consider, among other criteria, the following:

the ability of a tenant, if a net leased property, or major tenants, if a shopping center, to meet operational needs and lease obligations;

the current and projected cash flow of the property;

the estimated return on equity to us;

an evaluation of the property and improvements, given its location and use;

an evaluation of the credit quality of the tenant;

local demographics (population and rental trends);

the terms of tenant leases, including the relationship between current rents and market rents;

the projected residual value of the property;

the potential to finance or refinance the property;

potential for income and capital appreciation;

occupancy of and demand for similar properties in the market area; and

alternate uses or tenants for the property.

Our Business Objective

Our business objective is to maintain and increase, over time, the cash available for distribution to our stockholders by:

identifying opportunistic and strategic property acquisitions consistent with our portfolio and our acquisition strategies;

obtaining mortgage indebtedness (including refinancings) on favorable terms and maintaining access to capital to finance property acquisitions;

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Table of Contents

monitoring and maintaining our portfolio, including tenant negotiations and lease amendments with tenants having financial difficulty; and

managing assets effectively, including lease extensions and opportunistic and strategic property sales.

Typical Property Attributes

As of December 31, 2014, the properties in our portfolio and owned by our joint ventures typically have the following attributes:

Net or ground leases. Substantially all of the leases are net and ground leases under which the tenant is typically responsible for real estate taxes, insurance and ordinary maintenance and repairs. We believe that investments in net and ground leased properties offer more predictable returns than investments in properties that are not net or ground leased;

Long-term leases. Many of our leases are long-term leases. Excluding leases relating to properties owned by our joint ventures, the weighted average remaining term of our leases is 7.8 years, leases representing approximately 39.7% of our 2015 contractual rental income expire between 2020 and 2023, and leases representing approximately 32.0% of our 2015 contractual rental income expire after 2023; and

Scheduled rent increases. Leases representing approximately 74.8% of our 2015 contractual rental income and leases representing 39.1% of our share of the rental income payable in 2015 with respect to properties owned by our joint ventures provide for either periodic contractual rent increases or a rent increase based on the consumer price index.

Our Tenants

The following table sets forth information about the diversification of our tenants by industry sector as of December 31, 2014:

Type of Property	Number of Tenants	Number of Properties	2015 Contractual Rental Income	Percentage of 2015 Contractual Rental Income
Retail General	56	41	\$ 14,497,880	27.2%
Industrial	11	14	11,111,543	20.8
Retail Furniture(1)	4	14	5,808,162	10.9
Retail Restaurant	13	19	3,691,503	6.9
Flex	3	3	3,339,262	6.3
Retail Office Supply(2)	2	8	3,100,631	5.8
Health & Fitness	1	3	3,054,922	5.7
Retail Supermarket	3	3	2,818,230	5.3
Other	5	5	5,922,579	11.1
	98	110	\$ 53,344,712	100.0%

(1) Eleven properties are net leased to Haverty Furniture pursuant to a master lease covering all such properties.

(2) Includes seven properties which are net leased to Office Depot pursuant to seven separate leases. Five of the Office Depot leases contain cross-default provisions. Also includes one property net leased to OfficeMax which was acquired by Office Depot in

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November 2013.

Many of our retail tenants (including franchisees of national chains) operate on a national basis and include, among others, Applebees, Barnes & Noble, CarMax, CVS, Kohl's, Marshalls, Mens'

Table of Contents

Wearhouse, Office Depot, Party City, PetSmart, TGI Fridays, The Sports Authority, Urban Outfitters, Walgreens, Wendy's and Whole Foods and some of our tenants operate on a regional basis, including Haverty Furniture, Giant Food Stores and hhgregg.

Our Leases

Substantially all of our leases are net or ground leases (including the leases entered into by our joint ventures) under which the tenant, in addition to its rental obligation, typically is responsible for expenses attributable to the operation of the property, such as real estate taxes and assessments, water and sewer rents and other charges. The tenant is also generally responsible for maintaining the property and for restoration following a casualty or partial condemnation. The tenant is typically obligated to indemnify us for claims arising from the property and is responsible for maintaining insurance coverage for the property it leases and naming us an additional insured. Under some net leases, we are responsible for structural repairs, including foundation and slab, roof repair or replacement and restoration following a casualty event, and at several properties we are responsible for certain expenses related to the operation and maintenance of the property.

Our typical lease provides for contractual rent increases periodically throughout the term of the lease or for rent increases pursuant to a formula based on the consumer price index. Some of our leases provide for minimum rents supplemented by additional payments based on sales derived from the property subject to the lease. Such additional payments were not a material part of our 2014 rental revenues and are not expected to be a material part of our 2015 rental revenues.

Our strategy has been to acquire properties that are subject to existing long-term leases or to enter into long-term leases with our tenants. Our leases generally provide the tenant with one or more renewal options.

The following table sets forth scheduled lease expirations of leases for our properties as of December 31, 2014 (other than our Cherry Hill, New Jersey and Morrow, Georgia properties which were disposed of in January 2015):

Year of Lease Expiration(1)	Number of Expiring Leases	Approximate Square Footage Subject to Expiring Leases	2015 Contractual Rental Income Under Expiring Leases	Percent of 2015 Contractual Rental Income Represented by Expiring Leases
2015(2)	8	439,385	1,713,238	3.2%
2016	14	456,882	3,805,534	7.1
2017	11	107,008	2,134,068	4.0
2018	18	394,055	5,564,863	10.4
2019	6	146,303	1,915,218	3.6
2020	8	185,108	4,560,783	8.6
2021	8	179,286	1,754,300	3.3
2022	11	1,371,615	11,001,473	20.6
2023	5	545,092	3,851,903	7.2
2024 and thereafter	27	1,877,152	17,043,332	32.0
	116	5,701,886	\$ 53,344,712	100.0%

(1) Lease expirations assume tenants do not exercise existing renewal options.

(2) Subsequent to December 31, 2014, a lease of 45,974 square feet of retail space expired. This property accounted for \$494,000 of rental income in 2014.

Table of Contents

Financing, Re-Renting and Disposition of Our Properties

Our charter documents do not limit the level of debt we may incur. Our revolving credit facility matures on December 31, 2018 and, among other things, limits total debt that we may incur to 70% of the value of our properties (as determined pursuant to the credit facility). We borrow funds on a secured and unsecured basis and intend to continue to do so in the future.

We mortgage specific properties on a non-recourse basis, subject to the standard carve-outs described under "Item 2. Properties Mortgage Debt", to enhance the return on our investment in a specific property. The proceeds of mortgage loans may be used for property acquisitions, investments in joint ventures or other entities that own real property, to reduce bank debt and for working capital purposes. The funds available pursuant to our credit facility may be used to payoff existing mortgages, fund the acquisition of additional properties, and to a more limited extent, to invest in joint ventures and for working capital. 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.

With respect to properties we acquire on a free and clear basis, we usually seek to obtain long-term fixed-rate mortgage financing, when available at acceptable terms, shortly after the acquisition of such property to avoid the risk of movement of interest rates and fluctuating supply and demand in the mortgage markets. We also will acquire a property that is subject to (and will assume) a fixed-rate mortgage. Substantially all of our mortgages provide for amortization of part of the principal balance during the term, thereby reducing the refinancing risk at maturity. Some of our properties may be financed on a cross-defaulted or cross-collateralized basis, and we may collateralize a single financing with more than one property.

After termination or expiration of any lease relating to any of our properties, we will seek to re-rent or sell such property in a manner that will maximize the return to us, considering, among other factors, the income potential and market value of such property. We acquire properties for long-term investment for income purposes and do not typically engage in the turnover of investments. We will consider the sale of a property if a sale appears advantageous in view of our investment objectives. If there is a substantial tax gain, we may seek to enter into a tax deferred transaction and reinvest the proceeds in another property. Cash realized from the sale of properties, net of required paydowns of our credit facility and of any distributions to stockholders, is available for general working capital purposes and the acquisition of additional properties.

Our Joint Ventures

As of December 31, 2014, we participated in five joint ventures that own an aggregate of five properties, with approximately 924,000 rentable square feet of space. Four of the properties are retail properties and one is an industrial property. We own 50% of the equity interest in all of these joint ventures. At December 31, 2014, our investment in joint ventures was approximately \$4.9 million.

Based on the leases in effect at December 31, 2014, we anticipate that our share of rental income payable to our joint ventures in 2015 will be approximately \$1.5 million. The leases for two properties are expected to contribute 78.1% of the aggregate projected rental income payable to all of our joint ventures in 2015 and expire in 2021 and 2022.

Competition

We face competition for the acquisition of properties from a variety of investors, including domestic and foreign corporations and real estate companies, financial institutions, insurance companies, pension funds, investment funds, other REITs and individuals, some of which have significant advantages over us, including a larger, more diverse group of properties and greater financial and other resources than we have.

Table of Contents

Our Structure

Nine employees, including Patrick J. Callan, Jr., our President and Chief Executive Officer, Lawrence G. Ricketts, Jr., our Executive Vice President and Chief Operating Officer, Justin Clair, a Vice-President, Karen Dunleavy, Vice President-Financial and five other employees, devote all of their business time to us. Our other executive, administrative, legal, accounting and clerical personnel share their services on a part-time basis with us and other affiliated entities that share our executive offices.

We entered into a compensation and services agreement with Majestic Property Management Corp., effective as of January 1, 2007. Majestic Property is wholly-owned by our vice chairman of the board and it provides compensation to certain of our executive officers. Pursuant to this agreement, we pay an annual fee to Majestic Property and Majestic Property provides us with the services of all affiliated executive, administrative, legal, accounting and clerical personnel that we use on a part time basis, as well as property management services, property acquisition, sales and leasing and mortgage brokerage services. The fees we pay Majestic Property are negotiated by us and Majestic Property and are approved by our audit committee and independent directors.

In 2014, pursuant to the compensation and services agreement, we paid Majestic Property a fee of approximately \$2.7 million and \$186,000 for our share of all direct office expenses, including, among other expenses, rent, telephone, postage, computer services and internet usage. See Note 10 to our consolidated financial statements for information regarding equity awards to individuals performing services on our behalf.

We believe that the compensation and services agreement allows us to benefit from access to, and from the services of, a group of senior executives with significant knowledge and experience in the real estate industry and our company. If not for this agreement, we believe that a company of our size would not have access to the skills and expertise of these executives at the cost that we have incurred and will incur in the future. For a description of the background of our management, please see the information under the heading "Executive Officers" in Part I of this Annual Report.

Available Information

Our Internet address is www.onelibertyproperties.com. On the Investor Information page of our web site, we post the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission (the "SEC"): our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended. All such filings on our Investor Information Web page, which also includes Forms 3, 4 and 5 filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, are available to be viewed free of charge.

On the Corporate Governance page of our web site, we post the following charters and guidelines: Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Committee Charter, Corporate Governance Guidelines and Code of Business Conduct and Ethics, as amended and restated. All such documents on our Corporate Governance Web page are available to be viewed free of charge.

Information contained on our web site is not part of, and is not incorporated by reference into, this Annual Report on Form 10-K or our other filings with the SEC. A copy of this Annual Report on Form 10-K and those items disclosed on our Investor Information Web page and our Corporate Governance Web page are available without charge upon written request to: One Liberty Properties, Inc., 60 Cutter Mill Road, Suite 303, Great Neck, New York 11021, Attention: Secretary.

Table of Contents

Forward-Looking Statements

This Annual Report on Form 10-K, together with other statements and information publicly disseminated by us, contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provision for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "could," "believe," "expect," "intend," "anticipate," "estimate," "project," or similar expressions or variations thereof. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect actual results, performance or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to:

the financial condition of our tenants and the performance of their lease obligations;

general economic and business conditions, including those currently affecting our nation's economy and real estate markets;

the availability of and costs associated with sources of liquidity;

accessibility of debt and equity capital markets;

general and local real estate conditions, including any changes in the value of our real estate;

compliance with credit facility covenants;

increased competition for leasing of vacant space due to current economic conditions;

changes in governmental laws and regulations relating to real estate and related investments;

the level and volatility of interest rates;

competition in our industry; and

the other risks described under Item 1A. Risk Factors.

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 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.

Item 1A. Risk Factors.

Set forth below is a discussion of certain risks affecting our business. The categorization of risks set forth below is meant to help you better understand the risks facing our business and is not intended to limit your consideration of the possible effects of these risks to the listed categories. Any adverse effects arising

Table of Contents

from the realization of any of the risks discussed, including our financial condition and results of operation, may, and likely will, adversely affect many aspects of our business.

In addition to the other information contained or incorporated by reference in this Form 10-K, readers should carefully consider the following risk factors:

Risks Related to Our Business

If we are unable to re-rent properties upon the expiration of our leases or if our tenants default, our rental income will be reduced and we would incur additional costs.

Substantially all of our revenues are derived from rental income paid by our tenants. From 2015 through 2017, leases with respect to 33 tenants that account for 14.3% of our 2015 contractual rental income, expire. If our tenants, and in particular, our significant tenants, (i) do not renew their leases upon the expiration of same, (ii) default on their obligations or (iii) seek rent relief, lease renegotiation or other accommodations, our revenues could decline. At the same time, we would remain responsible for the payment of the mortgage obligations with respect to the related properties and would become responsible for the operating expenses related to these properties, including, among other things, real estate taxes, maintenance and insurance. In addition, we may incur expenses in enforcing our rights as landlord. Even if we find replacement tenants or renegotiate leases with current tenants, the terms of the new or renegotiated leases, including the cost of required renovations or concessions to tenants, or the expense of the reconfiguration of a single tenancy property for use by multiple tenants, may be less favorable than current lease terms and could reduce the amount of cash available to meet expenses and pay distributions.

Approximately 56.1% of our 2015 contractual rental income is derived from tenants operating in the retail industry and the failure of those tenants to pay rent would significantly reduce our revenues.

Approximately 56.1% of our 2015 contractual rental income is derived from retail tenants, including 10.9% and 5.8%, from tenants engaged in retail furniture (*i.e.*, Haverty's, which accounts for 8.6% of 2015 contractual rental income) and office supply activities (*i.e.*, Office Depot, which accounts for 5.8% of 2015 contractual rental income), respectively.

Various factors could cause our retail tenants to close their locations, including difficult economic conditions and corporate merger activity. Corporate merger activity, such as the contemplated merger between Office Depot and Staples, may result in the closure of duplicate or geographically overlapping retail locations. Based on our analysis, four of our eight Office Depot properties will overlap geographically with Staples' properties as a result, the company resulting from this contemplated merger may determine to close one or more of such locations. The failure of our retail tenants to meet their lease obligations, including rent payment obligations, due to difficult economic conditions, corporate merger activity and otherwise, may make it difficult for us to satisfy our operating and debt service requirements, make capital expenditures and make distributions to stockholders.

Approximately 29.8% of our 2015 contractual rental income is derived from five tenants. The default, financial distress or failure of any of these tenants could significantly reduce our revenues.

Haverty Furniture, Office Depot, LA Fitness, Northern Tool and Ferguson Enterprises account for approximately 8.6%, 5.8%, 5.7%, 5.1% and 4.6%, respectively, of our 2015 contractual rental income. The default, financial distress or bankruptcy of any of these tenants could cause interruptions in the receipt of, or the loss of, a significant amount of rental income and would require us to pay operating expenses (including real estate taxes) currently paid by the tenant. This could also result in the vacancy of the property or properties occupied by the defaulting tenant, which would significantly reduce our rental revenues and net income until the re-rental of the property or properties, and could decrease the ultimate sale value of the property.

Table of Contents

Declines in the value of our properties could result in impairment charges.

If we are presented with indications of an impairment in the value of a particular property or group of properties, we will be required to evaluate any such property or properties. If we determine that any of our properties at which indicators of impairment exist have a value below the net book value of such property, we may be required to recognize an impairment charge for the difference between the fair value and the book value during the quarter in which we make such determination; such impairment charges may then increase in subsequent quarters. This evaluation may lead us to write off any straight-line rent receivable balance recorded with respect to such property. In addition, we may incur losses from time to time if we dispose of properties for sales prices that are less than our book value.

Competition that traditional retail tenants face from on-line retail sales could adversely affect our business.

Our retail tenants face increasing competition from on-line retailers. On-line retailers may be able to provide customers with better pricing and the ease and comfort of shopping from their home or office. Internet sales have been obtaining an increasing percentage of retail sales over the past few years and this trend is expected to continue. The continued growth of on-line sales could decrease the need for traditional retail outlets and reduce retailers' space and property requirements. This could adversely impact our ability to rent space at our retail properties and increase competition for retail tenants thereby reducing the rent we would receive at these properties and adversely affecting our results of operations and financial condition.

If we are unable to refinance our mortgage loans at maturity, we may be forced to sell properties at disadvantageous terms, which would result in the loss of revenues and in a decline in the value of our portfolio.

We had, as of December 31, 2014, \$292.0 million in mortgage debt outstanding, all of which is non-recourse (subject to standard carve-outs) and our ratio of mortgage debt to total assets was 49.5%. Our joint ventures had \$17.2 million in total mortgage indebtedness (all of which is non-recourse, subject to standard carve-outs). The risks associated with our mortgage debt and the mortgage debt of our joint ventures include the risk that cash flow from properties securing the indebtedness and our available cash and cash equivalents and short-term investments will be insufficient to meet required payments of principal and interest.

Generally, only a relatively small portion of the principal of our mortgage indebtedness will be repaid prior to maturity and we do not plan to retain sufficient cash to repay such indebtedness at maturity. Accordingly, to meet these obligations if they cannot be refinanced at maturity, we will have to use funds available under our credit facility, if any, and our available cash and cash equivalents to pay our mortgage debt or seek to raise funds through the financing of unencumbered properties, sale of properties or the issuance of additional equity. From 2015 through 2019, approximately \$120.2 million of our mortgage debt matures specifically, \$22.0 million in 2015, \$33.0 million in 2016, \$29.9 million in 2017, \$19.7 million in 2018, and \$15.6 million in 2019. With respect to our joint ventures, approximately \$17.2 million of mortgage debt matures from 2015 through 2019 specifically, \$13.6 million in 2015, \$94,000 in 2016, \$101,000 in 2017, \$3.4 million in 2018. If we (or our joint ventures) are unsuccessful in refinancing or extending existing mortgage indebtedness or financing unencumbered properties, selling properties on favorable terms or raising additional equity, our cash flow (or the cash flow of a joint venture) will not be sufficient to repay all maturing mortgage debt when payments become due, and we (or a joint venture) may be forced to dispose of properties on disadvantageous terms or convey properties secured by mortgages to the mortgagees, which would lower our revenues and the value of our portfolio.

Table of Contents

We may find that the value of a property could be less than the mortgage secured by such property. We may also have to decide whether we should refinance or pay off a mortgage on a property at which the mortgage matures prior to lease expiration and the tenant may not renew the lease. For example, a tenant leasing a property with a net book value of approximately \$2.8 million and generating approximately 2.9% of 2015 contractual rental income has indicated it may not renew the lease when it expires in 2020, generating uncertainty as to whether we should refinance or payoff the mortgage maturing in 2015 or surrender the property to the mortgagee. In these types of situations, after evaluating various factors, including among other things, the tenant's competitive position in the applicable submarket, our and our tenant's estimates of its prospects, consideration of alternative uses and opportunities to re-purpose or re-let the property, we may seek to renegotiate the terms of the mortgage, or to the extent that the loan is non-recourse and the terms of the mortgage cannot be satisfactorily renegotiated, forfeit the property by conveying it to the mortgagee and writing off our investment.

If our borrowings increase, the risk of default on our repayment obligations and our debt service requirements will also increase.

The terms of our revolving credit facility limit our ability to incur indebtedness, including limiting the total indebtedness that we may incur to an amount equal to 70% of the value (as defined in the credit facility) of our properties. Increased leverage could result in increased risk of default on our payment obligations related to borrowings and in an increase in debt service requirements, which could reduce our net income and the amount of cash available to meet expenses and to make distributions to our stockholders.

If a significant number of our tenants default or fail to renew expiring leases, or we take impairment charges against our properties, a breach of our revolving credit facility could occur.

Our revolving credit facility includes financial covenants that require us to maintain certain financial ratios and requirements. If our tenants default under their leases with us or fail to renew expiring leases, generally accepted accounting principles may require us to recognize impairment charges against our properties, and our financial position could be adversely affected causing us to be in breach of the financial covenants contained in our credit facility.

Failure to meet interest and other payment obligations under our revolving credit facility or a breach by us of the covenants to maintain the financial ratios would place us in default under our credit facility, and, if the banks called a default and required us to repay the full amount outstanding under the credit facility, we might be required to rapidly dispose of our properties, which could have an adverse impact on the amounts we receive on such disposition. If we are unable to dispose of our properties in a timely fashion to the satisfaction of the banks, the banks could foreclose on that portion of our collateral pledged to the banks, which could result in the disposition of our properties at below market values. The disposition of our properties at below our carrying value would adversely affect our net income, reduce our stockholders' equity and adversely affect our ability to pay distributions to our stockholders.

Impairment charges against owned real estate may not be adequate to cover actual losses.

Impairment charges are based on an evaluation of known risks and economic factors. The determination of an appropriate level of impairment charges is an inherently difficult process and is based on numerous assumptions. The amount of impairment charges of real estate is susceptible to changes in economic, operating and other conditions that are largely beyond our control. Any impairment charges that we may take may not be adequate to cover actual losses and we may need to take additional impairment charges in the future. Actual losses and additional impairment charges in the future could materially affect our results of operations.

Table of Contents

If credit markets tighten or interest rates increase, it may be more difficult for us to secure financing, which may limit our ability to finance or refinance our real estate properties, reduce the number of properties we can acquire, and adversely affect your investment.

Reduced access to credit markets or increases in interest rates may make it difficult for us to secure mortgage debt, limit the mortgage debt available on properties we wish to acquire and limit the properties we can acquire. Even in the event that we are able to secure mortgage debt on, or otherwise finance our real estate properties, due to increased costs associated with securing financing and other factors beyond our control, we may be unable to refinance the entire outstanding loan balance or be subject to unfavorable terms (such as higher loan fees, interest rates and periodic payments) if we do refinance the loan balance. Either of these results could reduce income from those properties and reduce cash available for distribution, which may adversely affect the investment goals of our stockholders.

Certain of our net leases and our ground leases require us to pay property related expenses that are not the obligations of our tenants.

Under the terms of substantially all of our net leases, in addition to satisfying their rent obligations, our tenants are responsible for the payment of real estate taxes, insurance and ordinary maintenance and repairs. However, under the provisions of certain net and ground leases, we are required to pay some expenses, such as the costs of environmental liabilities, roof and structural repairs, insurance premiums, certain non-structural repairs and maintenance. If our properties incur significant expenses that must be paid by us under the terms of our leases, our business, financial condition and results of operations will be adversely affected and the amount of cash available to meet expenses and to make distributions to holders of our common stock may be reduced.

Uninsured and underinsured losses may affect the revenues generated by, the value of, and the return from a property affected by a casualty or other claim.

Substantially all of our tenants obtain, for our benefit, comprehensive insurance covering our properties in amounts that are intended to be sufficient to provide for the replacement of the improvements at each property. However, the amount of insurance coverage maintained for any property may not be sufficient to pay the full replacement cost of the improvements at the property following a casualty event. In addition, the rent loss coverage under the policy may not extend for the full period of time that a tenant may be entitled to a rent abatement as a result of, or that may be required to complete restoration following, a casualty event. In addition, there are certain types of losses, such as those arising from earthquakes, floods, hurricanes and terrorist attacks, that may be uninsurable or that may not be economically insurable. Changes in zoning, building codes and ordinances, environmental considerations and other factors also may make it impossible or impracticable for us to use insurance proceeds to replace damaged or destroyed improvements at a property. If restoration is not or cannot be completed to the extent, or within the period of time, specified in certain of our leases, the tenant may have the right to terminate the lease. If any of these or similar events occur, it may reduce our revenues, the value of, or our return from, an affected property.

Our revenues and the value of our portfolio are affected by a number of factors that affect investments in real estate generally.

We are subject to the general risks of investing in real estate. These include adverse changes in economic conditions and local conditions such as changing demographics, retailing trends and traffic patterns, declines in the rental rates, changes in the supply and price of quality properties and the market supply and demand of competing properties, the impact of environmental laws, security concerns, prepayment penalties applicable under mortgage financings, changes in tax, zoning, building

Table of Contents

code, fire safety and other laws and regulations, the type of insurance coverage available in the market, and changes in the type, capacity and sophistication of building systems. Approximately 56.1% and 20.8% of our 2015 contractual rental income is expected to come from retail and industrial tenants, respectively, and we are vulnerable to economic declines that negatively impact these sectors of the economy, which could have an adverse effect on our results of operations, liquidity and financial condition.

Our revenues and the value of our portfolio are affected by a number of factors that affect investments in leased real estate generally.

We are subject to the general risks of investing in leased real estate. These include the non-performance of lease obligations by tenants, leasehold improvements that will be costly or difficult to remove should it become necessary to re-rent the leased space for other uses, covenants in certain retail leases that limit the types of tenants to which available space can be rented (which may limit demand or reduce the rents realized on re-renting), rights of termination of leases due to events of casualty or condemnation affecting the leased space or the property or due to interruption of the tenant's quiet enjoyment of the leased premises, and obligations of a landlord to restore the leased premises or the property following events of casualty or condemnation. The occurrence of any of these events could adversely impact our results of operations, liquidity and financial condition.

Real estate investments are relatively illiquid and their values may decline.

Real estate investments are relatively illiquid. Therefore, we will be limited in our ability to reconfigure our real estate portfolio in response to economic changes. We may encounter difficulty in disposing of properties when tenants vacate either at the expiration of the applicable lease or otherwise. If we decide to sell any of our properties, our ability to sell these properties and the prices we receive on their sale may be affected by many factors, including the number of potential buyers, the number of competing properties on the market and other market conditions, as well as whether the property is leased and if it is leased, the terms of the lease. As a result, we may be unable to sell our properties for an extended period of time without incurring a loss, which would adversely affect our results of operations, liquidity and financial condition.

The concentration of our properties in certain regions may make our revenues and the value of our portfolio vulnerable to adverse changes in local economic conditions.

The properties we own may be located in the same or a limited number of geographic regions. Approximately 46.7% of our 2015 contractual rental income will be derived from properties located in five states – Texas (11.7%), New York (10.5%), Pennsylvania (8.6%), Georgia (8.0%) and South Carolina (7.9%). At December 31, 2014, approximately 47.5% of the net book value of our real estate investments was located in five states – Texas (12.5%), South Carolina (10.2%), Pennsylvania (9.0%), Maryland (7.5%) and Georgia (7.3%). As a result, a decline in the economic conditions in these regions or in regions where our properties may be concentrated in the future, may have an adverse effect on the rental and occupancy rates for, and the property values of, these properties, which could lead to a reduction in our rental income and in the results of operations.

We have been, and in the future will be, subject to significant competition and we may not be able to compete successfully for investments.

We have been, and in the future will be, subject to significant competition for attractive investment opportunities from other real estate investors, many of which have greater financial resources than us, including publicly-traded REITs, non-traded REITs, insurance companies, commercial and investment banking firms, private institutional funds, hedge funds, private equity funds and other investors. We may not be able to compete successfully for investments. If we pay higher prices for investments, our

Table of Contents

returns may be lower and the value of our assets may not increase or may decrease significantly below the amount we paid for such assets. If such events occur, we may experience lower returns on our investments.

We cannot assure you of our ability to pay dividends in the future.

We intend to pay quarterly dividends and to make distributions to our stockholders in amounts such that all or substantially all of our taxable income in each year is distributed. This, along with other factors, will enable us to qualify for the tax benefits accorded to a REIT under the Internal Revenue Code of 1986, as amended. We have not established a minimum dividend payment level and our ability to pay dividends may be adversely affected by the risk factors described in this Annual Report on Form 10-K. All distributions will be made at the discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our REIT status and such other factors as our board of directors may deem relevant from time to time.

If we reduce our dividend, the market value of our common stock may decline.

The level of our common stock dividend is established by our board of directors from time to time based on a variety of factors, including our cash available for distribution, funds from operations and maintenance of our REIT status. Various factors could cause our board of directors to decrease our dividend level, including insufficient income to cover our dividends, tenant defaults or bankruptcies resulting in a material reduction in our funds from operations or a material loss resulting from an adverse change in the value of one or more of our properties. If our board of directors determines to reduce our common stock dividend, the market value of our common stock could be adversely affected.

Our current and future investments in joint ventures could be adversely affected by the lack of sole decision making authority, reliance on joint venture partners' financial condition, and any dispute that may arise between our joint venture partners and us.

A number of properties in which we have an interest are owned through joint ventures (including both consolidated and unconsolidated joint ventures). We may continue to acquire properties through joint ventures and/or contribute some of our properties to joint ventures. Investments in joint ventures may, under certain circumstances, involve risks not present when a third party is not involved, including the possibility that joint venture partners might file for bankruptcy protection, or fail to fund their share of required capital contributions. Further, joint venture partners may have conflicting business interests or goals, and as a result there is the potential risk of impasses on decisions, such as a sale. Any disputes that may arise between joint venture partners and us may result in litigation or arbitration that would increase our expenses and prevent our officers and/or directors from focusing their time and effort on our business. Consequently, actions by or disputes with joint venture partners might result in subjecting properties owned by the joint venture to additional risk.

Compliance with environmental regulations and associated costs could adversely affect our results of operations and liquidity.

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real property may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at the property and may be held liable to a governmental entity or to third parties for property damage and for investigation and cleanup costs incurred in connection with contamination. The cost of investigation, remediation or removal of hazardous or toxic substances may be substantial, and the presence of such substances, or the failure to properly remediate a property, may adversely affect our ability to sell or rent the property or to borrow money using the property as collateral. In connection with our ownership, operation and management of real properties, we may be considered an owner or operator of the properties and, therefore, potentially liable for removal or remediation costs, as well as certain other related costs, including governmental fines and liability for injuries to persons and property, not only with respect to properties we own now or may acquire, but also with respect to properties we have owned in the past.

Table of Contents

We cannot provide any assurance that existing environmental studies with respect to any of our properties reveal all potential environmental liabilities, that any prior owner of a property did not create any material environmental condition not known to us, or that a material environmental condition does not otherwise exist, or may not exist in the future, as to any one or more of our properties. If a material environmental condition does in fact exist, or exists in the future, the remediation costs could have a material adverse impact upon our results of operations, liquidity and financial condition.

Compliance with the Americans with Disabilities Act could be costly.

Under the Americans with Disabilities Act of 1990, all public accommodations must meet Federal requirements for access and use by disabled persons. A determination that our properties do not comply with the Americans with Disabilities Act could result in liability for both governmental fines and damages. If we are required to make unanticipated major modifications to any of our properties to comply with the Americans with Disabilities Act, which are determined not to be the responsibility of our tenants, we could incur unanticipated expenses that could have an adverse impact upon our results of operations, liquidity and financial condition.

Our senior management and other key personnel are critical to our business and our future success depends on our ability to retain them.

We depend on the services of Matthew J. Gould, chairman of our Board of Directors, Fredric H. Gould, vice chairman of our Board of Directors, Patrick J. Callan, Jr., our president and chief executive officer, Lawrence G. Ricketts, Jr., our executive vice president and chief operating officer, Karen Dunleavy, our Vice President Financial, and other members of our senior management to carry out our business and investment strategies. Only three of our senior officers, Messrs. Callan and Ricketts, and Ms. Dunleavy, devote all of their business time to us. The remainder of our senior management provides services to us on a part-time, as-needed basis. The loss of the services of any of our senior management or other key personnel, the inability or failure of the members of senior management providing services to us on a part-time basis to devote sufficient time or attention to our activities or our inability to recruit and retain qualified personnel in the future, could impair our ability to carry out our business and investment strategies.

Our transactions with affiliated entities involve conflicts of interest.

From time to time we have entered into transactions with persons and entities affiliated with us and with certain of our officers and directors. Such transactions involve a potential conflict of interest, and entail a risk that we could have obtained more favorable terms if we had entered into such transaction with an unaffiliated third party. Our policy for transactions with affiliates is to have these transactions approved by our audit committee. We entered into a compensation and services agreement with Majestic Property effective as of January 1, 2007. Majestic Property is wholly-owned by the vice-chairman of our Board of Directors and it provides compensation to certain of our part-time senior executive officers. Pursuant to the compensation and services agreement, we pay an annual fee to Majestic Property which provides us with the services of all affiliated executive, administrative, legal, accounting and clerical personnel that we use on a part time basis, as well as property management services, property acquisition, sales and leasing and mortgage brokerage services. In 2014, pursuant to the compensation and services agreement, we paid Majestic Property a fee of \$2.7 million and an additional \$186,000 for our share of all direct office expenses, including rent, telephone, postage, computer services, and internet usage. We also obtain our property insurance in conjunction with Gould Investors L.P., our affiliate, and in 2014, reimbursed Gould Investors \$400,000 for our share of the insurance premiums paid by Gould. Gould Investors beneficially owns approximately 10.5% of our outstanding common stock and certain of our senior executive officers are also executive officers of the

Table of Contents

general partner of Gould Investors. See Note 9 to our consolidated financial statements for information regarding equity awards to individuals performing services on our behalf.

The failure of any bank in which we deposit our funds could have an adverse impact on our financial condition.

We have diversified our cash and cash equivalents between several banking institutions in an attempt to minimize exposure to any one of these entities. However, the Federal Deposit Insurance Corporation, or "FDIC," only insures accounts in amounts up to \$250,000 per depositor per insured bank. We currently have cash and cash equivalents deposited in certain financial institutions significantly in excess of federally insured levels. If any of the banking institutions in which we have deposited funds ultimately fails, we may lose our deposits over \$250,000. The loss of our deposits may have an adverse effect on our financial condition.

Risks Related to the REIT Industry

Failure to qualify as a REIT could result in material adverse tax consequences and could significantly reduce cash available for distributions.

We operate so as to qualify as a REIT under the Internal Revenue Code of 1986, as amended. Qualification as a REIT involves the application of technical and complex legal provisions for which there are limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within our control may affect our ability to qualify as a REIT. In addition, no assurance can be given that legislation, new regulations, administrative interpretations or court decisions will not significantly change the tax laws with respect to qualification as a REIT or the federal income tax consequences of such qualification. If we fail to qualify as a REIT, we will be subject to federal, certain additional state and local income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates and would not be allowed a deduction in computing our taxable income for amounts distributed to stockholders. In addition, unless entitled to relief under certain statutory provisions, we would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost. The additional tax would reduce significantly our net income and the cash available for distributions to stockholders.

We are subject to certain distribution requirements that may result in our having to borrow funds at unfavorable rates.

To obtain the favorable tax treatment associated with being a REIT, we generally are required, among other things, to distribute to our stockholders at least 90% of our ordinary taxable income (subject to certain adjustments) each year. To the extent that we satisfy these distribution requirements, but distribute less than 100% of our taxable income we will be subject to Federal corporate tax on our undistributed taxable income.

As a result of differences in timing between the receipt of income and the payment of expenses, and the inclusion of such income and the deduction of such expenses in arriving at taxable income, and the effect of nondeductible capital expenditures, the creation of reserves and the timing of required debt service (including amortization) payments, we may need to borrow funds in order to make the distributions necessary to retain the tax benefits associated with qualifying as a REIT, even if we believe that then prevailing market conditions are not generally favorable for such borrowings. Such borrowings could reduce our net income and the cash available for distributions to holders of our common stock.

Compliance with REIT requirements may hinder our ability to maximize profits.

In order to qualify as a REIT for Federal income tax purposes, we must continually satisfy tests concerning, among other things, our sources of income, the amounts we distribute to our stockholders

Table of Contents

and the ownership of our stock. We may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Accordingly, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

In order to qualify as a REIT, we must also ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and real estate assets. Any investment in securities cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, no more than 5% of the value of our assets can consist of the securities of any one issuer, other than a qualified REIT security. If we fail to comply with these requirements, we must dispose of such portion of these securities in excess of these percentages within 30 days after the end of the calendar quarter in order to avoid losing our REIT status and suffering adverse tax consequences. This requirement could cause us to dispose of assets for consideration that is less than their true value and could lead to an adverse impact on our results of operations and financial condition.

Item 1B. Unresolved Staff Comments.

None.

EXECUTIVE OFFICERS

Set forth below is a list of our executive officers whose terms expire at our 2015 annual board of directors' meeting. The business history of our officers, who are also directors, will be provided in our proxy statement to be filed pursuant to Regulation 14A not later than April 30, 2015.

NAME	AGE	POSITION WITH THE COMPANY
Matthew J. Gould*	55	Chairman of the Board
Fredric H. Gould*	79	Vice Chairman of the Board
Patrick J. Callan, Jr.	52	President, Chief Executive Officer and Director
Lawrence G. Ricketts, Jr.	38	Executive Vice President and Chief Operating Officer
Jeffrey A. Gould*	49	Senior Vice President and Director
David W. Kalish***	67	Senior Vice President and Chief Financial Officer
Mark H. Lundy**	52	Senior Vice President and Secretary
Israel Rosenzweig	67	Senior Vice President
Simeon Brinberg**	81	Senior Counsel
Karen Dunleavy	56	Vice President, Financial
Alysa Block	54	Treasurer
Richard M. Figueroa	47	Vice President and Assistant Secretary
Isaac Kalish***	39	Vice President and Assistant Treasurer
Justin Clair	32	Vice President

*
Matthew J. Gould and Jeffrey A. Gould are Fredric H. Gould's sons.

**
Mark H. Lundy is Simeon Brinberg's son-in-law.

Isaac Kalish is David W. Kalish's son.

Lawrence G. Ricketts, Jr. Mr. Ricketts has been our Chief Operating Officer since 2008, Vice President from 1999 through 2006 and Executive Vice President since 2006.

David W. Kalish. Mr. Kalish has served as our Senior Vice President and Chief Financial Officer since 1990 and as Senior Vice President, Finance of BRT Realty Trust since 1998. Since 1990, he has served as Vice President and Chief Financial Officer of the managing general partner of Gould

Table of Contents

Investors L.P., a master limited partnership involved primarily in the ownership and operation of a diversified portfolio of real estate assets. Mr. Kalish is a certified public accountant.

Mark H. Lundy. Mr. Lundy has served as our Secretary since 1993, as our Vice President since 2000 and as our Senior Vice President since 2006. Mr. Lundy has been a Vice President of BRT Realty Trust from 1993 to 2006, its Senior Vice President since 2006, a Vice President of the managing general partner of Gould Investors from 1990 through 2012 and its President and Chief Operating Officer since 2013. He is an attorney admitted to practice in New York and the District of Columbia.

Israel Rosenzweig. Mr. Rosenzweig has served as our Senior Vice President since 1997, as Chairman of the Board of Trustees of BRT Realty Trust since 2013, as Vice Chairman of its Board of Trustees from 2012 through 2013, and as its Senior Vice President from 1998 through 2012. He has been a Vice President of the managing general partner of Gould Investors since 1997.

Simeon Brinberg. Mr. Brinberg served as our Senior Vice President from 1989 through 2013. He served as Secretary of BRT Realty Trust from 1983 through 2013, as Senior Vice President of BRT from 1988 through 2014 and as Vice President of the managing general partner of Gould Investors since 1988. Mr. Brinberg is an attorney admitted to practice in New York.

Karen Dunleavy. Ms. Dunleavy has been our Vice President, Financial since 1994. She served as Treasurer of the managing general partner of Gould Investors from 1986 through 2013. Ms. Dunleavy is a certified public accountant.

Alysa Block. Ms. Block has been our Treasurer since 2007, and served as Assistant Treasurer from 1997 to 2007. Ms. Block has also served as the Treasurer of BRT Realty Trust from 2008 through 2013, and served as its Assistant Treasurer from 1997 to 2008.

Richard M. Figueroa. Mr. Figueroa has served as our Vice President and Assistant Secretary since 2001, as Vice President and Assistant Secretary of BRT Realty Trust since 2002 and as Vice President of the managing general partner of Gould Investors since 1999. Mr. Figueroa is an attorney admitted to practice in New York.

Isaac Kalish. Mr. Kalish has served as our Vice President since 2013, Assistant Treasurer since 2007, as Assistant Treasurer of the managing general partner of Gould Investors from 2012 through 2013, as Treasurer from 2013, as Vice President and Treasurer of BRT Realty Trust since 2013, and as its Assistant Treasurer from 2009 through 2013. Mr. Kalish is a certified public accountant.

Justin Clair. Mr. Clair has been employed by us since 2006, served as Assistant Vice President from 2010 through 2014 and as Vice President since 2014.

Item 2. Properties.

As of December 31, 2014, we own 110 properties with an aggregate net book value of \$515.0 million and participate in joint ventures that own five properties. Our occupancy rate, based on total rentable square footage, was 98.3% and 99.6% as of December 31, 2014 and 2013, respectively. The occupancy rate of our joint venture properties, based on total rentable square footage, is 100% as of December 31, 2014 and 2013.

Table of Contents**Our Properties**

The following table summarizes as of December 31, 2014 information about our properties:

Location	Type of Property	Percentage of 2015 Contractual Rental Income	Approximate Square Footage of Building	2015 Contractual Rental Income per Square Foot
Fort Mill, SC	Industrial	5.1%	701,595	\$ 3.84
Baltimore, MD	Industrial	4.6	367,000	6.72
Royersford, PA(1)	Retail	3.8	194,600	10.56
Round Rock, TX	Assisted Living Facility	3.5	87,560	21.30
Hauppauge, NY	Flex	3.1	149,870	11.02
Greensboro, NC	Theater	2.9	61,213	25.60
W. Hartford, CT(2)	Retail Supermarket	2.6	47,174	29.54
Secaucus, NJ	Health & Fitness	2.5	44,863	29.93
Brooklyn, NY	Office	2.2	66,000	18.15
Knoxville, TN	Retail	2.2	35,330	32.84
Philadelphia, PA	Industrial	2.0	166,000	6.37
Fort Mill, SC	Flex	2.0	303,188	3.48
Tucker, GA	Health & Fitness	1.8	58,800	16.67
Kansas City, MO	Retail	1.5	88,807	8.77
Hamilton, OH	Health & Fitness	1.4	38,000	19.25
Cedar Park, TX	Retail Furniture	1.3	50,810	13.88
Columbus, OH	Retail Furniture	1.3	96,924	7.13
Indianapolis, IN	Theater	1.3	57,688	11.89
El Paso, TX(3)	Retail	1.3	110,179	8.54
Joppa, MD	Industrial	1.3	258,710	2.62
Indianapolis, IN	Industrial	1.3	125,622	5.35
Columbus, OH	Industrial	1.2	100,220	6.55
Lake Charles, LA(4)	Retail	1.2	54,229	11.95
Ronkonkoma, NY(5)	Flex	1.2	89,500	8.50
Houston, TX(6)	Retail	1.2	42,446	15.72
Sandy Springs, GA(7)	Apartments	1.1	215,124	2.82
Ft. Myers, FL	Retail	1.1	29,993	20.17
Philadelphia, PA	Retail Supermarket	1.1	57,653	10.41
Chicago, IL	Retail Office Supply	1.1	23,939	24.62
Kennesaw, GA	Retail Office Supply	1.0	32,052	17.35
Saco, ME	Industrial	1.0	91,400	5.82
Wichita, KS	Retail Furniture	1.0	88,108	5.99
Clemmons, NC	Retail	1.0	96,725	5.40
New Hope, MN	Industrial	1.0	122,461	4.18
Melville, NY	Industrial	.9	51,351	9.48
Athens, GA(8)	Retail	.9	41,280	11.63
Greenwood Village, CO	Retail	.9	45,000	10.50
New Hyde Park, NY	Industrial	.9	38,000	12.41
Champaign, IL(9)	Retail	.9	50,530	9.30
Cary, NC	Retail Office Supply	.9	33,490	13.99
Tyler, TX	Retail Furniture	.9	72,000	6.36
Onalaska, WI	Retail	.8	63,919	7.00
Fayetteville, GA	Retail Furniture	.8	65,951	6.57
Houston, TX	Retail	.8	25,005	16.70

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Table of Contents

Location	Type of Property	Percentage of 2015 Contractual Rental Income	Approximate Square Footage of Building	2015 Contractual Rental Income per Square Foot
Niles, IL	Retail	.7	33,089	12.09
Highlands Ranch, CO	Retail	.7	43,480	9.12
Eugene, OR	Retail Office Supply	.7	24,978	15.66
Richmond, VA	Retail Furniture	.7	38,788	9.93
Amarillo, TX	Retail Furniture	.7	72,227	5.31
Virginia Beach, VA	Retail Furniture	.7	58,937	6.44
Selden, NY	Retail	.7	14,550	26.05
Deptford, NJ	Retail	.7	25,358	14.90
El Paso, TX	Retail Office Supply	.7	25,000	14.54
Lexington, KY	Retail Furniture	.7	30,173	11.78
Woodbury, MN	Retail	.7	49,406	7.00
Duluth, GA	Retail Furniture	.6	50,260	6.88
Newark, DE	Retail	.6	23,547	14.47
Newport News, VA	Retail Furniture	.6	49,865	6.69
Durham, NC	Industrial	.6	46,181	6.89
Houston, TX	Retail	.6	20,087	15.50
Hyannis, MA	Retail	.6	9,750	30.07
Hauppauge, NY	Retail Restaurant	.5	7,000	40.73
Batavia, NY	Retail Office Supply	.5	23,483	12.10
Somerville, MA	Retail	.5	12,054	23.23
Greensboro, NC	Retail	.5	12,950	21.58
Gurnee, IL	Retail Furniture	.5	22,768	12.21
Naples, FL	Retail Furniture	.5	15,912	17.00
Bluffton, SC	Retail Furniture	.5	35,011	7.47
Crystal Lake, IL	Retail	.5	32,446	8.00
Carrollton, GA	Retail Restaurant	.5	6,012	42.26
Pinellas Park, FL	Industrial	.5	53,064	4.61
Cartersville, GA	Retail Restaurant	.5	5,635	42.55
Island Park, NY	Retail Restaurant	.4	6,125	37.55
Richmond, VA	Retail Restaurant	.4	9,367	24.15
Greensboro, NC	Retail Restaurant	.4	6,655	33.84
Ann Arbor, MI	Retail Restaurant	.4	7,945	27.47
Vicksburg, MS	Retail	.4	2,790	73.30
Bolingbrook, IL	Retail	.4	33,111	6.10
W. Hartford, CT(10)	Retail	.4		
Cape Girardeau, MO	Retail	.4	13,502	14.71
Myrtle Beach, SC	Retail Restaurant	.4	6,734	29.39
Miamisburg, OH	Industrial	.4	35,707	5.48
Kennesaw, GA	Retail Restaurant	.4	4,051	48.04
Everett, MA	Retail	.4	18,572	10.39
Lawrenceville, GA	Retail Restaurant	.4	4,025	46.86
Concord, NC	Retail Restaurant	.4	4,749	38.99
Killeen, TX	Retail Restaurant	.3	7,470	24.61
Flowood, MS	Retail	.3	4,505	40.78
Monroe, LA	Retail	.3	2,756	64.35
Bastrop, LA	Retail	.3	2,607	68.02
D'Iberville, MS	Retail	.3	2,650	65.11

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Table of Contents

Location	Type of Property	Percentage of 2015 Contractual Rental Income	Approximate Square Footage of Building	2015 Contractual Rental Income per Square Foot
Kentwood, LA	Retail	.3	2,578	66.93
Monroe, LA	Retail	.3	2,806	60.35
Houston, TX	Retail	.3	12,000	14.00
Vicksburg, MS	Retail	.3	4,505	37.24
Indianapolis, IN	Retail Restaurant	.3	12,820	12.86
Marston Mills, MA	Retail	.3	8,775	18.00
Monroeville, PA	Retail	.3	6,051	23.96
Gettysburg, PA	Retail Restaurant	.3	2,944	45.84
Hanover, PA	Retail Restaurant	.3	2,702	48.75
West Palm Beach, FL	Industrial	.3	10,361	11.80
Palmyra, PA	Retail Restaurant	.2	2,798	43.05
Reading, PA	Retail Restaurant	.2	2,551	46.65
Reading, PA	Retail Restaurant	.2	2,754	42.54
Trexlerstown, PA	Retail Restaurant	.2	3,004	38.21
Lawrence, KS	Retail	.2	8,600	12.21
Seattle, WA	Retail	.1	3,038	21.40
Rosenberg, TX	Retail	.1	8,000	7.99
Cherry Hill, NJ(11)	Retail		112,630	
Morrow, GA(11)	Retail		50,400	
		100.0%	5,914,958	

-
- (1) This property is leased to twelve tenants. Contractual rental income per square foot excludes 2,200 vacant square feet. Approximately 27.9% of the square footage is leased to a supermarket.
 - (2) The property is a supermarket. Additional parking for such property is identified in note 10 below.
 - (3) Contractual rental income per square foot excludes 30,262 vacant square feet. Subsequent to December 31, 2014, as a result of a lease expiration, an additional 45,974 square feet at such property became vacant.
 - (4) This property has three tenants. Approximately 43.4% of the square footage is leased to a retail office supply operator.
 - (5) Contractual rental income per square foot excludes 15,000 vacant square feet.
 - (6) This property has 15 tenants. Contractual rental income per square foot excludes 2,580 vacant square feet.
 - (7) This property is ground leased to a multi-unit apartment complex owner/operator. See note 3 of our consolidated financial statements.
 - (8) This property has two tenants. Approximately 48.4% of the square footage is leased to a retail office supply operator.
 - (9)

This property has two tenants.

- (10) This property is the additional parking lot for the property identified in note 2 above.
- (11) This property was disposed of in January 2015.

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Table of Contents

Properties Owned by Joint Ventures

The following table summarizes as of December 31, 2014 information about the properties owned by joint ventures in which we are a venture partner. We own a 50% economic interest in each joint venture:

Location	Type of Property	Percentage of Rent Payable in 2015 Contributed by the Applicable Joint Venture(1)	Approximate Square Footage of Building(2)	2015 Contractual Rental Income per Square Foot
Lincoln, NE	Retail	40.4%	112,260	\$ 10.75
Milwaukee, WI	Industrial	37.7	656,631	1.71
Savannah, GA	Retail	12.2	45,973	7.95
Savannah, GA	Retail	8.3	101,550	2.44
Savannah, GA	Retail	1.4	7,959	5.36
		100.0%	924,373	

(1) Represents the rent payable in 2015 with respect to such joint venture property expressed as a percentage of the aggregate rent payable in 2015 with respect to all of our joint venture properties.

(2) Approximate square footage indicated represents the total rentable square footage of the building owned by the joint venture.

Geographic Concentration

As of December 31, 2014, the 110 properties owned by us are located in 29 states. The following table sets forth information, presented by state, related to our properties as of December 31, 2014:

State	Number of Properties	2015 Contractual Rental Income	Percentage of 2015 Contractual Rental Income	Approximate Building Square Feet
Texas	12	\$ 6,228,419	11.7%	532,784
New York	9	5,619,775	10.5	445,879
Pennsylvania	10	4,573,231	8.6	441,057
Georgia	11	4,279,805	8.0	533,590
South Carolina	4	4,210,693	7.9	1,046,528
North Carolina	7	3,565,587	6.7	261,963
Maryland	2	3,145,743	5.9	625,710
Ohio	4	2,274,408	4.3	270,851
Illinois	6	2,198,573	4.1	195,883
New Jersey	3	1,720,799	3.2	182,851
Connecticut	2	1,593,412	3.0	47,174
Indiana	3	1,522,716	2.9	196,130
Louisiana	5	1,344,596	2.5	64,976
Virginia	4	1,324,461	2.5	156,957
Florida	4	1,242,300	2.3	109,330
Tennessee	1	1,160,320	2.2	35,330
Other	23	7,339,874	13.7	767,965
		110 \$ 53,344,712	100.0%	5,914,958

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Table of Contents

The following table sets forth information, presented by state, related to the properties owned by our joint ventures as of December 31, 2014. We own a 50% economic interest in each joint venture:

State	Number of Properties	Our Share of Rent Payable in 2015 to Our Joint Ventures	Approximate Building Square Feet
Nebraska	1	\$ 603,594	112,260
Wisconsin	1	562,500	656,631
Georgia	3	327,881	155,482
	5	\$ 1,493,975	924,373

Mortgage Debt

At December 31, 2014, we had:

59 first mortgages on 82 of our 110 properties; and

\$292.0 million of mortgage debt outstanding with a weighted average interest rate of 5.02% and a weighted average maturity of approximately 9.1 years. Substantially all of such mortgage debt bears fixed interest at rates ranging from 3.13% to 7.81% and contains prepayment penalties.

The following table sets forth scheduled principal mortgage payments due for our properties as of December 31, 2014:

YEAR	PRINCIPAL PAYMENTS DUE (Dollars in Thousands)(1)	
2015	\$	21,968
2016		32,986
2017		29,868
2018		19,760
2019		15,623
Thereafter		171,844
Total	\$	292,049

(1)

Includes mortgage debt in aggregate principal amount of \$8.9 million associated with the Morrow, Georgia and Cherry Hill, New Jersey properties which were disposed of in January 2015. Does not give effect to financings and refinancings completed after December 31, 2014. See "Item 9B. Other Information."

At December 31, 2014, our joint ventures had first mortgages on four properties with outstanding balances aggregating approximately \$17.2 million, bearing interest at rates ranging from 5.81% to 6% with a weighted average interest rate of 5.82%. Substantially all of these mortgages contain prepayment

Table of Contents

penalties. The following table sets forth the scheduled principal mortgage payments due for properties owned by our joint ventures as of December 31, 2014:

YEAR	PRINCIPAL PAYMENTS DUE (Dollars in Thousands)	
	2015	\$
2016		94
2017		101
2018		3,429
Total	\$	17,180

- (1) In February 2015, a joint venture refinanced \$6.2 million of such mortgage debt bearing an annual interest rate of 6.0% with \$7.5 million of mortgage debt maturing in 2022 and bearing an annual interest rate of 3.49%.

The mortgages on our properties are generally non-recourse, subject to standard carve-outs. The term "standard carve-outs" refers to recourse items to an otherwise non-recourse mortgage and are customary to mortgage financing. While carve-outs vary from lender to lender and transaction to transaction, the carve-outs may include, among other things, voluntary bankruptcy filings, environmental liabilities, the sale, financing or encumbrance of the property in violation of loan documents, damage to property as a result of intentional misconduct or gross negligence, failure to pay valid taxes and other claims which could create liens on property and the conversion of security deposits, insurance proceeds or condemnation awards.

Item 3. Legal Proceedings.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Part II**Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Our common stock is listed on the New York Stock Exchange under the symbol "OLP." The following table sets forth for the periods indicated, the high and low prices for our common stock as reported by the New York Stock Exchange and the per share distributions declared on our common stock.

Quarter Ended	2014			2013		
	High	Low	Dividend Per Share(1)	High	Low	Dividend Per Share(1)
March 31	\$ 23.23	\$ 19.70	\$.37	\$ 24.36	\$ 20.65	\$.35
June 30	22.74	21.13	.37	27.74	21.28	.35
September 30	21.95	20.20	.37	24.58	19.75	.35
December 31	24.50	20.11	.39	22.24	19.60	.37

- (1)

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The dividends in the fourth quarter of 2014 and 2013 were distributed on January 7, 2015 and January 3, 2014, respectively.

Table of Contents

As of March 6, 2015, there were approximately 296 holders of record of our common stock.

We qualify as a REIT for Federal income tax purposes. In order to maintain that status, we are required to distribute to our stockholders at least 90% of our annual ordinary taxable income. The amount and timing of future distributions will be at the discretion of our board of directors and will depend upon our financial condition, earnings, business plan, cash flow and other factors. We intend to make distributions in an amount at least equal to that necessary for us to maintain our status as a real estate investment trust for Federal income tax purposes.

Stock Performance Graph

The following graph compares the performance of our common stock with the Standard and Poor's 500 index and a peer group index of publicly traded equity real estate investment trusts prepared by the National Association of Real Estate Investment Trusts. As indicated, the graph assumes \$100 was invested on December 31, 2009 in our common stock and assumes the reinvestment of dividends.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among One Liberty Properties, Inc., the S&P 500 Index, and the FTSE NAREIT Equity REITs Index

*
\$100 Invested on 12/31/09 in stock or index, including reinvestment of dividends.

Fiscal year ending December 31.

	December 31,					
	2009	2010	2011	2012	2013	2014
OLP	\$ 100	\$ 204.97	\$ 220.27	\$ 290.44	\$ 307.27	\$ 386.43
S&P 500	100	115.06	117.49	136.30	180.44	205.14
FTSE NAREIT Equity REITs Index	100	127.96	138.57	163.60	167.63	218.16

Issuer Purchases of Equity Securities

We did not repurchase any shares of our outstanding common stock in October, November or December 2014.

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Table of Contents

Item 6. Selected Financial Data.

The following table sets forth the selected consolidated statement of operations data for each of the periods indicated, all of which are derived from our audited consolidated financial statements and related notes. The selected financial data for each of 2014, 2013, and 2012 should be read together with our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K and in "Management's Discussion and Analysis of Financial Condition and Results of Operations," below, where this data is discussed in more detail.

	As of and for the Year Ended December 31, (Amounts in thousands, except per share data)				
	2014	2013	2012	2011	2010
OPERATING DATA					
Total revenues	\$ 60,477(1)	\$ 50,979	\$ 43,793	\$ 40,874	\$ 36,715
Equity in earnings of unconsolidated joint ventures	533	651	1,368	914	992
Income from continuing operations	22,197(2)	17,409(2)	11,328	11,088	6,990
Income from discontinued operations	13	515	20,980(3)	2,632	2,316
Net income attributable to One Liberty Properties, Inc.	22,116	17,875	32,320	13,724	9,306
Weighted average number of common shares outstanding:					
Basic	15,563	14,948	14,427	13,801	11,465
Diluted	15,663	15,048	14,527	13,851	11,510
Net income per common share basic					
Income from continuing operations	\$ 1.37(2)	\$ 1.12(2)	\$.77	\$.77	\$.61
Income from discontinued operations		.03	1.41(3)	.19	.20
Net income	\$ 1.37	\$ 1.15	\$ 2.18	\$.96	\$.81
Net income per common share diluted					
Income from continuing operations	\$ 1.37(2)	\$ 1.11(2)	\$.76	\$.77	\$.61
Income from discontinued operations		.03	1.40(3)	.19	.20
Net income	\$ 1.37	\$ 1.14	\$ 2.16	\$.96	\$.81
Cash distributions per share of common stock	\$ 1.50	\$ 1.42	\$ 1.34	\$ 1.32	\$ 1.23
BALANCE SHEET DATA					
Real estate investments, net	\$ 504,850	\$ 496,187	\$ 405,161	\$ 370,617	\$ 360,779
Properties held for sale and related assets	10,176	5,177	5,364	22,481	33,829
Investment in unconsolidated joint ventures	4,907	4,906	19,485	7,170	6,769
Cash and cash equivalents	20,344	16,631	14,577	12,668	7,732
Total assets	590,439	571,898	481,166	452,821	436,362
Mortgages payable	292,049	278,045	225,971	190,967	199,989
Mortgages payable properties held for sale				6,970	7,058
Due under line of credit	13,250	23,250		20,000	36,200
Total liabilities	334,535	321,808	243,107	233,874	257,179
Total equity	255,904	250,090	238,059	218,947	179,183
OTHER DATA(4)					
Funds from operations	\$ 28,248	\$ 25,740	\$ 23,739	\$ 22,823	\$ 18,160
Funds from operations per common share:					
Basic	\$ 1.76	\$ 1.67	\$ 1.60	\$ 1.61	\$ 1.58
Diluted	\$ 1.75	\$ 1.66	\$ 1.59	\$ 1.61	\$ 1.58
Adjusted funds from operations	\$ 29,703	\$ 27,094	\$ 24,617	\$ 22,095	\$ 18,589
Adjusted funds from operations per common share:					

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Basic	\$	1.85	\$	1.76	\$	1.66	\$	1.56	\$	1.62
Diluted	\$	1.84	\$	1.75	\$	1.65	\$	1.56	\$	1.62

(1)

Includes a lease termination fee of \$1.3 million.

(2)

Includes for 2014, a \$10.2 million net gain from the sale of our Parsippany, NJ property less the related \$1.6 million prepayment cost on debt related to real estate, and for 2013, gains of approximately \$4.7 million from the sales of interests in real estate.

Table of Contents

- (3) Includes \$19.4 million from net gain on sales of real estate.
- (4) See " Funds from Operations and Adjusted Funds from Operations" for a discussion of the limitations on such data and a reconciliation of such data to our financial information presented in accordance with GAAP.

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 (computed in accordance with generally accepting accounting principles), excluding gains (or losses) from sales of property, plus real estate depreciation and amortization, plus impairment write-downs of depreciable real estate and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations 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. Since the NAREIT White Paper only provides guidelines for computing FFO, the computation of FFO may vary from one REIT to another. We compute adjusted funds from operations, or AFFO, by deducting from FFO our straight-line rent accruals, amortization of lease intangibles, lease termination fee income and gain on extinguishment of debt and adding back amortization of restricted stock compensation, amortization of costs in connection with our financing activities (including our share of our unconsolidated joint ventures) and debt prepayment costs.

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 assures 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. FFO and AFFO do not represent cash flows from operating, investing or financing activities as defined by GAAP.

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. Management also prepares and reviews the reconciliation of net income to FFO and AFFO.

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Table of Contents

The table below provides a reconciliation of net income in accordance with GAAP to FFO and AFFO for each of the indicated years (amounts in thousands):

	2014	2013	2012	2011	2010
Net income attributable to One Liberty Properties, Inc.	\$ 22,116	\$ 17,875	\$ 32,320	\$ 13,724	\$ 9,306
Add: depreciation of properties	14,381	11,790	9,824	9,362	8,606
Add: our share of depreciation in unconsolidated joint ventures	374	517	849	595	537
Add: impairment loss/charges	1,093	62			
Add: amortization of deferred leasing costs	162	148	106	74	53
Add: our share of amortization of deferred leasing cost in unconsolidated joint ventures		8	82		
Add: Federal excise tax relating to gain on sales	302	45	290		
Deduct: gain on sales of real estate	(10,180)		(19,732)	(932)	(235)
Deduct: net gains on sales of real estate of unconsolidated joint ventures		(4,705)			(107)
Funds from operations	28,248	25,740	23,739	22,823	18,160
Deduct: straight line rent accruals and amortization of lease intangibles	(1,734)	(1,256)	(1,331)	(1,429)	(1,129)
Deduct: our share of straight line rent accruals and amortization of lease intangibles of unconsolidated joint ventures	(1)	91	154	35	(1)
Deduct: lease termination fee income	(1,269)				
Deduct: gain on extinguishment of debt				(1,240)	
Add: prepayment costs on debt related to sale of real estate	1,581	171			
Add: amortization of restricted stock compensation	1,833	1,440	1,223	1,009	915
Add: amortization of deferred financing costs	1,028	883	797	850	610
Add: our share of amortization of deferred financing costs of unconsolidated joint ventures	17	25	35	47	34
Adjusted funds from operations	\$ 29,703	\$ 27,094	\$ 24,617	\$ 22,095	\$ 18,589

The table below provides a reconciliation of net income per common share (on a diluted basis) in accordance with GAAP to FFO and AFFO:

	2014	2013	2012	2011	2010
Net income attributable to One Liberty Properties, Inc.	\$ 1.37	\$ 1.14	\$ 2.16	\$.96	\$.81
Add: depreciation of properties	.89	.77	.66	.66	.75
Add: our share of depreciation in unconsolidated joint ventures	.02	.03	.06	.05	.05
Add: impairment loss/charges	.07	.01			
Add: amortization of deferred leasing costs	.01	.01	.01	.01	
Add: our share of amortization of deferred leasing cost in unconsolidated joint ventures					
Add: Federal excise tax relating to gain on sales	.02		.02		
Deduct: gain on sales of real estate	(.63)		(1.32)	(.07)	(.02)
Deduct: net gains on sales of real estate of unconsolidated joint ventures		(.30)			(.01)
Funds from operations	1.75	1.66	1.59	1.61	1.58
Deduct: straight line rent accruals and amortization of lease intangibles	(.10)	(.07)	(.09)	(.10)	(.10)
Deduct: our share of straight line rent accruals and amortization of lease intangibles of unconsolidated joint ventures			.01		
Deduct: lease termination fee income	(.08)				
Deduct: gain on extinguishment of debt				(.08)	
Add: prepayment costs on debt related to sale of real estate	.10	.01			
Add: amortization of restricted stock compensation	.11	.09	.08	.07	.08
Add: amortization of deferred financing costs	.06	.06	.06	.06	.06

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Add: our share of amortization of deferred financing costs of
unconsolidated joint ventures

Adjusted funds from operations	\$	1.84	\$	1.75	\$	1.65	\$	1.56	\$	1.62
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Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are a self-administered and self-managed real estate investment trust. We acquire, own and manage a geographically diversified portfolio of retail, industrial, flex, health and fitness, office and other properties, a substantial portion of which are leased under long-term net leases. As of December 31, 2014, we own 110 properties (including the Cherry Hill, NJ and Morrow, GA properties disposed of in January 2015) and our joint ventures own five properties. These 115 properties are located in 30 states.

We face a variety of risks and challenges in our business. As more fully described under Item 1A. Risk Factors, we, among other things, face the possibility we will not be able to acquire accretive properties on acceptable terms, lease our properties on terms favorable to us or at all, our tenants may not be able to pay their rental and other obligations and we may not be able to renew or relet, on acceptable terms, leases that are expiring.

We seek to manage the risk of our real property portfolio by diversifying among types of properties and industries, locations, tenants and scheduled lease expirations. As a result:

our 2015 contractual rental income is derived from the following property types 56.1% from retail, 20.8% from industrial, 6.3% from flex, 5.7% from health and fitness, and 11.1% from other properties,

no tenant accounts for 10% or more of our 2015 contractual rental income,

properties in only two states (*i.e.*, Texas, 11.7% and New York, 10.5%) account for 10% or more of 2015 contractual rental income, and

through 2023, there are two years in which the percentage of our contractual rental income represented by expiring leases exceeds 10% of our 2015 contractual rental income (*i.e.*, 10.4% in 2018 and 20.6% in 2022) and approximately 32.0% of our 2015 contractual rental income is represented by leases expiring in 2024 and thereafter.

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, obtaining other tenant related financial information, regular contact with tenant's representatives, tenant credit checks and regular management reviews of our tenants.

In acquiring properties, we balance an evaluation of the terms of the leases and the credit of the existing tenants with a fundamental analysis of the real estate to be acquired, 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.

Further, we are sensitive to the risks facing the retail industry as a result of the growth of e-commerce. We are addressing our exposure to the retail industry by seeking to acquire properties that we believe capitalize on e-commerce activities, such as e-commerce distribution and warehousing facilities however, we intend to continue to acquire retail properties as we deem appropriate.

2014 Highlights and Recent Developments

In 2014:

our rental income, net, increased by approximately \$7.4 million, or 14.9%, from 2013.

our income from continuing operations increased by \$4.8 million, or 27.5%, from 2013.

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Table of Contents

we purchased for an aggregate purchase price of \$56.8 million, nine properties representing approximately \$4.3 million of 2015 contractual rental income.

we sold three properties for an aggregate sales price of \$45.5 million as follows: (i) two Michigan health club facilities were sold for \$5.5 million in January 2014 contemporaneously with the expiration of the related leases, and at December 31, 2013, we incurred an impairment charge of \$62,000 in connection with such properties; and (ii) a Parsippany, New Jersey office property was sold in October 2014 for \$40.0 million resulting in a net gain (without giving effect to the \$1.6 million of prepayment costs on debt related to sale of real estate) of \$10.2 million.

we entered into an amendment to our credit facility which extended the expiration date of the facility from March 2015 to December 31, 2018, decreased the minimum required average outstanding balance to \$3 million and eliminated the interest rate floor of 4.75%. Effective as of January 1, 2015, the interest rate equals 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%. Assuming that the 30-day LIBOR rate continues to be 0.17%, the rate on the effective date of the amendment, the interest rate on the facility in the first quarter of 2015 will be approximately 1.92%, a decrease of approximately 283 basis points from the interest rate in effect prior to this amendment.

we obtained (i) an aggregate of \$28.1 million from mortgage financings secured by properties acquired in 2014 and 2013 and (ii) \$9.7 million of net proceeds from refinancings of mortgage debt secured by properties acquired prior to 2013.

Since January 1, 2015, we:

disposed of a retail property in Morrow, GA, pursuant to a foreclosure proceeding.

sold a retail center in Cherry Hill, NJ for \$16.0 million, resulting in a gain of approximately \$5.4 million, before giving effect to a swap breakage charge of approximately \$478,000 and the write-off of \$249,000 of the remaining deferred mortgage cost. The non-controlling interest's share of income from the transaction is approximately \$1.3 million.

acquired, through a joint venture in which we have a 90% equity interest, a 101,590 square foot shopping center located in Lakewood, Colorado, for approximately \$17.5 million. In connection with the acquisition, we obtained \$11.9 million of mortgage debt maturing in 2025, amortizing over 25 years and bearing an annual interest rate of 4.12%.

Results of Operations

Comparison of Years Ended December 31, 2014 and 2013

Revenues

The following table compares total revenues for the periods indicated:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2014	2013		
Rental income, net	\$ 56,647	\$ 49,285	\$ 7,362	14.9%
Tenant reimbursements	2,561	1,694	867	51.2
Lease termination fee	1,269		1,269	n/a
Total revenues	\$ 60,477	\$ 50,979	\$ 9,498	18.6

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Table of Contents

Rental income, net. The increase is due primarily to (i) \$5.6 million earned from eleven properties acquired in 2013 and \$2.4 million from nine properties acquired in 2014, (ii) \$329,000 from the lease of vacant space at the Cherry Hill, NJ property (which was sold in January 2015) and (iii) \$126,000 from the straight-line calculation of a lease extension. Partially offsetting the increase were decreases of approximately (i) \$517,000 due to the sale in October 2014 of the Parsippany, NJ property, (ii) \$502,000 related to property vacancies, and (iii) \$237,000 related to the write-off of straight-line rent and intangibles related to the lease termination fee transaction described below and the lower rental rate obtained on the re-lease of such property. The aggregate rental income in 2014 from the Morrow, Parsippany and Cherry Hill properties was \$3.8 million. We estimate that the rental income in 2015 (calculated on a straight-line basis and excluding tenant reimbursements) from the nine properties we acquired in 2014 will be approximately \$5.1 million.

Tenant reimbursements. Tenant real estate tax and expense reimbursements increased due to a \$343,000 increase in rebills from tenants at our former Cherry Hill, NJ property and \$260,000 from five of the properties purchased since July 1, 2013.

Lease termination fee. In connection with a lease buy-out of a retail tenant in June 2014, we received a lease termination fee of \$1.3 million. We re-leased this property simultaneously with the termination of the lease.

Operating Expenses

The following table compares operating expenses for the periods indicated:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2014	2013		
Operating expenses:				
Depreciation and amortization	\$ 14,662	\$ 11,919	\$ 2,743	23.0%
General and administrative	8,796	7,801	995	12.8
Federal excise and state taxes	488	255	233	91.4
Real estate expenses	4,407	3,213	1,194	37.2
Leasehold rent	308	308		
Real estate acquisition costs	479	921	(442)	(48.0)
Impairment loss	1,093		1,093	n/a
Total operating expenses	30,233	24,417	5,816	23.8
 Operating income	 \$ 30,244	 \$ 26,562	 \$ 3,682	 13.9

Depreciation and amortization. Approximately \$632,000 and \$2.2 million of the increase is due to depreciation expense on the properties we acquired in 2014 and 2013, respectively, and approximately \$126,000 is due to depreciation on property improvements. Partially offsetting the increase was a \$234,000 reduction in such expense due to the October 2014 sale of the Parsippany, NJ property. We incurred an aggregate of \$966,000 in depreciation in 2014 related to our Morrow, Parsippany and Cherry Hill properties. We estimate that depreciation expense in 2015 related to the nine properties acquired in 2014 will be approximately \$1.5 million.

General and administrative expenses. Contributing to the increase were increases of: (i) \$393,000, in non-cash compensation expense primarily related to the increase in the number of restricted stock awards granted in 2014 and the higher fair value of such awards at the time of grant; (ii) \$285,000 for third party audit and tax service, a significant portion of which relates to the implementation of COSO 2013; and (iii) \$216,000 in net compensation expense primarily payable to full and part time personnel.

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Table of Contents

Federal excise and state taxes. We incurred Federal excise tax of \$302,000 in 2014 and \$45,000 in 2013 (net of an approximate \$110,000 over-accrual for such tax in 2012) because, as a result of profitable property sales, our calendar year distributions were less than the amount required to be distributed so as not to be subject to such tax. State taxes were \$186,000 in 2014 compared to \$210,000 in 2013.

Real estate expenses. The components of the increase include: (i) \$250,000 for property management services pursuant to the compensation and services agreement due to the increase in the number and nature of properties in our portfolio; (ii) \$260,000 from five of the properties acquired since July 2013, all of which is rebilled to tenants; (iii) \$184,000 of real estate taxes at our former Cherry Hill, New Jersey property, a portion of which is rebilled to the tenants; (iv) \$184,000 for two properties vacated by their respective tenants at lease expiration in January 2014 (one of which was re-let in May 2014); and (v) \$174,000 (a significant portion of which is rebilled to tenants) in snow removal expense due to the harsh 2013/2014 winter.

Impairment loss. We recorded this charge with respect to our Morrow, Georgia property the tenant did not renew its lease which expired on October 31, 2014, efforts to re-let the property were unsuccessful and the non-recourse mortgage on the property matured November 1, 2014. The property was acquired by the mortgagee in January 2015 through a foreclosure proceeding.

Other Income and Expenses

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

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2014	2013		
Other income and expenses:				
Equity in earnings of unconsolidated joint ventures	\$ 533	\$ 651	\$ (118)	(18.1)%
Gain on disposition of real estate unconsolidated joint venture		2,807	(2,807)	(100)
Gain on sale unconsolidated joint venture interest		1,898	(1,898)	(100)
Gain on sale investment in BRT Realty Trust, related party	134		134	n/a
Other income	29	97	(68)	(70.1)
Gain on sale of real estate, net	10,180		10,180	n/a
Prepayment costs on debt related to sale of real estate	(1,581)		(1,581)	n/a
Interest:				
Expense	(16,305)	(13,716)	2,589	18.9
Amortization of deferred financing costs	(1,037)	(890)	147	16.5
Income from continuing operations	22,197	17,409	4,788	27.5

Equity in earnings of unconsolidated joint ventures. The decrease is attributable primarily to the sale in May 2013 of a property owned by us and another entity as tenants-in-common and the sale in April 2013 of our interest in the Plano, Texas joint venture.

Gain on disposition of real estate unconsolidated joint venture. In May 2013, the property in which we held a tenant-in-common interest was sold and we recorded a gain of \$2.8 million.

Gain on sale unconsolidated joint venture interest. In April 2013, we sold our 90% equity interest in our Plano, Texas unconsolidated joint venture to our partner and recorded a gain of \$1.9 million.

Gain on sale investment in BRT Realty Trust. We realized this gain from the sale of all of our shares in BRT Realty Trust, a related party. There was no corresponding gain in the prior year.

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Table of Contents

Gain on sale of real estate, net. We realized this gain from the October 2014 sale of our Parsippany, New Jersey office property.

Prepayment costs on debt related to sale of real estate. In connection with the sale of the Parsippany, New Jersey property, we incurred a prepayment charge in connection with our payoff, prior to maturity, of the related mortgage. There was no corresponding charge in the prior year.

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

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2014	2013		
Interest expense:				
Credit line interest	\$ 1,211	\$ 501	\$ 710	141.7%
Mortgage interest	15,094	13,215	1,879	14.2
Total	\$ 16,305	\$ 13,716	\$ 2,589	18.9

Credit line interest

The increase is due to the \$16.1 million increase from \$6.8 million in 2013 to \$22.9 million in 2014 in the weighted average balance outstanding under our line of credit. The weighted average balance increased due to borrowings to acquire several properties in 2014, partially offset by repayments on the facility with proceeds from the (i) financing of several properties in 2014 and (ii) sale in 2014 of two properties located in Michigan and the sale of the Parsippany, New Jersey property.

Mortgage interest

The following table reflects the interest rate on our mortgage debt and principal amount of outstanding mortgage debt, in each case on a weighted average basis over the course of the applicable year:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2014	2013		
Interest rate on mortgage debt	5.29%	5.48%	(.19)%	(3.5)%
Principal amount of mortgage debt	\$ 285,019	\$ 241,531	\$ 43,488	18.0

The increase in mortgage interest expense is due to the increase in the weighted average amount of mortgage debt outstanding, partially offset by a decrease in the weighted average interest rate on outstanding mortgage debt. The increase in the weighted average balance outstanding is due to the incurrence of mortgage debt of \$84.1 million in connection with properties acquired in 2014 and 2013 and the financing or refinancing of \$14.4 million, net of refinanced amounts, in connection with properties acquired in prior years. The decrease in the weighted average interest rate is due to the financing (including financings effectuated in connection with acquisitions) or refinancing in 2014 and 2013 of \$130.1 million of gross new mortgage debt with a weighted average interest rate of approximately 4.7%.

We estimate that in 2015, the mortgage interest expense associated with the nine properties acquired in 2014 with mortgage debt (including mortgage debt placed subsequent to the purchase), will be approximately \$660,000. Interest expense for these nine properties in 2014 was \$169,000.

Table of Contents

Amortization of deferred financing costs. The increase is due to: (i) the write-off of \$58,000 in deferred costs relating to the Parsippany, New Jersey property sold in October 2014; (ii) the write-off of an aggregate \$59,000 relating to three mortgages that were refinanced, and (iii) amortization incurred in connection with financings on several properties we acquired in 2014 and 2013. We estimate that in 2015, the amortization of deferred financing costs associated with the December 2014 amendment of our credit facility will be approximately \$165,000.

Discontinued Operations

The following table compares discontinued operations for the periods indicated:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2014	2013		
Discontinued operations:				
Income from operations	\$ 13	\$ 577	\$ (564)	(97.7)%
Impairment charge		(62)	62	n/a
Income from discontinued operations	\$ 13	\$ 515	\$ (502)	(97.5)

Discontinued operations include the income from operations of two Michigan properties sold in February 2014, for which a \$62,000 impairment charge was recorded.

Comparison of Years Ended December 31, 2013 and 2012**Revenues**

The following table compares total revenues for the periods indicated:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2013	2012		
Rental income, net	\$ 49,285	\$ 42,846	\$ 6,439	15.0%
Tenant reimbursements	1,694	947	747	78.9
Total revenues	\$ 50,979	\$ 43,793	\$ 7,186	16.4

Rental income, net. The increase is primarily due to rental income of \$2.9 million earned from eleven properties acquired in 2012 and \$3.3 million from eleven properties acquired in 2013.

Tenant reimbursements: The increase in real estate tax and expense reimbursements from tenants is primarily from seven properties acquired from February 2012 through December 31, 2013.

Table of Contents**Operating Expenses**

The following table compares operating expenses for the periods indicated:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2013	2012		
Operating expenses:				
Depreciation and amortization	\$ 11,919	\$ 9,564	\$ 2,355	24.6%
General and administrative	7,801	7,317	484	6.6
Federal excise and state taxes	255	457	(202)	(44.2)
Real estate expenses	3,213	2,618	595	22.7
Leasehold rent	308	308		
Real estate acquisition costs	921	823	98	11.9
Total operating expenses	24,417	21,087	3,330	15.8
Operating income	\$ 26,562	\$ 22,706	\$ 3,856	17.0

Depreciation and amortization. Approximately \$1.3 million and \$880,000 of the increase is due to depreciation expense on the properties we acquired in 2013 and 2012, respectively. The balance of the increase is primarily due to depreciation on property improvements.

General and administrative. Contributing to the increase were increases of (i) \$217,000 in non-cash compensation expense primarily related to the increase in the number of restricted stock awards granted and the higher fair value of such awards at the time of grant and (ii) \$145,000 in payroll and payroll related expenses due to higher compensation levels and an increase in medical insurance.

Federal excise and state taxes. State taxes were \$210,000 in 2013 compared to \$167,000 in 2012. We incurred Federal excise tax of \$45,000 in 2013 (net of an approximate \$110,000 over-accrual for such tax in 2012) and \$290,000 in 2012 because our calendar year distributions in the applicable year were less than the amount required to be distributed so as not to be subject to such tax.

Real estate expenses. Contributing to the increase was the expense related to a property acquired in July 2013 and the inclusion, for a full year, of the expense related to a property acquired in November 2012.

Table of Contents***Other Income and Expenses***

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

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2013	2012		
Other income and expenses:				
Equity in earnings of unconsolidated joint ventures	\$ 651	\$ 1,368	\$ (717)	(52.4)%
Gain on disposition of real estate unconsolidated joint venture	2,807		2,807	n/a
Gain on sale unconsolidated joint venture interest	1,898		1,898	n/a
Other income	97	241	(144)	(59.8)
Gain on sale of real estate, net		319	(319)	(100.0)
Interest:				
Expense	(13,716)	(12,532)	1,184	9.4
Amortization of deferred financing costs	(890)	(774)	116	15.0
Income from continuing operations	17,409	11,328	6,081	53.7

Equity in earnings of unconsolidated joint ventures. The decrease is attributable substantially to the following factors: (i) the sale in May 2013 of a property owned by us and another entity as tenants-in-common resulting in a decrease of \$515,000, including a \$148,000 mortgage prepayment penalty incurred as a result of the sale, and (ii) the inclusion in 2012 of our share of the net settlement entered into with a former tenant which accounted for \$230,000 of the decrease.

Other income. The 2012 results include a \$199,000 recovery from an insurance claim. There was no comparable income in 2013.

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

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2013	2012		
Interest expense:				
Credit line interest	\$ 501	\$ 852	\$ (351)	(41.2)%
Mortgage interest	13,215	11,680	1,535	13.1
Total	\$ 13,716	\$ 12,532	\$ 1,184	9.4

Credit line interest

The decrease is due to the \$7.8 million decrease from \$14.6 million in 2012 to \$6.8 million in 2013 in the weighted average balance outstanding under our line of credit. The weighted average balance decreased due to repayments on the facility with proceeds from the sales and financing of several properties in 2012 and 2013 and from the sale of our common stock.

Table of ContentsMortgage interest

The following table reflects the interest rate on our mortgage debt and principal amount of outstanding mortgage debt, in each case on a weighted average basis:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2013	2012		
Interest rate on mortgage debt	5.48%	5.78%	(0.30)%	(5.2)%
Principal amount of mortgage debt	\$ 241,531	\$ 202,190	\$ 39,341	19.5

The increase in mortgage interest expense is due to the increase in the weighted average amount of mortgage debt outstanding, partially offset by a decrease in the weighted average interest rate on outstanding mortgage debt. The increase in the weighted average balance outstanding is due to the incurrence of mortgage debt of \$80 million in connection with properties acquired in 2012 and 2013 and the financing or refinancing of \$22.9 million, net of refinanced amounts, in connection with properties acquired in prior years. The decrease in the weighted average interest rate is due to the financing (including financings effectuated in connection with acquisitions) or refinancing in 2012 and 2013 of \$140.2 million of gross new mortgage debt with a weighted average interest rate of approximately 4.8%.

Amortization of deferred financing costs. The increase is due to \$63,000 of amortization incurred in connection with financings on eight properties we acquired in 2013 and 2012 and \$48,000 is due to additional costs relating to the amendment to our line of credit in August 2012.

Discontinued Operations

The following table compares discontinued operations for the periods indicated:

(Dollars in thousands)	Year Ended December 31,		Increase (Decrease)	% Change
	2013	2012		
Discontinued operations:				
Income from operations	\$ 577	\$ 1,567	\$ (990)	(63.2)%
Impairment charge	(62)		(62)	n/a
Net gain on sales		19,413	(19,413)	100.0
Income from discontinued operations	\$ 515	\$ 20,980	\$ (20,465)	(97.5)

Income from discontinued operations for 2013 includes the results of operations for two properties sold in February 2014 for which a \$62,000 impairment charge was recorded. For 2012, income from discontinued operations includes the results of operations and the gain on sale of five of our properties sold in 2012, as well as the results of operations for the two properties sold in February 2014.

Liquidity and Capital Resources

Our sources of liquidity and capital include cash flow from operations, cash and cash equivalents, borrowings under our revolving credit facility, refinancing existing mortgage loans, obtaining mortgage loans secured by our unencumbered properties, issuance of our equity securities and property sales. Our available liquidity at March 6, 2015 was approximately \$80.3 million, including approximately \$14.4 million of cash and cash equivalents (net of the credit facility's required \$3 million deposit maintenance balance) and \$65.9 million available under our revolving credit facility.

Table of Contents*Liquidity and Financing*

We expect to meet substantially all of our operating cash requirements (including dividend and mortgage amortization payments) from cash flow from operations. To the extent that this cash flow is inadequate to cover all of our operating needs, we will be required to use our available cash and cash equivalents or draw on our credit line (to the extent permitted) to satisfy operating requirements.

The following table sets forth, as of December 31, 2014, information with respect to our mortgage debt that is payable from January 2014 through December 31, 2017 (excluding our unconsolidated joint ventures):

(Dollars in thousands)	2015	2016	2017	Total
Amortization payments(1)(3)	\$ 7,221	\$ 7,308	\$ 7,947	\$ 22,476
Principal due at maturity(2)(3)	14,747	25,678	21,921	62,346
Total	\$ 21,968	\$ 32,986	\$ 29,868	\$ 84,822

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- (1) Includes an aggregate of \$510,000 of amortization payments from 2015 through 2017 with respect to the Cherry Hill, New Jersey property that was sold in January 2015.
- (2) Includes \$1.5 million of principal payable in 2015 with respect to the Morrow, Georgia property that was disposed of in January 2015.
- (3) See "Item 9B. Other Information" for information regarding financing and refinancing transactions completed after December 31, 2014.

At December 31, 2014, the Company's unconsolidated joint ventures had first mortgages on four properties with outstanding balances aggregating approximately \$17.2 million, bearing interest at rates ranging from 5.81% to 6.0% (*i.e.*, a 5.82% weighted average interest rate) and maturing between 2015 and 2018. (See "Item 9B. Other Information" for information regarding a refinancing completed in February 2015).

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 or extend the mortgage loans which mature in 2015 through 2017. We intend to repay the amounts not refinanced or extended from our existing funds and sources of funds, including our available cash and our credit line (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. As a result, in order to grow our business, it is important to have a credit facility in place.

Table of Contents*Credit Facility*

We can borrow up to \$75 million pursuant to our revolving credit facility which is available to us for the acquisition of commercial real estate, repayment of mortgage debt, property improvements and general working capital purposes; provided, that if used for property improvements and working capital purposes, the amount outstanding for such purposes will not exceed the lesser of \$15 million and 15% of the borrowing base and if used for working capital purposes, will not exceed \$10 million. The facility matures December 31, 2018 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%. There is an unused facility fee of 0.25% per annum on the difference between the outstanding loan balance and \$75 million. The credit facility requires the maintenance of \$3.0 million in average deposit balances.

The terms of our revolving credit facility include certain restrictions and covenants which may limit, among other things, the incurrence of liens, and which require compliance with financial ratios relating to, among other things, the minimum amount of tangible net worth, the minimum amount of debt service coverage, the minimum amount of fixed charge coverage, the maximum amount of debt to value, the minimum level of net income, certain investment limitations and the minimum value of unencumbered properties and the number of such properties. Net proceeds received from the sale, financing or refinancing of properties are generally required to be used to repay amounts outstanding under our credit facility. At December 31, 2014, we were in compliance in all material respects with the covenants under this facility.

Contractual Obligations

The following sets forth our contractual obligations as of December 31, 2014:

(Dollars in thousands)	Payment due by period				Total
	Less than 1 Year	1 - 3 Years	4 - 5 Years	More than 5 Years	
<i>Contractual Obligations</i>					
Mortgages payable interest and amortization(1)	\$ 21,920	\$ 38,463	\$ 32,085	\$ 97,131	\$ 189,599
Mortgages payable balances due at maturity(1)	14,747	47,599	20,492	106,293	189,131
Credit facility(2)			13,250		13,250
Purchase obligations(3)	2,950	5,857	5,851	77	14,735
Total	\$ 39,617	\$ 91,919	\$ 71,678	\$ 203,501	\$ 406,715

(1) Includes mortgage debt in aggregate principal amount of \$8.9 million associated with the Morrow, Georgia and Cherry Hill, New Jersey properties which were disposed of in January 2015. Does not give effect to financings and refinancings completed after December 31, 2014. See "Item 9B. Other Information."

(2) Represents the amount outstanding at December 31, 2014. We may borrow up to \$75 million under such facility.

(3) Includes \$2.5 million payable annually pursuant to the compensation and services agreement (at the rate in effect at January 1, 2015 and assuming such agreement continues for only five years), amounts payable for office space and amounts payable pursuant to a ground lease.

As of December 31, 2014, we had \$292.0 million of mortgage debt outstanding (excluding mortgage indebtedness of our unconsolidated joint ventures), all of which is non-recourse (subject to standard carve-outs). We expect that mortgage interest and amortization payments (excluding

Table of Contents

repayments of principal at maturity) of approximately \$60.4 million due through 2017 will be paid primarily from cash generated from our operations. We anticipate that debt obligations due through 2017 of approximately \$62.3 million will be paid primarily from cash and cash equivalents and mortgage financings and refinancings. If we are unsuccessful in refinancing our existing indebtedness or financing our unencumbered properties, our cash flow, funds available under our credit facility and available cash, if any, may not be sufficient to repay all debt obligations when payments become due, and we may need to issue additional equity, obtain long or short-term debt, or dispose of properties on unfavorable terms.

Cash Distribution Policy

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

It is our intention to pay to our stockholders within the time periods prescribed by the Internal Revenue Code no less than 90%, and, if possible, 100% of our annual taxable income, including taxable gains from the sale of real estate and recognized gains on the sale of securities. It will continue to be our policy to make sufficient distributions to stockholders in order for us to maintain our REIT status under the Internal Revenue Code.

Our board of directors reviews the dividend policy regularly to determine if any changes to our dividend should be made.

Off-Balance Sheet Arrangements

We are not a party to any material off-balance sheet arrangements. See Note 3 to our Consolidated Financial Statements regarding an off-balance sheet arrangement on our property located in Sandy Springs, Georgia.

Critical Accounting Policies

Our significant accounting policies are more fully described in Note 2 to our Consolidated Financial Statements included in this Annual Report on Form 10-K. Certain of our accounting policies are particularly important to an understanding of our financial position and results of operations and require the application of significant judgment by our management; as a result they are subject to a degree of uncertainty. These critical accounting policies include the following, discussed below.

Purchase Accounting for Acquisition of Real Estate

The fair value of real estate acquired is allocated to acquired tangible assets, consisting of land and building, and identified intangible assets and liabilities, consisting of the value of above-market and below-market leases and other value of in-place leases based in each case on their fair values. The fair value of the tangible assets of an acquired property (which includes land, building and building

Table of Contents

improvements) is determined by valuing the property as if it were vacant, and the "as-if-vacant" value is then allocated to land, building and building improvements based on our determination of relative fair values of these assets. We assess fair value of the lease intangibles based on estimated cash flow projections that utilize appropriate discount rates and available market information. The fair values associated with below-market rental renewal options are determined based on our experience and the relevant facts and circumstances that existed at the time of the acquisitions. The portion of the values of the leases associated with below-market renewal options that we deem likely to be exercised are amortized to rental income over the respective renewal periods. The allocation made by us may have a positive or negative effect on net income and may have an effect on the assets and liabilities on the balance sheet.

Revenues

Our revenues, which are substantially derived from rental income, include rental income that our tenants pay in accordance with the terms of their respective leases reported on a straight-line basis over the non-cancellable term of each lease. Since many of our leases provide for rental increases at specified intervals, straight-line basis accounting requires us to record as an asset and include in revenues, unbilled rent receivables which we will only receive if the tenant makes all rent payments required through the expiration of the term of the lease. Accordingly, our management must determine, in its judgment, that the unbilled rent receivable applicable to each specific tenant is collectible. We review unbilled rent receivables on a quarterly basis and take into consideration the tenant's payment history and the financial condition of the tenant. In the event that the collectability of an unbilled rent receivable is in doubt, we are required to take a reserve against the receivable or a direct write off of the receivable, which has an adverse effect on net income for the year in which the reserve or direct write off is taken, and will decrease total assets and stockholders' equity.

Carrying Value of Real Estate Portfolio

We review our real estate portfolio on a quarterly basis to ascertain if there are any indicators of impairment to the value of any of our real estate assets, including deferred costs and intangibles, to determine if there is any need for an impairment charge. In reviewing the portfolio, we examine the type of asset, the current financial statements or other available financial information of the tenant, the economic situation in the area in which the asset is located, the economic situation in the industry in which the tenant is involved and the timeliness of the payments made by the tenant under its lease, as well as any current correspondence that may have been had with the tenant, including property inspection reports. For each real estate asset owned for which indicators of impairment exist, we perform a recoverability test by comparing the sum of the estimated undiscounted future cash flows attributable to the asset to its carrying amount. If the undiscounted cash flows are less than the asset's carrying amount, an impairment loss is recorded to the extent that the estimated fair value is less than the asset's carrying amount. The estimated fair value is determined using a discounted cash flow model of the expected future cash flows through the useful life of the property. Real estate assets that are expected to be disposed of are valued at the lower of carrying amount or fair value less costs to sell on an individual asset basis. We generally do not obtain any independent appraisals in determining value but rely on our own analysis and valuations. Any impairment charge taken with respect to any part of our real estate portfolio will reduce our net income and reduce assets and stockholders' equity to the extent of the amount of any impairment charge, but it will not affect our cash flow or our distributions until such time as we dispose of the property.

Table of Contents**Item 7A. Qualitative and Quantitative 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 utilize interest rate swaps to limit interest rate risk. These swaps are used for hedging purposes-not for speculation. We do not enter into interest rate swaps for trading purposes.

At December 31, 2014, we had 18 interest rate swap agreements outstanding (including one held by two of our unconsolidated joint ventures). 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 December 31, 2014, 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 \$4.8 million and the net unrealized loss on derivative instruments would have decreased by approximately \$4.8 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 \$5.0 million and the net unrealized loss on derivative instruments would have increased by approximately \$5.0 million. These changes would not have any impact on our net income or cash.

Our 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.

Our variable credit rate facility is sensitive to interest rate changes. At December 31, 2014, after giving effect to the amendment to the credit facility which eliminated the interest rate floor, a 100 basis point increase of the interest rate on this facility would increase our related interest costs by approximately \$133,000 per year and a 100 basis point decrease of the interest rate would decrease our related interest costs by approximately \$22,000 per year.

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.

The following table sets forth our debt obligations by scheduled principal cash flow payments and maturity date, weighted average interest rates and estimated fair market value at December 31, 2014:

(Dollars in thousands)	For the Year Ended December 31,							Fair Market Value
	2015	2016	2017	2018	2019	Thereafter	Total	
<i>Fixed rate:</i>								
Long-term debt(1)	\$ 21,968	\$ 32,986	\$ 29,868	\$ 19,760	\$ 15,623	\$ 171,844	\$ 292,049	\$ 300,541
Weighted average interest rate	5.13%	5.08%	5.00%	5.00%	5.00%	5.01%	5.02%	4.52%
<i>Variable rate:</i>								
Long-term debt(2)				\$ 13,250			\$ 13,250	

- (1) Includes mortgage debt in aggregate principal amount of \$8.9 million associated with the Morrow, Georgia and Cherry Hill, New Jersey properties which were disposed of in January 2015. Does not give effect to financings and refinancings completed after December 31, 2014. See "Item 9B. Other Information."

Table of Contents

- (2) Our credit facility matures on December 31, 2018 and bears interest at the 30 day LIBOR rate plus the applicable margin. The applicable margin varies based on the ratio of total debt to total value. See "Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations Liquidity and Capital Resources Credit Facility."

Item 8. Financial Statements and Supplementary Data.

This information appears in Item 15(a) of this Annual Report on Form 10-K, and is incorporated into this Item 8 by reference thereto.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

A review and evaluation was performed by our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on that review and evaluation, the CEO and CFO have concluded that our current disclosure controls and procedures, as designed and implemented, were effective. There have been no significant changes in our internal controls or in other factors that could significantly affect our internal controls subsequent to the date of their evaluation. There were no significant material weaknesses identified in the course of such review and evaluation and, therefore, we took no corrective measures.

Management Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as a process designed by, or under the supervision of, a company's principal executive and principal financial officers and effected by a company's board, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes those policies and procedures that:

pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of a company;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of a company are being made only in accordance with authorizations of management and directors of a company; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of a company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, our management used criteria set forth by the

Table of Contents

Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework (2013).

Based on its assessment, our management believes that, as of December 31, 2014, our internal control over financial reporting was effective based on those criteria.

Our independent registered public accounting firm, Ernst & Young LLP, has issued an audit report on management's assessment of our internal control over financial reporting. This report appears on page F-1 of this Annual Report on Form 10-K.

Item 9B. Other Information.

On February 25, 2015, we acquired for \$17.5 million (including the mortgage debt described below), through a consolidated joint venture in which we have a 90% equity interest, a 101,590 square foot shopping center located in Lakewood, Colorado.

Set forth below is a table summarizing information regarding financing and refinancing activities that occurred after December 31, 2014 (dollars in thousands):

Date	Principal Amount	Interest Rate	Maturity Date	Amortization Period
1/30/15	\$ 3,800	4.375%	2030	25 years
2/06/15(1)	7,475	3.49%	2022	30 years
2/10/15	4,450	4.20%	2025	30 years
2/25/15	11,853	4.12%	2025	25 years

(1) Reflects the refinancing of \$6.2 million of an unconsolidated joint venture's mortgage debt scheduled to mature in February 2015.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Apart from certain information concerning our executive officers which is set forth in Part I of this Annual Report, additional information required by this Item 10 shall be included in our proxy statement for our 2015 annual meeting of stockholders, to be filed with the SEC not later than April 30, 2015, and is incorporated herein by reference.

Item 11. Executive Compensation.

The information concerning our executive compensation required by this Item 11 shall be included in our proxy statement for our 2015 annual meeting of stockholders, to be filed with the SEC not later than April 30, 2015, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information concerning our beneficial owners and management required by this Item 12 shall be included in our proxy statement for our 2015 annual meeting of stockholders, to be filed with the SEC not later than April 30, 2015 and is incorporated herein by reference.

Equity Compensation Plan Information

As of December 31, 2014, the only equity compensation plan under which equity compensation may be awarded is our 2012 Incentive Plan, which was approved by our stockholders in June 2012. This plan permits us to grant stock options, restricted stock, restricted stock units and performance based

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Table of Contents

awards to our employees, officers, directors and consultants. The following table provides information as of December 31, 2014 about shares of our common stock that may be issued upon the exercise of options, warrants and rights under our 2012 Stock Incentive Plan:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))(1) (c)
Equity compensation plans approved by security holders			371,050
Equity compensation plans not approved by security holders			
Total			371,050

(1) Does not give effect to 129,975 restricted stock awards granted January 15, 2015 pursuant to our 2012 Incentive Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information concerning certain relationships, related transactions and director independence required by this Item 13 shall be included in our proxy statement for our 2015 annual meeting of stockholders, to be filed with the SEC not later than April 30, 2015 and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information concerning our principal accounting fees required by this Item 14 shall be included in our proxy statement for our 2015 annual meeting of stockholders, to be filed with the SEC not later than April 30, 2015, and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Documents filed as part of this Report:

(1) The following financial statements of the Company are included in this Annual Report on Form 10-K:

<u>Reports of Independent Registered Public Accounting Firm</u> Statements:	<u>F-1 through F-2</u>
<u>Consolidated Balance Sheets</u>	<u>F-3</u>
<u>Consolidated Statements of Income</u>	<u>F-4</u>
<u>Consolidated Statements of Comprehensive Income</u>	<u>F-5</u>
<u>Consolidated Statements of Changes in Equity</u>	<u>F-6</u>
<u>Consolidated Statements of Cash Flows</u>	<u>F-7</u>

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Notes to Consolidated Financial Statements

F-8 through F-40

(2)

Financial Statement Schedules:

Schedule III Real Estate and Accumulated Depreciation

F-41 through F-45

46

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Table of Contents

All other schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or the notes thereto.

(b)

Exhibits:

- 3.1 Articles of Amendment and Restatement of One Liberty Properties, Inc., dated July 20, 2004 (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2004).
- 3.2 Articles of Amendment to Restated Articles of Incorporation of One Liberty Properties, Inc. filed with the State of Assessments and Taxation of Maryland on June 17, 2005 (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2005).
- 3.3 Articles of Amendment to Restated Articles of Incorporation of One Liberty Properties, Inc. filed with the State of Assessments and Taxation of Maryland on June 21, 2005 (incorporated by reference to Exhibit 3.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2005).
- 3.4 By-Laws of One Liberty Properties, Inc., as amended (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on December 12, 2007).
- 3.5 Amendment, effective as of June 12, 2012, to By-Laws of One Liberty Properties, Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on June 12, 2012).
- 3.6 Amendment, effective as of September 11, 2014, to By-Laws of One Liberty Properties, Inc. (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on September 12, 2014).
- 4.1* One Liberty Properties, Inc. 2009 Incentive Plan (incorporated by reference to Exhibit 4.1 to our Annual Report on Form 10-K for the year ended December 31, 2010).
- 4.2* One Liberty Properties, Inc. 2012 Incentive Plan (incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
- 4.3 Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to our Registration Statement on Form S-2, Registration No. 333-86850, filed on April 24, 2002 and declared effective on May 24, 2002).
- 10.1 Seconded Amended and Restated Loan Agreement, dated as of March 31, 2010, by and among One Liberty Properties, Inc., Valley National Bank, Merchants Bank Division, Bank Leumi USA, Israel Discount Bank of New York and Manufacturers and Traders Trust Company (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on January 10, 2011).
- 10.2 First Amendment dated as of January 6, 2011 to the Second Amended and Restated Loan Agreement, dated as of March 31, 2010, between VNB New York Corp. as assignee of Valley National Bank, Merchants Bank Division, Bank Leumi, USA, Manufacturers and Traders Trust Company, Israel Discount Bank of New York, and One Liberty Properties, Inc. (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on January 10, 2011).

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Table of Contents

- 10.3 Second Amendment to Second Amended and Restated Loan Agreement dated as of August 5, 2011, between VNB New York Corp., Bank Leumi USA, Israel Discount Bank of New York, Manufacturers and Traders Trust Company and One Liberty Properties, Inc. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed August 15, 2011).
- 10.4 Third Amendment to Second Amended and Restated Loan Agreement dated as of July 31, 2012, between VNB New York Corp., Bank Leumi USA, Israel Discount Bank of New York, Manufacturers and Traders Trust Company and One Liberty Properties, Inc. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed August 2, 2012).
- 10.5 Fourth Amendment dated as of December 31, 2014 to Second Amended and Restated Loan Agreement dated as of July 31, 2012, between VNB New York LLC, Bank Leumi USA, Israel Discount Bank of New York, Manufacturers and Traders Trust Company and One Liberty Properties, Inc. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed January 5, 2015).
- 10.6* Compensation and Services Agreement effective as of January 1, 2007 between One Liberty Properties, Inc. and Majestic Property Management Corp. (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on March 14, 2007).
- 10.7* 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 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012).
- 10.8* Form of Performance Award Agreement (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on September 15, 2010).
- 10.9* Form of Restricted Stock Award Agreement for the 2009 Incentive Plan (incorporated by reference to Exhibit 10.6 to our Annual Report on Form 10-K for the year ended December 31, 2010).
- 10.10* 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).
- 14.1 Code of Business Conduct and Ethics (incorporated by reference to Exhibit 14.1 to One Liberty Properties, Inc.'s Current Report on Form 8-K filed on March 14, 2006).
- 21.1 Subsidiaries of the Registrant
- 23.1 Consent of Ernst & Young LLP
- 31.1 Certification of President and Chief Executive Officer
- 31.2 Certification of Senior Vice President and Chief Financial Officer
- 32.1 Certification of President and Chief Executive Officer
- 32.2 Certification of Senior Vice President and Chief Financial Officer
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document

Table of Contents

101.LAB XBRL Taxonomy Extension Definition Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

*

Indicates a management contract or compensatory plan or arrangement.

The file number for all the exhibits incorporated by reference is 001- 09279 other than exhibit 4.3 whose file number is 333-86850.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange, the Registrant has duly caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.