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ONE LIBERTY PROPERTIES INC
Form 10-Q
May 09, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2006

OR

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

Commission File Number 001-09279

ONE LIBERTY PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

MARYLAND 13-3147497

(State or other jurisdiction of (I.R.S. employer
incorporation or organization) identification number)

60 Cutter Mill Road, Great Neck, New York 11021

(Address of principal executive offices) (Zip code)

(516) 466-3100

(Registrant's telephone number, including area code)

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 X No
--- ---

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer X Non-Accelerated Filer
--- ---

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). (Check one):

Yes No X
--- ---

Indicate the number of shares outstanding of each of the issuer's classes of

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common stock, as of the latest practicable date.

As of May 4, 2006, the registrant had 9,930,842 shares of common stock outstanding.

Part I - FINANCIAL INFORMATION

Item 1 Financial Statements

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands, Except Per Share Data)

	March 31, 2006 ----- (Unaudited)
Assets	
Real estate investments, at cost	
Land	\$ 53,846
Buildings and improvements	226,361

Less accumulated depreciation	280,207
	23,431

	256,776
Investment in unconsolidated joint ventures	27,338
Cash and cash equivalents	26,660
Unbilled rent receivable	6,973
Escrow, deposits and other receivables	4,252
Investment in BRT Realty Trust (related party)	768
Deferred financing costs	2,689
Other assets (including available-for-sale securities at market of \$167 and \$163)	3,414

Total assets	\$328,870
	=====
Liabilities and Stockholders' Equity	
Liabilities:	
Mortgages payable	\$166,564
Dividends payable	3,275
Accrued expenses and other liabilities	3,300

Total liabilities	173,139

Commitments and contingencies	-

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Stockholders' equity:	
Preferred stock, \$1 par value; 12,500 shares authorized; none issued	-
Common stock, \$1 par value; 25,000 shares authorized; 9,781 and 9,770 shares issued and outstanding	9,781
Paid-in capital	133,692
Accumulated other comprehensive income - net unrealized gain on available-for-sale securities	927
Unearned compensation	-
Accumulated undistributed net income	11,331

Total stockholders' equity	155,731

Total liabilities and stockholders' equity	\$328,870
	=====

See accompanying notes to consolidated financial statements.

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

	Three Months March

	2006

Revenues:	
Rental income	\$ 7,584

Operating expenses:	
Depreciation and amortization	1,554
General and administrative (including \$331 and \$296, respectively, to related party)	1,103
Real estate expenses	58
Leasehold rent	77

Total operating expenses	2,792

Operating income	4,792
Other income and expenses:	
Equity in earnings of unconsolidated joint ventures	774
Interest and other income	216

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Interest:	
Expense	(2,799)
Amortization of deferred financing costs	(140)
Gain on sale of option to purchase property	227

Income from continuing operations	3,070
Loss from discontinued operations	-

Net income	\$ 3,070
	=====
Weighted average number of common shares outstanding:	
Basic	9,894
	=====
Diluted	9,897
	=====
Net income per common share - basic and diluted:	
Income from continuing operations	\$.31
Loss from discontinued operations	-

Net income per common share	\$.31
	=====
Cash distributions per share of common stock	\$.33
	=====

See accompanying notes to consolidated financial statements.

ONE LIBERTY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the three month period ended March 31, 2006 (Unaudited)
and the year ended December 31, 2005
(Amounts in Thousands)

	Common Stock -----	Paid-in Capital -----	Accumulated Other Comprehensive Income -----	Unearned Compen- sation -----
Balances, January 1, 2005	\$ 9,728	\$133,350	\$ 717	\$ (926)
Distributions -				

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common stock	-	-	-	-
Exercise of options	11	109	-	-
Shares issued through				
dividend reinvestment plan	31	569	-	-
Issuance of restricted stock	-	617	-	(617)
Compensation expense -				
restricted stock	-	-	-	293
Net income	-	-	-	-
Other comprehensive income-				
net unrealized gain on				
available-for-sale securities	-	-	101	-
Comprehensive income				
	-----	-----	-----	-----
Balances, December 31, 2005	9,770	134,645	818	(1,250)
Reclassification upon the adoption				
of FASB No. 123 (R)	-	(1,250)	-	1,250
Distributions -				
common stock	-	-	-	-
Shares issued through				
dividend reinvestment plan	11	191	-	-
Compensation expense -				
restricted stock	-	106	-	-
Net income	-	-	-	-
Other comprehensive income-				
net unrealized gain on				
available-for-sale securities	-	-	109	-
Comprehensive income				
	-----	-----	-----	-----
Balances, March 31, 2006	\$ 9,781	\$133,692	\$ 927	\$ -
	=====	=====	=====	=====

See accompanying notes to consolidated financial statements.

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

Cash flows from operating activities:
Net income

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Adjustments to reconcile net income
to net cash provided by operating activities:
Gain on sale
Increase in rental income from straight-lining of rent
Decrease in rental income from amortization of
intangibles relating to leases
Amortization of restricted stock expense
Equity in earnings of unconsolidated joint ventures
Distributions of earnings from unconsolidated joint ventures
Depreciation and amortization
Amortization of financing costs
Changes in assets and liabilities:
(Increase) decrease in escrow, deposits and other receivables
(Decrease) increase in accrued expenses and other liabilities

Net cash provided by operating activities

Cash flows from investing activities:
Purchase of real estate and improvements
Investment in unconsolidated joint ventures, net
Net proceeds from sale of option to purchase property
Net proceeds from sale of available-for-sale securities

Net cash provided by (used in) investing activities

Cash flows from financing activities:
Repayment of mortgages payable
Proceeds from mortgages payable
Payment of financing costs
Proceeds from bank line of credit, net
Cash distributions - common stock
Exercise of stock options
Issuance of shares through dividend reinvestment plan

Net cash (used in) provided by financing activities

Net (decrease) increase in cash and cash equivalents

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

Supplemental disclosures of cash flow information:
Cash paid during the period for interest

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

Note 1 - Organization and Background

One Liberty Properties, Inc. (the "Company") was incorporated in 1982 in the state of Maryland. The Company is a self-administered and self-managed real estate investment trust ("REIT"). The Company acquires, owns and manages a geographically diversified portfolio of retail, industrial, office, movie theater, health and fitness and other properties, a substantial portion of which are under long-term net leases. Including the twelve properties purchased in April 2006, the Company owns fifty-six properties, participates in six joint ventures which own a total of fourteen properties, including one property held for sale, and holds a 50% tenancy in common interest in one property. The seventy-one properties are located in twenty-six states.

Note 2 - Basis of Preparation

The accompanying interim unaudited consolidated financial statements as of March 31, 2006 and for the three months ended March 31, 2006 and 2005 reflect all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results for such interim periods. The results of operations for the three months ended March 31, 2006 are not necessarily indicative of the results for the full year.

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The consolidated financial statements include the accounts of One Liberty Properties, Inc. and its wholly-owned subsidiaries (collectively, the "Company"). The Company accounts for its investments in unconsolidated joint ventures under the equity method of accounting as the Company exercises significant influence over, but does not control, these entities. Material intercompany items and transactions have been eliminated.

Certain amounts reported in previous consolidated financial statements have been reclassified in the accompanying consolidated financial statements to conform to the current year's presentation.

These statements should be read in conjunction with the consolidated financial statements and related notes which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2005.

Note 3 - Earnings Per Common Share

For the three months ended March 31, 2006 and 2005, basic earnings per share were determined by dividing net income for the period by the weighted average number of shares of the Company's Common Stock outstanding, which includes unvested restricted stock, during each period.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts exercisable for, or convertible into, Common Stock were exercised or converted or resulted in the issuance of Common Stock that shared in the earnings of the Company. For the three months ended March 31, 2006 and 2005, diluted earnings per share were determined by dividing net income applicable to common stockholders for the period by the total of the weighted average number of shares of Common Stock outstanding plus the dilutive effect of the Company's outstanding options (3,468 and 6,879 for the three months ended March 31, 2006 and 2005, respectively) using the treasury stock method.

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One Liberty Properties, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Continued)

Note 4 - Investment in Unconsolidated Joint Ventures

The Company is a member in six unconsolidated joint ventures which own and operate fourteen properties. The following tables present unaudited condensed financial statements of the two most significant joint ventures. The Company is the managing member of both joint ventures, which are between the Company and MTC Investors LLC, an unrelated party, and own movie theater properties.

	Joint Venture #1 ----- (amounts in thousands)	March 31, ----- 2006 -----	Deco ----- (
Condensed Balance Sheets -----			
Cash and cash equivalents		\$ 313	
Real estate investments, net		53,095	
Deferred financing costs		440	
Unbilled rent receivable		1,451	
Other assets		3	
Total assets		\$ 55,302 =====	
Mortgage loans payable		\$ 31,489	
Other liabilities		266	
Equity		23,547	
Total liabilities and equity		\$ 55,302 =====	
Company's equity investment (A)		\$ 12,701 =====	
		Three Months Ende March 31, -----	
Condensed Statements of Operations -----		2006 -----	
Rental income		\$ 1,838 -----	
Depreciation and amortization		289	
Operating expenses		74	
Total operating expenses		363 -----	

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Operating income	1,475
Other income and expenses:	
Interest:	
Expense	(618)
Amortization of deferred financing costs	(17)

Net income attributable to members	\$ 840
	=====
Company's share of net income	\$ 420
	=====
Amount recorded in income statement (A)	\$ 415
	=====
Distributions received by the Company:	
From operations	\$ 420
	=====

(A) The difference between the carrying amount of the Company's investment in Joint Venture # 1 and the underlying equity in net assets is a premium amortized as an adjustment to equity in earnings of unconsolidated joint ventures over 40 years.

One Liberty Properties, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Continued)

Note 4 - Investment in Unconsolidated Joint Ventures (Continued)

	Joint Venture #2	

	(amounts in thousands)	
Condensed Balance Sheets		March 31,
-----		-----
		2006

Cash and cash equivalents	\$ 869	
Real estate investments, net	37,787	
Property held for sale (A)	640	
Deferred financing costs	410	
Unbilled rent receivable	1,210	
Other assets, primarily investment in AIX stock (B)	515	

Total assets	\$41,431	
		=====
Mortgage loans payable	\$25,354	

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Other liabilities	504
Equity	15,573

Total liabilities and equity	\$41,431
	=====

Company's equity investment	\$ 7,685
	=====

	Three Months
	March 31

Condensed Statements of Operations	2006
-----	----
Rental income	\$ 1,209

Depreciation and amortization	203
Operating expenses	18

Total operating expenses	221

Operating income	988
Other income and expenses:	
Interest:	
Expense	(487)
Amortization of deferred financing costs	(8)

Net income attributable to members (A)	\$ 493
	=====
Company's share of net income	\$ 246
	=====
Distributions received by the Company:	
From operations	\$ 243
	=====

(A) A stadium-style movie theater was under construction until September 2004, at which time the lease with the former operator was terminated by mutual agreement and construction stopped. The joint venture is seeking alternative uses for this property and is also offering this property for sale. The \$640 shown on the balance sheet is net of a \$2,562 provision for valuation adjustment taken as a direct write down during the three months ended September 30, 2005. There were no operations for this property during the three months ended March 31, 2006 and 2005.

(B) The joint venture owns 40,000 restricted shares of Class A common stock of Access Integrated Technologies, Inc. (NASDAQ:AIXD), the parent company of a tenant of the joint venture. In April 2006, the joint venture sold 20,000 shares of the AIXD stock and realized a gain of \$166,000.

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Note 4 - Investment in Unconsolidated Joint Ventures (Continued)

At March 31, 2006, the remaining four unconsolidated joint ventures each owned one property. At March 31, 2006 and December 31, 2005, the Company's equity investment in these four joint ventures totaled \$6,952,000 and \$6,997,000, respectively. These unconsolidated joint ventures contributed \$113,000 and \$188,000 in equity earnings for the three months ended March 31, 2006 and 2005, respectively.

Note 5 - Gain on Sale of Option to Purchase Property

During February 2006, the Company sold an option it owned to buy an interest in certain property adjacent to one of the Company's properties and realized a gain of \$227,000.

Note 6 - Discontinued Operations

The following is a summary of income from discontinued operations for the three months ended March 31, 2005 (in thousands) applicable to five properties sold in the year ended December 31, 2005:

	Three Months Ended March 31, 2005 -----	
Revenues, primarily rental income	\$ 329	-----
Depreciation and amortization	121	
Real estate expenses	227	
Interest expense	118	-----
Total expenses	466	-----
Loss from discontinued operations	\$ (137)	=====

Note 7 - Common Stock Dividend Distribution

On March 10, 2006, the Board of Directors declared a quarterly cash distribution of \$.33 per share on the Company's Common Stock which was paid on April 3, 2006 to stockholders of record on March 22, 2006.

Note 8 - Comprehensive Income

Comprehensive income for the three months ended March 31, 2006 and 2005 are as follows (amounts in thousands):

	Three Months Ended March 31, -----	
	2006 ----	2005 ----
Net income	\$ 3,070	\$ 2,723
Other comprehensive income -		
Unrealized gain (loss) on		
available-for-sale securities	109	(106)
	-----	-----
Comprehensive income	\$ 3,179	\$ 2,617
	=====	=====

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Accumulated other comprehensive income, which is solely comprised of the net unrealized gain on available-for-sale securities was \$927,000 and \$818,000 at March 31, 2006 and December 31, 2005, respectively.

One Liberty Properties, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Continued)

Note 9 - Restricted Stock

As of March 31, 2006, a total of 144,525 shares have been issued under the Company's 2003 Incentive Plan, including 50,050 restricted shares that were awarded in February 2006. The total number of shares issuable under this plan is 275,000. The restricted stock issued to date under the plan vests five years from the date of issuance, and under certain circumstances, may vest earlier. For accounting purposes, the restricted stock is not included in the outstanding shares shown on the balance sheet until they vest, but is included in the earnings per share computation. In 2006, the Company adopted the provisions of Financial Accounting Standards Board ("FASB") No. 123 (R), "Share-Based Payment (revised 2004)". These provisions require that the estimated fair value of restricted stock and stock options at the date of grant be amortized ratably into expense over the appropriate vesting period. For the three months ended March 31, 2006 and 2005, the Company recorded \$106,000 and \$57,000 of compensation expense, respectively.

Note 10 - New Accounting Pronouncements

Emerging Issues Task Force ("EITF") Issue 04-5, "Investor's Accounting for an Investment in a Limited Partnership when the Investor is the Sole General Partner and the Limited Partners Have Certain Rights" was ratified by the FASB in June 2005. This EITF provides guidance in determining whether a general partner controls a limited partnership and what rights held by the limited partners(s) preclude the sole general partner from consolidating the limited partnership in accordance with the U.S. generally accepted accounting principles. This EITF covers entities that are equivalent to limited partnerships, such as limited liability companies, in which the Company is a managing member. This EITF is effective no later than fiscal years beginning after December 15, 2005 and as of June 29, 2005 for new or modified arrangements. Management has adopted the EITF issue and its adoption did not have an effect on earnings or the financial position of the Company.

Note 11 - Subsequent Events

On April 7, 2006, the Company acquired eleven retail furniture stores, located in six states, leased to a single tenant. The properties were acquired for a purchase price of approximately \$51,200,000, with approximately \$22,250,000 paid in cash, \$2,000,000 borrowed under the Company's line of credit and the remainder through the assumption of a mortgage of approximately \$26,950,000. The basic term of the net lease expires August 14, 2022, with several renewal options.

On April 27, 2006, the Company acquired a commercial building leased to a single tenant. The property was acquired for a purchase price of approximately \$5,000,000, with \$3,900,000 funded with the proceeds of a first mortgage and the balance paid in cash. The basic term of the net lease expires August 31, 2016, with five renewal options of five years each.

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Item 2. Management's Discussion And Analysis Of Financial Condition And ----- Results Of Operations -----

Forward-Looking Statements -----

With the exception of historical information, this quarterly report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, 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," "believe," "expect," "intend," "anticipate," "estimate," "project," or similar expressions or variations thereof. Forward-looking statements should not be relied on 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. Investors are cautioned not to place undue reliance on any forward-looking statements.

Overview -----

We are a self-administered and self-managed real estate investment trust, or REIT, and we primarily own real estate that we net lease to tenants. Including the twelve properties purchased in April 2006, we own 56 properties, participate in six joint ventures which own a total of 14 properties, including one property held for sale, and hold a 50% tenancy in common interest in one property. These 71 properties are located in 26 states.

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 ordinary taxable income to our stockholders. We intend to comply with these requirements and to maintain our REIT status.

Our principal business strategy is to acquire improved, commercial properties subject to long-term net leases. We acquire properties for their value as long-term investments and for their ability to generate income over an extended period of time. We have borrowed funds in the past to finance the purchase of real estate and we expect to do so in the future.

Our rental properties are generally leased to corporate tenants under operating leases substantially all of which are noncancellable. Substantially all of our lease agreements are net lease arrangements that require the tenant to pay not only rent, but also substantially all of the operating expenses of the leased property, including maintenance, taxes, utilities and insurance. A majority of our lease agreements provide for periodic rental increases and certain of our other leases provide for increases based on the consumer price index.

At March 31, 2006, excluding mortgages payable of our unconsolidated joint ventures, we had 37 outstanding mortgages payable, aggregating approximately \$167 million in principal amount, each of which is secured by a first lien on an individual real estate property. The real properties securing our outstanding mortgages payable have an aggregate carrying value of approximately \$253 million, adjusted for intangibles, before accumulated depreciation. The mortgages bear interest at fixed rates ranging from 5.125% to 8.8%, and mature between 2006 and 2023.

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Results of Operations

Comparison of Three Months Ended March 31, 2006 and 2005

Revenues

Rental income increased by \$807,000, or 11.9%, to \$7.6 million for the three months ended March 31, 2006 from \$6.8 million for the three months ended March 31, 2005. The increase in rental income is primarily due to \$792,000 of rental revenues earned during the three months ended March 31, 2006 on eight properties acquired by us between January 2005 and November 2005.

Operating Expenses

Depreciation and amortization expense increased by \$215,000, or 16.1%, to \$1.6 million for the three months ended March 31, 2006. The increase in depreciation and amortization expense was primarily due to the acquisition of eight properties between January 2005 and November 2005.

General and administrative expenses increased by \$232,000, or 26.6%, to \$1.1 million for the three months ended March 31, 2006. The increase was due to a number of factors including an increase of approximately \$35,000 for executive and support personnel, primarily for legal and accounting services, allocated to us pursuant to a Shared Services Agreement among us and related entities. Also included in the three months ended March 31, 2006 is an increase in compensation expense of \$97,000 relating to the amortization of restricted stock and an increase in payroll expense. The increase also results from \$40,000 of fees of special counsel retained by our Audit Committee and other legal fees incurred in connection with the investigation and litigation relating to certain financial dealings of our former president and chief executive officer. Professional fees also increased by \$15,000 in the three months ended March 31, 2006 primarily due to an increase in fees to our independent public accounting firm. Additionally, for the three months ended March 31, 2006, directors' fees increased by approximately \$16,000, travel expenses increased by approximately \$15,000 and other miscellaneous expenses increased by approximately \$14,000.

Real estate expenses decreased by \$37,000, or 38.9%, for the three months ended March 31, 2006, resulting primarily from operating expenses incurred in the 2005 three month period relating to two properties.

Other Income and Expenses

Our equity in earnings of unconsolidated joint ventures decreased by \$334,000, or 30.1%, to \$774,000 for the three months ended March 31, 2006. In February 2005, the operator of one of the movie theaters owned by one of our joint ventures sold its business to an independent third party, which sale resulted in the payment to the joint venture of rental arrearages totaling \$592,000. We have a 50% interest in this joint venture and the payment resulted in \$296,000 of equity in earnings to us in the three months ended March 31, 2005. The decrease in the three months ended March 31, 2006 also results from mortgage interest expense incurred by one of our joint ventures relating to a mortgage obtained on March 31, 2005. These decreases were offset, in part, by higher rent payments received during the three months ended March 31, 2006 from the new tenant in the movie theater discussed above.

Interest and other income increased by \$196,000 to \$216,000, for the three months ended March 31, 2006 primarily due to interest earned on our investment in short-term cash equivalents of the proceeds received from a mortgage financing completed during December 2005.

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Interest expense increased by \$293,000, or 11.7%, to \$2.8 million for the three months ended March 31, 2006. This includes an increase of \$449,000 on our mortgages payable, principally resulting from mortgages placed on eleven properties between January 2005 and December 2005. This increase was offset by a decrease of \$156,000 during the three months ended March 31, 2006 of interest expense related to our line of credit. The expense in the three months ended March 31, 2005 resulted from borrowings made to facilitate the purchase of several properties. There was no credit line balance outstanding during the three months ended March 31, 2006.

Amortization of deferred financing costs decreased by \$17,000, or 10.8%, to \$140,000 for the three months ended March 31, 2006. The decrease results from the write off of the balance of deferred financing costs related to a mortgage we paid off in full during the three months ended March 31, 2005, offset in part by the amortization of deferred mortgage costs during the three months ended March 31, 2006 resulting from mortgages placed on eleven properties between January 2005 and December 2005.

During February 2006, we sold an option to buy an interest in certain property adjacent to one of our properties and recognized a gain of \$227,000.

Discontinued Operations

During the year ended December 31, 2005, we sold five properties. The results of operations for these five properties are included in discontinued operations for the three months ended March 31, 2005. There were no discontinued operations during the three months ended March 31, 2006.

Liquidity and Capital Resources

We had cash and cash equivalents of approximately \$26.7 million at March 31, 2006. Our primary sources of liquidity are cash and cash equivalents, our revolving credit facility and cash generated from operating activities, including mortgage financings. We have a \$62.5 million revolving credit facility with Valley National Bank, Merchants Bank Division, Bank Leumi USA, Manufacturers and Traders Trust Company and Israel Discount Bank of New York. The facility is available to us to pay down existing and maturing mortgages, to fund the acquisition of properties or to invest in joint ventures. The facility matures on June 30, 2007. Borrowings under the facility bear interest at the lower of LIBOR plus 2.5% or the bank's prime rate, and there is an unused facility fee of one-quarter of 1% per annum. Net proceeds received from the sale or refinancing of properties are required to be used to repay amounts outstanding under the facility if proceeds from the facility were used to purchase or refinance such properties. There was no balance outstanding under the facility at March 31, 2006. During April 2006, we borrowed \$2 million under our facility and used approximately \$22.3 million in cash to purchase 11 properties (in a single transaction) and used approximately \$1.1 million in cash to purchase one additional property.

We are actively engaged in seeking additional property acquisitions, including acquisitions with joint venture partners, and we are involved in various stages of negotiation with respect to the acquisition of additional properties. We will fund our future real estate acquisitions by using cash provided from operations, cash provided from mortgage financings and funds available under our credit facility.

We had no outstanding contingent commitments, such as guarantees of indebtedness, or any other contractual cash obligations at March 31, 2006.

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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. 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 as a REIT for federal taxation purposes, we may be subject to certain state and local taxes on our income and to federal income and excise 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).

It is our intention to pay to our stockholders within the time periods prescribed by the Internal Revenue Code no less than 90% of our annual taxable income, including gains on the sale of real estate except where we elect to defer gains for tax purposes and invest the proceeds in new properties under applicable rules of the Internal Revenue Code. It will continue to be our policy to make sufficient cash distributions to stockholders in order for us to maintain our REIT status under the Internal Revenue Code.

Item 3. - Quantitative and Qualitative Disclosures About Market Risk

All of our long-term mortgage debt 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 credit line is a variable rate facility which is sensitive to interest rates. Since there was no outstanding balance on the credit line during the three months ended March 31, 2006, changes in interest rates would not have had an impact on the amount of interest expense incurred during that period.

Item 4. - Controls and Procedures

As required under Rules 13a-15 (e) and 15d-15 (e) under the Securities Exchange Act of 1934, as amended, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of March 31, 2006 are effective.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the first three months of the fiscal year ending December 31, 2006 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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For a description of all material legal proceedings, please see Note 12 to the Consolidated Financial Statements, as well as Item 3, of the Company's Annual Report on Form 10-K for the year ended December 31, 2005 and Item 8.01 of the Company's Current Report on Form 8-K filed on August 16, 2005. Item 3 and Note 12 to the Consolidated Financial Statements of our 2005 Annual Report and Item 8.01 of our report on Form 8-K filed August 16, 2005 are hereby incorporated herein by reference.

Item 6. Exhibits

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- Exhibit 31.1 Certification of Chairman of the Board and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed with this Form 10-Q.)
 - Exhibit 31.2 Certification of Senior Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed with this Form 10-Q.)
 - Exhibit 32.1 Certification of Chairman of the Board and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed with this Form 10-Q.)
 - Exhibit 32.2 Certification of Senior Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed with this Form 10-Q.)

ONE LIBERTY PROPERTIES, INC.

SIGNATURES

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

One Liberty Properties, Inc.
(Registrant)

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May 8, 2006

/s/ Patrick J. Callan, Jr.

Date

Patrick J. Callan, Jr.
President
(authorized officer)

May 8, 2006

/s/ David W. Kalish

Date

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

EXHIBIT 31.1

CERTIFICATION

I, Fredric H. Gould, Chairman of the Board and Chief Executive Officer of One Liberty Properties, Inc. certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006 of One Liberty Properties, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2006

/s/ Fredric H. Gould

Fredric H. Gould
Chairman of the Board and
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, David W. Kalish, Senior Vice President and Chief Financial Officer of One Liberty Properties, Inc. certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006 of One Liberty Properties, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for

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establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2006

/s/ David W. Kalish

David W. Kalish
Senior Vice President
and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

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

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The undersigned, Fredric H. Gould, Chairman of the Board and Chief Executive Officer of One Liberty Properties, Inc., (the "Registrant"), does hereby certify, pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based upon a review of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006 of the Registrant, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 8, 2006 /s/ Fredric H. Gould

Fredric H. Gould
Chairman of the Board and
Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION OF SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

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

The undersigned, David W. Kalish, Senior Vice President and Chief Financial Officer of One Liberty Properties, Inc. (the "Registrant"), does hereby certify, pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based upon a review of the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2006 of the Registrant, as filed with the Securities and Exchange Commission on the date hereof (the "Report"):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 8, 2006 /s/ David W. Kalish

David W. Kalish
Senior Vice President
and Chief Financial Officer