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ONE LIBERTY PROPERTIES INC
Form 424B5
October 15, 2003

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. We may not sell these securities until a final prospectus supplement is delivered. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)5
Registration No. 333-108765

SUBJECT TO COMPLETION, DATED OCTOBER 14, 2003

PRELIMINARY PROSPECTUS SUPPLEMENT

(TO PROSPECTUS DATED OCTOBER 2, 2003)

3,250,000 SHARES

[ONE LIBERTY PROPERTIES LOGO]

ONE LIBERTY
PROPERTIES, INC.

COMMON STOCK

We are offering 3,250,000 shares of our common stock at a price per share of \$. We will receive all of the net proceeds from this sale. Our common stock is listed on the American Stock Exchange under the symbol "OLP." The last reported sales price of our common stock on October , 2003 was \$ per share.

INVESTING IN OUR COMMON STOCK INVOLVES RISKS. YOU SHOULD CAREFULLY CONSIDER THE INFORMATION UNDER THE HEADINGS "ADDITIONAL RISK FACTOR" ON PAGE S-9 OF THIS PROSPECTUS SUPPLEMENT AND "RISK FACTORS" BEGINNING ON PAGE 2 OF THE ACCOMPANYING PROSPECTUS BEFORE BUYING OUR COMMON STOCK.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS SUPPLEMENT OR THE ACCOMPANYING PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PER SHARE	TOTAL(1)
	-----	-----
Public offering price.....	\$	\$
Underwriting discount.....	\$	\$
Proceeds, before expenses, to us.....	\$	\$

(1) Reflects the sale of up to shares to our affiliate, Gould Investors L.P., at the public offering price, less the underwriting discount. If none of these shares are purchased by Gould Investors L.P. and they are instead sold to the public, the total public offering price will be \$ and the total underwriting discount and commissions will be \$.

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We have granted the underwriters an option for a period of thirty days to purchase up to an additional 487,500 shares of our common stock from us at the public offering price, less the underwriting discount and commissions, solely to cover over-allotments, if any.

We expect the common stock to be available for delivery on or about October , 2003.

FRIEDMAN BILLINGS RAMSEY

FERRIS, BAKER WATTS
INCORPORATED

STIFEL, NICOLAUS & COMPANY
INCORPORATED

October , 2003

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. The information in this prospectus supplement replaces any inconsistent information in the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus supplement and the accompanying prospectus is current as of the date such information is presented. Our business, financial condition, results of operations and prospects may have changed since those dates.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus and other documents we file with the SEC contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, the industry in which we operate, our beliefs and our management's assumptions. In addition, other written or oral statements that constitute forward-looking statements may be made by or on behalf of us. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," variations of such words and similar

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expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements after the distribution of this prospectus supplement and the accompanying prospectus, whether as a result of new information, future events, changes in assumptions, or otherwise.

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The following information is qualified in its entirety by the more detailed information and financial statements and notes thereto appearing elsewhere in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus. We encourage you to read this prospectus supplement and the accompanying prospectus, as well as the information which is incorporated by reference, in their entirety. You should carefully consider the factors set forth under "Additional Risk Factor" in this prospectus supplement and "Risk Factors" in the accompanying prospectus before making an investment decision to purchase our common stock. All references to "we," "us" or "our company" in this prospectus supplement and the accompanying prospectus mean One Liberty Properties, Inc. and its consolidated subsidiaries, unless otherwise specified. Unless otherwise specified, the information in this prospectus supplement assumes that the underwriters do not exercise the over-allotment option described herein under "Underwriting."

OUR COMPANY

GENERAL

We are a self-administered and self-managed real estate investment trust ("REIT"). We were incorporated under the laws of the State of Maryland on December 20, 1982. We acquire, own and manage a geographically diversified portfolio of retail, industrial, office, movie theater and other properties, a substantial portion of which are under long-term leases. Substantially all of our leases are "net leases", under which the tenant is typically responsible for real estate taxes, insurance and ordinary maintenance and repairs. As of September 30, 2003, we owned 36 properties, participated in four joint ventures that owned a total of 12 properties and held a 50% tenancy in common interest in one property. Our properties are located in 17 states and have approximately 3.7 million square feet of rentable space (including all rentable space for properties in which we have a joint venture participation and our tenancy in common interest). Under the terms of our leases, our 2003 contractual rental

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income is equal to approximately \$23.0 million. Our 2003 contractual rental income includes rental income that is payable to us during 2003 for properties owned as of October 3, 2003, including our share of the rental income payable to our joint ventures and payable on our tenancy in common interest, and does not include rent that we would receive if our one vacant property is rented. On September 30, 2003, the occupancy rate of our property portfolio was 99% and the weighted average remaining term of the leases in our portfolio was 10.8 years based on 2003 contractual rental income.

We acquire our properties by balancing fundamental real estate analysis with tenant credit evaluation. The main focus of our analysis is the intrinsic value of a property, determined primarily by its location, local demographics and potential for alternative use. We also evaluate a tenant's financial ability to meet operational needs and lease obligations. Most of our retail tenants operate on a national basis and include, among others, Kroger Co., Barnes & Noble, Inc., Walgreen Co., The Sports Authority, Inc., Gart Bros. Sporting Goods Company, Best Buy Co., Inc., OfficeMax Inc., Party City Corporation and Petco Animal Supplies, Inc. We believe that our emphasis on property value enables us to achieve attractive returns on the properties we acquire and also enhances our ability to re-rent or dispose of a property on favorable terms upon the expiration or early termination of a lease.

The properties in our portfolio typically have the following attributes:

- Net leases. Substantially all of our leases are net leases under which the tenant is typically responsible for real estate taxes, insurance and ordinary maintenance and repairs. We believe that investments in net leased properties offer more predictable returns than investments in properties that are not net leased;
- Long-term leases. We generally acquire properties that are subject to long-term leases; and
- Scheduled rent increases. Our leases generally provide for scheduled rent increases or periodic contractual rent increases based on the consumer price index.

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We share facilities, personnel and other resources with several affiliated entities including, among others, Gould Investors L.P., a partnership involved in the ownership and operation of a diversified portfolio of real estate, and BRT Realty Trust, a mortgage lending REIT. 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 will first be offered to us and declined by us before any of our affiliated entities may pursue the opportunity. Jeffrey Fishman, our president and chief executive officer, and Lawrence G. Ricketts, Jr., our vice president, acquisitions, devote substantially all of their business time to our company, while our other management personnel share their services on a part-time basis with us and other affiliated entities that share our executive offices. We believe that this sharing arrangement provides us access to a group of senior executives with real estate knowledge and experience to which a company of our size would not otherwise have access. For a description of the background of our management, please see the information under the heading "Our Management."

OUR BUSINESS OBJECTIVES AND GROWTH STRATEGY

Our business objectives are to maintain and increase the cash available for distribution to our stockholders by:

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- acquiring a diversified portfolio of net leased properties subject to long-term leases;
- obtaining mortgage indebtedness on favorable terms and increased access to capital to finance property acquisitions; and
- managing assets effectively through property acquisitions, lease extensions and opportunistic property sales.

Our growth strategy includes the following elements:

- to maintain, renew and enter into new long-term leases that contain provisions for contractual rent increases;
- to acquire additional properties within the United States that are subject to long-term net leases and that satisfy our other investment criteria; and
- to acquire properties in market or industry sectors that we identify, from time to time, as offering superior risk-adjusted returns.

Our acquisition strategy is to pursue properties that are subject to long-term leases, which include periodic contractual rental income increases. 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. Long-term leases also make 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. In addition, we believe that long-term leases minimize the management time required and transaction costs incurred while we own a property. Although we regard long-term leases as a central element of our acquisition strategy, we may acquire a property that is subject to a short-term lease if we believe the property represents an excellent opportunity for recurring income and residual value.

We generally expect that the properties we acquire will also provide internal growth derived from scheduled rent increases. Our goal is to continue, as often as possible, to acquire properties that are subject to long-term net leases that include contractual rental increases. Periodic contractual rental increases provide reliable increases in future rent payments, while rent increases based on the consumer price index provide protection against inflation.

Generally, we acquire properties based on their intrinsic value and intend to hold these properties for an extended period of time. Our investment criteria are intended to identify properties from which increased asset value and overall return can be realized from an extended period of ownership. While our

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acquisition decision is typically supported by a predictable rental stream under a long-term lease that exists at the time a property is acquired, our emphasis on property value generally means that upon a lease termination or expiration, we would tend to pursue a lease renewal or a new lease in preference to disposing of a property. Although our investment criteria favor an extended period of ownership of our properties, we may dispose of a property following a lease termination or expiration or even during the term of a lease 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.

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OUR INVESTMENT STRATEGY

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

- an evaluation of the property and improvements, given its location and use;
- local demographics (population and rental trends);
- the ability of the tenant to meet operational needs and lease obligations;
- the current and projected cash flow of the property;
- the estimated return on equity to us;
- the terms of tenant leases, including the relationship between current rents and market rents;
- the projected residual value of the property;
- potential for income and capital appreciation; and
- occupancy of and demand for similar properties in the market area.

RECENT DEVELOPMENTS

On October 3, 2003, we acquired 50% of the interest in one of our movie theater joint ventures held by Greenwood Properties Corp., an affiliate of the real estate group of Deutsche Bank AG. MTC Investors LLC, our co-venturer with Greenwood Properties, purchased the remaining 50% interest of Greenwood Properties in the joint venture. The aggregate purchase price for the interest of Greenwood Properties was approximately \$13,783,000. As a result of the transaction, we and MTC Investors LLC each own a 50% interest in our two movie theater joint ventures.

On October 1, 2003, we paid a cash dividend on our common stock of \$0.33 per share.

On September 24, 2003, we entered into a contract to purchase a single tenant office property located in Roseville, Minnesota, a suburb of Minneapolis, that has an aggregate of 359,000 square feet of rentable space and is currently rented to Unisys Corporation pursuant to a net lease expiring in 2012. We will pay approximately \$25,450,000 plus closing costs for the property. The closing of the acquisition will be subject to, among other things, completion of our due diligence.

On September 23, 2003, we acquired a retail property located in Plano, Texas, that has an aggregate of 112,398 square feet of rentable space and is currently rented to Robb & Stucky, Ltd. pursuant to a net lease expiring in 2020. The total purchase price, excluding closing costs, was \$13,471,000, which was paid (i) \$2,800,000 in cash and (ii) \$10,671,000 by the assumption of the existing first mortgage on the property.

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THE OFFERING

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Shares of common stock offered by us.....	3,250,000 shares(1)
Shares of common stock to be outstanding after the offering.....	9,009,000 shares(2)
American Stock Exchange symbol.....	OLP

-
- (1) Includes shares of common stock to be offered to our affiliate, Gould Investors L.P. Does not include 487,500 shares of common stock reserved for issuance upon exercise of the underwriters' over-allotment in full.
- (2) Excludes 487,500 shares of common stock issuable by us if the underwriters exercise their over-allotment in full. Excludes 88,939 shares of common stock issuable upon exercise of stock options outstanding as of September 30, 2003 at a weighted average exercise price of \$11.90 per share and 333,650 shares that may be issued under our stock option plans and our incentive plan. Includes 35,695 shares of common stock issued from June 30, 2003 to October 1, 2003 under our dividend reinvestment plan and 10,575 shares of common stock issued in September 2003 upon exercise of stock options. Includes 26,350 shares awarded under restricted stock grants subject to vesting conditions.

USE OF PROCEEDS

We estimate that we will receive approximately \$ million in net proceeds from the sale of our common stock in this offering, or approximately \$ million if the underwriters' over-allotment option is exercised in full, after deducting the estimated underwriting discount and estimated offering expenses payable by us. We currently intend to use the net proceeds of this offering as follows:

- approximately \$30.0 million to repay outstanding indebtedness under our revolving credit facility, which matures in March 2005, has an interest rate equal to the prime rate of the lender and was used primarily for the purchase of 50% of the interest held by Greenwood Properties Corp. in one of our movie theater joint ventures, the purchase of our tenancy in common interest in a property located in Los Angeles, California and a loan to our tenancy in common co-investor; and
- the remainder of the estimated net proceeds for working capital, general corporate purposes and property acquisitions. We may use up to \$10.7 million to redeem shares of our preferred stock from the holders of such shares.

We will retain broad discretion in the allocation and use of the remaining net proceeds of this offering. Pending such uses, we intend to invest the net proceeds from this offering in short-term income producing securities.

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MARKET PRICE AND DIVIDENDS ON OUR COMMON STOCK

Our common stock trades on the American Stock Exchange under the symbol "OLP." The following table sets forth the high and low prices for our common stock as reported by the American Stock Exchange and the per share cash distributions paid on our common stock during the quarters presented.

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	HIGH	LOW	DISTRIBUTIONS PER SHARE
	-----	-----	-----
2001			
First Quarter.....	\$12.25	\$11.00	\$.30
Second Quarter.....	\$13.98	\$11.75	\$.30
Third Quarter.....	\$14.41	\$13.58	\$.30
Fourth Quarter.....	\$15.00	\$13.50	\$.30*
2002			
First Quarter.....	\$17.00	\$14.60	\$.33
Second Quarter.....	\$17.50	\$14.90	\$.33
Third Quarter.....	\$15.30	\$13.50	\$.33
Fourth Quarter.....	\$15.47	\$14.30	\$.33*
2003			
First Quarter.....	\$17.50	\$15.21	\$.33
Second Quarter.....	\$18.75	\$16.40	\$.33
Third Quarter.....	\$19.20	\$17.50	\$.33

* We paid a cash distribution of \$0.30 on our common stock on January 3, 2002 and a cash distribution of \$0.33 on our common stock on January 2, 2003. These distributions are reported as being paid in the fourth quarter of the prior year.

On October , 2003, the last reported sales price of our common stock was \$ per share.

As of September 30, 2003, there were approximately 350 holders of record of our common stock and an estimated 1,632 beneficial owners of our common stock.

We elected to be taxed as a REIT under the U.S. federal income tax laws beginning with our taxable year ended December 31, 1983. We believe that we have operated in a manner qualifying us as a REIT since our election and intend to operate in a manner so that we continue to qualify as a REIT. In order to continue to qualify as a REIT, 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 pay cash distributions in an amount necessary for us to continue to qualify as a REIT for federal income tax purposes.

We have paid cash dividends on our common stock in each consecutive quarter since 1993 and we expect to continue to pay quarterly dividends in the future. There can be no assurance we will continue to pay dividends on our common stock in the future, or that our future dividend rate will equal or exceed our historical dividend rate.

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CAPITALIZATION

Our actual capitalization at June 30, 2003, and our capitalization as adjusted to give effect to the issuance of 3,250,000 shares of our common stock in this offering at a price of \$, is set forth below. The information presented below should be read in conjunction with our balance sheet, and the accompanying note disclosures thereto, which are incorporated by reference to our Form 10-Q for the quarter ended June 30, 2003.

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	JUNE 30, 2003	
	----- ACTUAL	AS ADJUSTED (1) -----
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
Debt:		
Mortgages payable:.....	\$ 82,642	\$82,642
Line of credit (2).....	3,000	--
	-----	-----
Total debt.....	85,642	82,642
	-----	-----
Stockholders' equity:		
Redeemable Convertible Preferred Stock, \$1 par value; \$1.60 cumulative annual dividend; 2,300 shares authorized; 648 shares issued; liquidation and redemption values of \$16.50.....	10,693	10,693
Common Stock, \$1 par value; 25,000 shares authorized; 5,687 shares issued and outstanding (8,937 shares as adjusted) (3).....	5,687	8,937
Paid-in capital.....	66,465	
Accumulated other comprehensive income -- net unrealized gain on available-for-sale securities.....	411	411
Accumulated undistributed net income.....	6,361	6,361
	-----	-----
Total stockholders' equity.....	89,617	
	-----	-----
Total capitalization.....	\$175,259	\$
	=====	=====

(1) After deducting underwriting discounts and commissions and estimated offering expenses payable by us, assuming application of the proceeds as described under "Use of Proceeds", and assuming no exercise of the underwriters' over-allotment option to purchase up to an additional 487,500 shares of our common stock.

(2) As adjusted, the line of credit will be fully paid from the net proceeds of this offering.

(3) Excludes 487,500 shares of common stock issuable by us if the underwriters exercise their over-allotment in full. Excludes 88,939 shares of common stock issuable upon exercise of stock options outstanding as of September 30, 2003 at a weighted average exercise price of \$11.90 per share and 333,650 shares that may be issued under our stock option plans and our incentive plan. Excludes 35,695 shares of common stock issued from June 30, 2003 to October 1, 2003 under our dividend reinvestment plan and 10,575 shares of common stock issued in September 2003 upon exercise of stock options. Excludes 26,350 shares awarded under restricted stock grants subject to vesting conditions.

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SELECTED FINANCIAL DATA

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The following table sets forth the selected consolidated statement of income data, balance sheet data and other data for each of the periods indicated. The selected financial data at and for the years ended December 31, 1998, 1999, 2000, 2001 and 2002 are derived from our audited consolidated financial statements and related notes. The selected financial data at June 30, 2003 and for the six months ended June 30, 2002 and 2003 are derived from our unaudited financial statements. The following selected financial data should be read together with our consolidated financial statements and related notes thereto and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2002 and our Form 10-Q for the quarter ended June 30, 2003, which are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1998	1999	2000	2001	2002	2002	2003
(IN THOUSANDS, EXCEPT PER SHARE DATA)							
STATEMENT OF INCOME DATA							
Revenues:							
Rental income.....	\$ 7,087	\$ 8,831	\$12,333	\$15,053	\$14,879	\$7,283	\$8,990
Interest from related party.....	2,660	--	--	--	--	--	--
Interest and other income.....	386	1,349	336	184	826	201	236
	10,133	10,180	12,669	15,237	15,705	7,484	9,226
Expenses:							
Depreciation and amortization.....	1,378	1,645	2,356	2,900	2,876	1,282	1,553
Interest -- mortgages payable.....	2,075	2,543	4,261	5,810	5,964	3,122	3,172
Interest -- line of credit.....	258	--	340	250	54	50	210
Leasehold rent.....	289	289	289	289	24	24	--
General and administrative.....	628	821	1,089	1,136	1,675	774	1,065
Public offering expenses.....	--	--	--	--	125	125	--
Real estate expenses.....	62	129	67	181	174	64	276
Provision for valuation adjustment of real estate.....	157	--	125	--	--	--	--
	4,847	5,427	8,527	10,566	10,892	5,441	6,276
Income before equity in earnings of unconsolidated joint ventures and gain (loss) on sale.....	5,286	4,753	4,142	4,671	4,813	2,043	2,950
Equity in earnings of unconsolidated joint ventures.....	--	--	--	83	1,078	473	1,243
Gain (loss) on sale.....	1,132	126	3,790	112	(11)	8	14

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Net income.....	\$ 6,418	\$ 4,879	\$ 7,932	\$ 4,866	\$ 5,880	\$2,524	\$4,207
	=====	=====	=====	=====	=====	=====	=====

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	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1998	1999	2000	2001	2002	2002	2003
	(IN THOUSANDS, EXCEPT PER SHARE DATA)						
Calculation of net income applicable to common stockholders:							
Net income.....	\$ 6,418	\$ 4,879	\$ 7,932	\$ 4,866	\$ 5,880	\$2,524	\$4,207
Less: dividends and accretion on preferred stock.....	1,452	1,247	1,044	1,037	1,037	518	518
Net income applicable to common stockholders.....	\$ 4,966	\$ 3,632	\$ 6,888	\$ 3,829	\$ 4,843	\$2,006	\$3,689
Weighted average number of common shares outstanding:							
Basic.....	2,297	2,960	2,993	3,019	4,614	3,600	5,660
Diluted.....	2,298	2,963	3,528	3,036	4,644	3,637	5,691
Net income per common share:							
Basic.....	\$ 2.16	\$ 1.23	\$ 2.30	\$ 1.27	\$ 1.05	\$ 0.56	\$ 0.65
Diluted.....	\$ 2.16	\$ 1.23	\$ 2.25	\$ 1.26	\$ 1.04	\$ 0.55	\$ 0.65

	AT DECEMBER 31,					AT JUNE 30,
	1998	1999	2000	2001	2002	2003
BALANCE SHEET DATA						
Real estate investments, net...	\$59,831	\$70,770	\$121,620	\$118,564	\$140,437	\$147,180
Investment in unconsolidated joint ventures.....	--	--	--	6,345	23,453	16,630
Cash and cash equivalents.....	19,089	11,247	2,069	2,285	2,624	4,969
Total assets.....	82,678	85,949	128,219	132,939	179,609	178,905
Mortgages payable.....	29,422	35,735	64,123	76,587	77,367	82,642
Line of credit.....	--	--	10,000	--	10,000	3,000
Total liabilities.....	30,960	36,147	74,843	78,591	90,915	89,288
Total stockholders' equity.....	38,495	49,802	53,376	54,348	88,694	89,617

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1998	1999	2000	2001	2002	2002	2003

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OTHER DATA

Funds from operations applicable to common stockholders(1).....	\$ 5,363	\$ 5,127	\$ 5,324	\$ 6,303	\$ 7,757	\$ 3,366	\$ 5,599
Funds from operations per common share:							
Basic.....	\$ 2.33	\$ 1.73	\$ 1.78	\$ 2.09	\$ 1.68	\$ 0.94	\$ 0.99
Diluted.....	\$ 2.33	\$ 1.73	\$ 1.78	\$ 2.08	\$ 1.67	\$ 0.93	\$ 0.98
Cash flow provided by (used in):							
Operating activities.....	\$ 5,810	\$ 5,826	\$ 5,840	\$ 6,764	\$ 8,344	\$ 3,459	\$ 3,068
Investing activities.....	(6,705)	(10,743)	(39,324)	(5,702)	(48,056)	(7,076)	6,378
Financing activities.....	18,378	(2,926)	24,306	(846)	40,051	31,223	(7,101)

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(1) We consider funds from operations ("FFO") as defined by the National Association of Real Estate Investment Trusts ("NAREIT") to be an appropriate supplemental disclosure of operating performance for an equity REIT due to its widespread acceptance and use within the REIT and analyst communities. FFO is presented to assist investors with analyzing our performance. However, our method of calculating FFO may be different from methods used by other REITs and, accordingly, may not be comparable to such other REITs. FFO does not represent cash generated from operations as defined by generally accepted accounting principles ("GAAP") and is not indicative of cash available to fund all cash needs, including distributions. It should not be considered as an alternative to net income for the purpose of evaluating our performance or to cash flows as a measure of liquidity.

NAREIT defines FFO as net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization (excluding amortization of financing costs) and after adjustments for unconsolidated partnerships and joint ventures. Effective January 1, 2000, NAREIT clarified the definition of FFO to include non-recurring events except those that are defined as "extraordinary items" under GAAP.

The table below provides a reconciliation of net income in accordance with GAAP to FFO, as calculated under the current NAREIT definition of FFO for each of the years in the five year period ended December 31, 2002 and for the six months ended June 30, 2002 and 2003.

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED	
	1998	1999	2000	2001	2002	2002	2003
Net income.....	\$ 6,418	\$ 4,879	\$ 7,932	\$ 4,866	\$ 5,880	\$2,524	\$4,207
Add: depreciation of properties.....	1,184	1,478	2,113	2,584	2,617	1,282	1,553
Add: our share of							

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depreciation in unconsolidated joint ventures.....	--	--	--	16	268	78	358
Add: amortization of capitalized leasing expenses.....	--	--	--	--	--	--	13
Add: provision for valuation adjustment of real estate.....	157	--	125	--	--	--	--
Deduct: loss (gain) on sale of real estate.....	(1,102)	(62)	(3,802)	(126)	29	--	(14)
Deduct: preferred distributions.....	(1,294)	(1,168)	(1,044)	(1,037)	(1,037)	(518)	(518)
Funds from operations applicable to common stockholders.....	\$ 5,363	\$ 5,127	\$ 5,324	\$ 6,303	\$ 7,757	\$3,366	\$5,599
	=====	=====	=====	=====	=====	=====	=====

ADDITIONAL RISK FACTOR

WE MAY BE UNABLE TO ACQUIRE OR MAY BE DELAYED IN ACQUIRING ADDITIONAL PROPERTIES AT FAVORABLE PRICES.

We intend to use a portion of the proceeds from this offering to pay down our outstanding indebtedness under our revolving credit facility. We may use the new availability under such credit facility and proceeds from this offering to acquire additional properties. The enhancement of our portfolio through the acquisition of additional properties is a significant element of our growth strategy. We may be delayed in acquiring properties that will generate returns consistent with our historical returns on our other properties. Our inability to acquire, or any delays in acquiring, appropriate properties may decrease our return on equity resulting in a reduction in the amount of cash available to meet expenses and to make distributions to holders of our common stock.

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OUR PROPERTIES

GENERAL

As of September 30, 2003, we owned 36 properties and participated in four joint ventures that owned a total of 12 properties and held a 50% tenancy in common interest in one property. The following table sets forth information as of September 30, 2003 concerning each property in which we currently own an equity interest and the operator of the business occupying the property (which is not necessarily the same enterprise as the actual tenant). Except as otherwise noted, we own 100% of each property:

LOCATION	TYPE OF PROPERTY	OPERATOR	PERCENTAGE OF REVENUE (1)
-----	-----	-----	-----
Jupiter, FL.....	Flex	GE Medical Systems Information Technologies Inc.	9.04%
Hauppauge, NY.....	Flex	L-3 Communications Corporation	6.78%
El Paso, TX.....	Retail	Barnes & Noble, Inc.; Best Buy Co.,	6.44%

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		Inc.; CompUSA, Inc.; Mattress Firm	
Hanover, PA.....	Industrial	The ESAB Group, Inc.	5.72%
Columbus, OH.....	Retail	Kittle's Home Furnishing Center, Inc.	3.84%
Brooklyn, NY.....	Office	The City of New York	3.70%
Plano, TX.....	Retail	Golfsmith; Franchisee of Bassett Furniture	3.49%
Ronkonkoma, NY.....	Flex	Cedar Graphics, Inc.; Gavin Mfg.	3.05%
Live Oak, TX.....	Theater	Regal Cinemas, Inc.(2)	2.85%
Lake Charles, LA.....	Retail	OfficeMax, Inc.; Party City Corporation; PetsMart, Inc.	2.76%
Manhattan, NY.....	Residential	Sanford Realty Associates, Inc.	2.62%
Brooklyn, NY.....	Theater	Pritchard Square Cinema LLC(2)	2.48%
Henrietta, NY.....	Theater	Regal Cinemas, Inc.(2)	2.40%
Ft. Myers, FL.....	Retail	Barnes & Noble, Inc.	2.24%
Grand Rapids, MI.....	Health & Fitness	Trinity Health Michigan	2.19%
Morrow, GA.....	Theater	American Multi-Cinema, Inc.(2)	2.16%
Norwalk, CA.....	Theater	American Multi-Cinema, Inc.(2)	2.15%
Los Angeles, CA.....	Office	Playboy Entertainment Group, Inc.(3)	2.10%
Austell, GA.....	Theater	Regal Cinemas, Inc.(2)	1.93%
Atlanta, GA.....	Retail	The Sports Authority, Inc.	1.92%
Greenwood Village, CO.....	Retail	Gart Bros. Sporting Goods Company	1.84%
Lubbock, TX.....	Theater	Cinemark USA, Inc.(2)	1.80%
Champaign, IL.....	Retail	Barnes & Noble, Inc.	1.75%
Chattanooga, TN.....	Retail	Rhodes, Inc.	1.72%
Lewisville, TX.....	Retail	Footstar, Inc.	1.70%
Mesquite, TX.....	Retail	Franchisee of Bassett Furniture	1.63%
Beavercreek, OH.....	Theater	Regal Cinemas, Inc.(2)	1.54%
Plano, TX.....	Retail	Robb & Stucky, Ltd.	1.49%
Roanoke, VA.....	Theater	Consolidated Theaters Holdings, G.P.(2)	1.37%
Selden, NY.....	Retail	Petco, Inc.	1.35%

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LOCATION	TYPE OF PROPERTY	OPERATOR	PERCENTAGE OF REVENUE (1)
-----	-----	-----	-----
Grand Rapids, MI.....	Health & Fitness	Trinity Health -- Michigan	1.23%
Tucker, GA.....	Health & Fitness	LA Fitness International, LLC	1.17%
Batavia, NY.....	Retail	OfficeMax, Inc.	1.09%
Columbus, OH.....	Industrial	Kroger Co.	1.06%
Houston, TX.....	Retail	Party City Corporation	0.94%
New Hyde Park, NY.....	Industrial	Lawson Mardon USA Inc.	0.88%
Melville, NY.....	Industrial	Airborne Express, Inc.	0.87%
Somerville, MA.....	Retail	Walgreen Co.	0.87%
Newark, DE.....	Retail	OfficeMax, Inc.	0.80%
Cedar Rapids, IA.....	Retail	Ultimate Electronics, Inc.	0.79%
Shreveport, LA.....	Retail	Footstar, Inc.(2)	0.75%
Killeen, TX.....	Retail	Hollywood Entertainment Corp.	0.71%
Miami, FL.....	Industrial	United States Cold Storage Inc.(2)	0.67%
Houston, TX.....	Retail	Kroger Co.	0.65%
Rosenberg, TX.....	Retail	Hollywood Entertainment Corp.	0.56%
West Palm Beach, FL...	Industrial	BellSouth Telecommunications	0.43%
Seattle, WA.....	Retail	Payless Shoesource, Inc.	0.24%
Monroe, NY.....	Theater	Monroe Pavilion LLC(2)	0.19%

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Hamilton, NY.....	Retail	Vacant	0.05%

Total:			100.00%
			=====

- (1) Percentage of our 2003 contractual rental income payable to us pursuant to existing leases.
- (2) Owned by a joint venture in which we are a venture partner. Percentage of revenues indicated represents our share of the revenues of the venture. Approximate square footage indicated represents the total rentable square footage of the property owned by the venture.
- (3) An undivided 50% interest is owned by us as tenant in common with an unrelated entity. Percentage of revenues indicated represents our share of the revenues. Approximate square footage indicated represents the total rentable square footage of the property.

The occupancy rate for our properties, based on total rentable square footage was, as of September 30, 2003, and as of December 31, 2000, 2001 and 2002, in excess of 99%.

Our properties are located in 17 states. The following table sets forth certain information, presented by state, related to our properties as of September 30, 2003.

STATE	NUMBER OF PROPERTIES	2003 RENTAL REVENUES(1)	APPROXIMATE BUILDING SQUARE FEET
-----	-----	-----	-----
New York.....	12	\$ 5,839,306	749,589 (2)
Texas.....	11	5,110,328	526,545 (3)
Florida.....	4	2,841,356	624,921 (4)
Georgia.....	4	1,647,006	285,860 (5)
Ohio.....	3	1,477,383	272,293 (6)
California.....	2	976,294	186,262 (7)
Pennsylvania.....	1	1,311,717	458,560
Other.....	12	3,744,297	547,025 (8)
	--	-----	-----
Total:.....	49	\$22,947,687	3,651,055
	==	=====	=====

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- (1) Reflects 2003 contractual rental income including our share of the revenues from our joint ventures and our tenancy in common interest, and does not include rent that we would receive if our one vacant property is rented.
- (2) Includes the entire 140,835 rentable square footage of three properties that are owned by a joint venture.
- (3) Includes the entire 142,568 rentable square footage of two properties that are owned by a joint venture.

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- (4) Includes the entire 396,000 rentable square footage of one property that is owned by a joint venture.
- (5) Includes the entire 176,660 rentable square footage of two properties that are owned by a joint venture.
- (6) Includes the entire 75,149 rentable square footage of one property that is owned by a joint venture.
- (7) Includes the entire 80,000 rentable square footage of one property that is owned by a joint venture.
- (8) Includes the entire 68,330 rentable square footage of two properties that are owned by a joint venture.

OUR TENANTS

The following table shows information about the diversification of our tenants by industry sector as of September 30, 2003:

TYPE OF PROPERTY -----	2003 RENTAL REVENUES (1) -----	NUMBER OF TENANTS -----	NUMBER OF PROPERTIES -----	PERCENTAGE OF 2003 RENTAL REVENUES -----
Retail.....	\$ 9,094,983	29	24	39.63%
Flex.....	4,329,852	4	3	18.87%
Industrial.....	2,208,280	6	6	9.62%
Theater.....	4,328,827	10	10	18.86%
Health & Fitness.....	1,053,201	3	3	4.59%
Office.....	1,332,544	2	2	5.81%
Residential.....	600,000	1	1	2.62%
	-----	--	--	-----
Total:.....	\$22,947,687	55	49	100.00%
	=====	==	==	=====

- (1) Reflects 2003 contractual rental income which includes rental income that is payable to us during 2003, including our share of the rental income payable to our joint ventures and our tenancy in common interest, and does not include rent that we would receive if our one vacant property is rented.

Although we focus on property value in analyzing our potential property acquisitions, we also review the ability of the tenant to meet its operational needs and lease obligations. Typically our tenants are not rated or are rated below investment grade. Of our properties, 23 are net leased to various retail operators under long-term leases and, except for three of the retail properties, are net leased to single tenants. Of the three properties net leased to multiple retail operators, one is net leased to four separate tenants pursuant to separate leases, one is net leased to two separate tenants pursuant to separate leases and one is net leased to three separate tenants pursuant to separate leases. Most of our retail tenants operate on a national basis and include, among others, Kroger Co., Barnes & Noble, Inc., Walgreen Co., The Sports Authority, Inc., Gart Bros. Sporting Goods Company, Best Buy Co., Inc., OfficeMax Inc., Party City Corporation and Petco Animal Supplies, Inc. Six of our properties are industrial-type buildings, of which two are used as frozen food warehouses. Three of our properties are flex-type buildings (office,

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research and development and warehouse) and three are health and fitness facilities. Finally, we have two office properties, one residential property and ten movie theaters. At September 30, 2003, one of our retail properties, representing 43,200 square feet, was vacant. No assurances can be given that we will find tenants for this vacant property.

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MOVIE THEATER JOINT VENTURES

We identified the acquisition of megaplex movie theaters, and in particular stadium-style theaters, as an investment opportunity that offers us the potential for acquiring valuable assets with returns that satisfy our investment criteria. Megaplex movie theaters have multiple screens with predominantly stadium-style seating (seating with elevation between rows to provide unobstructed viewing) and are equipped with electronics and technology that are intended to enhance the audio and visual experience for the patron. We believe that well-located, megaplex stadium-style theaters and "in-town" multi-screen theaters that conform to our investment criteria will provide us with above average risk-adjusted returns on our investment. In identifying the movie theaters that present the most attractive acquisition candidates, our review of potential property purchases includes an analysis of the financial performance or projected financial performance of each specific theater considered for purchase.

Our movie theater properties are owned by two joint ventures, in each of which we have a 50% equity interest. We are designated the "managing member" under each joint venture operating agreement. Each operating agreement provides that we receive an acquisition fee from the joint venture equal to 0.5% of the purchase price of each property acquired by the joint venture. In addition, Majestic Property Management Corp., a company owned by our chairman of the board and in which certain of our executive officers are officers, receives a management fee equal to 1% of all rents received by the joint ventures from single-tenant properties and a management fee equal to 3% of all rents received by the joint ventures from multi-tenant properties. Majestic will receive leasing and mortgage brokerage fees for any property acquired by either joint venture at a rate equal to 80% of the then market cost. Majestic will also receive a construction supervisory fee equal to 8% of the cost of any capital improvements to the property and sale commissions equal to 1% of the sales price of any properties that are sold.

The following table provides certain information with respect to the ten movie theaters owned by our two movie theater joint ventures.

LOCATION	NO. OF SCREENS	OPERATOR	PURCHASE PRICE (1)	EXPIRATION OF INITIAL TERM	D
-----	-----	-----	-----	-----	-----
Norwalk, CA.....	20	American Multi-Cinema, Inc.	\$ 12.5 million	2021	N
Austell, GA.....	22	Regal Cinemas, Inc.	\$ 11.8 million	2019	
Beavercreek, OH.....	20	Regal Cinemas, Inc.	\$ 9.7 million	2015	
Morrow, GA.....	24	American Multi-Cinema, Inc.	\$ 14.1 million	2017	
Roanoke, VA.....	16	Consolidated Theaters Holdings, G.P.	\$ 9.0 million	2020	
Brooklyn, NY(2).....	8	Pritchard Square Cinema LLC	\$ 9.5 million	2022	
Lubbock, TX.....	17	Cinemark USA, Inc.	\$ 7.9 million	2018	D

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Live Oak, TX.....	18	Regal Cinemas, Inc.	\$ 12.5 million	2019	D
Henrietta, NY.....	18	Regal Cinemas, Inc.	\$ 10.5 million	2022	D
Monroe, NY(3).....	5	Monroe Pavilion LLC	\$ 3.0 million	2023	
	---		-----		
Total:	168		\$100.5 million		
	===		=====		

-
- (1) Purchase price represents the total purchase price for each property without giving effect to closing costs.
 - (2) "In-town" multi-screen theater with partial stadium-style seating.
 - (3) "In-town" multi-screen theater with stadium-style seating under construction. We have paid \$2.0 million of the purchase price. The balance of the purchase price will be paid upon completion of renovations by the operator.

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OUR LEASES

Substantially all of our leases are net leases, 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, including non-structural repairs, and for restoration following a casualty or partial condemnation. The tenant typically indemnifies us for claims arising from the property and is responsible for maintaining insurance coverage for the property it leases. 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 operating and maintenance of the property. Our typical lease provides for contractual rent increases periodically throughout the term of the lease. Our leases generally provide the tenant with one or more renewal options. The following table sets forth scheduled lease expirations of all leases for our properties as of September 30, 2003 (excluding one vacant property which contains 43,200 square feet):

YEAR OF LEASE EXPIRATION(1)	NUMBER OF EXPIRING LEASES	APPROXIMATE SQUARE FEET SUBJECT TO EXPIRING LEASES(2)	2003 RENTAL REVENUES UNDER EXPIRING LEASES(3)	PERCENTAGE 2003 RENTAL REPRESENTED BY EXPIRING
-----	-----	-----	-----	-----
2003.....	--	--	--	
2004(4).....	2	288,787	\$ 2,317,236	
2005.....	3	115,986	808,592	
2006.....	2	87,897	492,089	
2007.....	3	33,900	647,355	
2008.....	3	520,272	1,609,793	
2009.....	2	100,248	336,408	
2010.....	3	412,000	445,618	
2011.....	3	193,428	1,768,814	
2012 & thereafter.....	34	1,898,537	14,510,324	
	---	-----	-----	

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Total:.....	55	3,651,055	\$22,936,229	10
	==	=====	=====	=

- (1) Lease expirations assume tenants do not exercise existing renewal options.
- (2) Includes all rentable square footage in properties that are owned by our joint ventures and our tenancy in common interest.
- (3) Reflects all 2003 contractual rental income, other than \$11,458 in rental revenue collected on a lease which, as a result of the tenant's bankruptcy, terminated in February 2003. Contractual rental income includes rental income that is payable to us during 2003, including our share of the rental income payable to our joint ventures and tenancy in common interest, and does not include rent that we would receive if our one vacant property is rented.
- (4) Includes one lease that expires December 31, 2009 but is cancelable by the tenant on and after December 31, 2004 on at least one year's notice. The property subject to this lease has 188,567 rentable square feet and represents \$2,074,236 of our 2003 rental revenues.

OUR ACQUISITION POLICIES

There is no limit on 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 on the concentration of investments in any geographic area in the United States. We do not intend to acquire properties located outside of the United States. Although we have not acquired undeveloped property in the past, we may purchase an undeveloped property if the purchase is in connection with the development of a facility to be net leased to a retail operation or business upon completion of development, and we may develop for net lease surplus acreage that is part of our existing properties. We may continue to form entities to acquire

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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.

FINANCING, RE-RENTING AND DISPOSITION OF OUR PROPERTIES

There is no limit on the level of debt that we may incur. 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 standard carve-outs) to enhance the return on our investment in a specific property. We have a full recourse line of credit that provides for borrowings of up to \$30 million and expires on March 21, 2005. We are engaged in discussions with our current lender and additional lenders to increase our credit line by an additional \$10 million to \$30 million. The proceeds of mortgage loans and amounts drawn on our credit line may be used for property acquisitions, for investments in joint ventures or other entities that own real property, to reduce bank debt and for working capital purposes.

We typically seek to finance the property that we acquire with long-term fixed-rate mortgage financing 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. Substantially all of our mortgages provide for amortization of part of the principal balance during the term, thereby reducing

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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 (either at lease expiration or early termination), 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 prior to termination or expiration of the relevant lease if a sale appears advantageous in view of our investment objectives. We may take a purchase money mortgage as partial payment in lieu of cash in connection with any sale and may consider local custom and prevailing market conditions in negotiating the terms of repayment. It is our policy to use any cash realized from the sale of properties, net of any distributions to stockholders to maintain our REIT status, to pay down amounts outstanding under our line of credit (excluding real estate mortgage loans), if any, and for the acquisition of additional properties.

OTHER TYPES OF INVESTMENTS

From time to time we have invested, on a limited basis, in publicly traded shares of other REITs and may make such investments on a limited basis in the future. We also may invest, on a limited basis, in the shares of entities not involved in real estate investments, provided that no such investment adversely affects our ability to qualify as a REIT under the Internal Revenue Code. We do not have any plans to invest in or to originate loans to other persons whether or not secured by real property. Although we have not done so in the past, we may issue securities in exchange for properties that fit our investment criteria. We have not, in the past, invested in the securities of another entity for the purpose of exercising control, and we do not have any present plans to invest in the securities of another entity for such purpose.

COMPETITION

We face competition for the acquisition of net leased 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. We believe that our management's experience in real estate, mortgage lending, credit underwriting and transaction structuring allows us to compete effectively for properties.

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OUR MANAGEMENT

The following sets forth information with respect to our executive officers and directors:

NAME ----	AGE ---	POSITION WITH THE COMPANY -----
Fredric H. Gould(1).....	68	Chairman of the Board
Jeffrey Fishman.....	44	President and Chief Executive Officer
Jeffrey A. Gould(2).....	38	Senior Vice President and Director
Matthew J. Gould(2).....	44	Senior Vice President and Director

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Israel Rosenzweig.....	56	Senior Vice President
Simeon Brinberg.....	69	Senior Vice President
David W. Kalish.....	56	Senior Vice President and Chief Financial Officer
Mark H. Lundy.....	41	Vice President and Secretary
Seth D. Kobay.....	48	Vice President and Treasurer
Karen Dunleavy.....	45	Vice President, Financial
Lawrence G. Ricketts, Jr.....	27	Vice President of Acquisitions
Joseph A. Amato(2).....	68	Director
Charles Biederman(3).....	69	Director
James J. Burns(1).....	63	Director
Arthur Hurand(1).....	86	Director
Marshall Rose(3).....	66	Director
Patrick J. Callan, Jr.(3).....	41	Director

- (1) Term as director expires at our 2006 Annual Meeting.
- (2) Term as director expires at our 2004 Annual Meeting.
- (3) Term as director expires at our 2005 Annual Meeting.

Each of the executive officers listed above will hold office until the next annual meeting of our board of directors, or until their respective successors are elected and shall qualify.

Fredric H. Gould has served as chairman of our board of directors since 1989 and served as our chief executive officer from December 1999 to December 2001. Mr. Gould has served as chairman of the board of trustees of BRT Realty Trust, a real estate investment trust, the securities of which are traded on the New York Stock Exchange, since 1984 and as chief executive officer of BRT Realty Trust from 1996 to December 31, 2001. Since 1985, Mr. Gould has been an executive officer (and is currently chairman of the board) of the managing general partner of Gould Investors L.P., a limited partnership primarily engaged in the ownership and operation of real properties, and he serves as sole member of a limited liability company that is the other general partner of Gould Investors L.P. He is president of the advisor to BRT Realty Trust and a director of East Group Properties, Inc., a REIT the securities of which are traded on the New York Stock Exchange. He is the father of Matthew J. Gould and Jeffrey A. Gould.

Jeffrey Fishman has been our president since December 1999 and has been our chief executive officer since January 1, 2002. Mr. Fishman also served as our chief operating officer from December 1999 until December 2001. From 1996 to December 1999, Mr. Fishman was a senior managing director of Cogswell Properties, LLC, a company engaged in the ownership and management of real property. For more than five years prior to 1996, he was president of Britannia Management Services, Inc., a real estate property owner and manager.

Jeffrey A. Gould has been our vice president since 1989 and a senior vice president and director since December 1999. Mr. Gould has been president and chief operating officer of BRT Realty Trust since March 1996 and was named chief executive officer of BRT Realty Trust on January 1, 2002. Mr. Gould has served as a trustee of BRT Realty Trust since March 1997. He has also served as a senior vice

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president of the managing general partner of Gould Investors L.P. since 1996. He is the son of Fredric H. Gould and the brother of Matthew J. Gould.

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Matthew J. Gould served as our president and chief executive officer from 1989 to December 1999 and became a senior vice president and member of our board of directors in December 1999. Mr. Gould has served as president of the managing general partner of Gould Investors L.P. since 1996. He has been a vice president of BRT Realty Trust since 1986 and a trustee of BRT Realty Trust since March 2001, and he also serves as a vice president of the advisor to BRT Realty Trust. He is the son of Fredric H. Gould and the brother of Jeffrey A. Gould.

Israel Rosenzweig has been our senior vice president since June 1997 and a senior vice president of BRT Realty Trust since March 1998. From November 1994 to April 1997, he was a senior vice president and chief lending officer of Bankers Federal Savings and Loan Association. Mr. Rosenzweig has been vice president of the managing general partner of Gould Investors L.P. since May 1997. For more than five years prior to March 1995, he served as president of BRT Realty Trust.

Simeon Brinberg has served as our senior vice president since 1989. He has been secretary of BRT Realty Trust since 1983, a senior vice president of BRT Realty Trust since 1988 and a vice president of the managing general partner of Gould Investors L.P. since 1988. Mr. Brinberg is an attorney-at-law, a member of the bar of New York and a partner in the law firm of Brinberg & Lundy. He is the father-in-law of Mark H. Lundy.

David W. Kalish has served as our senior vice president and chief financial officer since June 1990. Mr. Kalish has also been a senior vice president, finance of BRT Realty Trust since August 1998 and vice president and chief financial officer of the managing general partner of Gould Investors L.P. since 1990. Mr. Kalish is a certified public accountant.

Mark H. Lundy has been our secretary since June 1993 and our vice president since June 2000. He has been a vice president of BRT Realty Trust since April 1993 and a vice president of the managing general partner of Gould Investors L.P. since July 1990. He is an attorney-at-law, a member of the bars of New York and the District of Columbia and a partner in the law firm of Brinberg & Lundy. He is the son-in-law of Simeon Brinberg.

Seth D. Kobay has been our vice president and treasurer since August 1994. Mr. Kobay has been vice president and treasurer of BRT Realty Trust since March 1994 and vice president of operations of the managing general partner of Gould Investors L.P. since 1986. Mr. Kobay is a certified public accountant.

Karen Dunleavy has been our vice president, financial since August 1994. She has served as treasurer of the managing general partner of Gould Investors L.P. since 1986. Ms. Dunleavy is a certified public accountant.

Lawrence G. Ricketts, Jr. has been our vice president, acquisitions since December 1999 and has been employed by us since January 1999. Mr. Ricketts began his career in May 1998 as an analyst at BRT Funding Corp., a subsidiary of BRT Realty Trust, a position he held until January 1999.

Joseph A. Amato has been a member of our board of directors since June 1989. Mr. Amato is engaged in real estate development and has been president of Kent Companies, Inc., a company engaged in real estate development, since 1970.

Charles Biederman has been a member of our board of directors since June 1989. Mr. Biederman is presently engaged in real estate development and has been a principal of Sunstone Hotel Investors, LLC, a company engaged in the management, ownership and development of hotel properties, since 1999. From 1994 to 1999, he served as executive vice president of Sunstone Hotel Investors, Inc., a REIT engaged in the ownership of hotel properties.

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James J. Burns has been a member of our board of directors since June 2000. Mr. Burns has been senior vice president and chief financial officer of Wellsford Real Properties, Inc., a real estate merchant banking company, since October 1999 and was a partner of Ernst & Young LLP, certified public

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accountants, from 1995 to September 1999. He is also a director of Cedar Shopping Centers, Inc., a real estate investment trust.

Arthur Hurand has been a member of our board of directors since June 1989. Mr. Hurand is a private investor and has been a trustee of BRT Realty Trust since 1984.

Marshall Rose has been a member of our board of directors since June 1989. He has been the chairman of The Georgetown Group, Inc., a company engaged in real estate consulting, since 1978 and is chairman emeritus of the New York Public Library and a director of Estee Lauder, Inc., a manufacturer of cosmetic and skin care products.

Patrick J. Callan, Jr. has been a member of our board of directors since June 2002. Since May 1998, he has been vice president of real estate for Kimco Realty Corporation, a REIT the securities of which are traded on the New York Stock Exchange. Mr. Callan served as a director of real estate of Kimco Realty Corporation from November 1990 to May 1998.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain of the members of our board of directors and certain of our officers have relationships with BRT Realty Trust and Gould Investors L.P. Gould Investors L.P. currently owns 12.5% of our outstanding common stock and 11.8% of our voting rights. We also own 30,048 common shares of BRT Realty Trust, which is less than 1% of its total voting power. The following describes certain of these relationships:

- Fredric H. Gould, chairman of our board of directors, is chairman of the board of trustees of BRT Realty Trust and chairman of the board of directors and sole shareholder of the managing general partner of Gould Investors L.P. and sole member of a limited liability company which is the other general partner of Gould Investors L.P.
- Matthew J. Gould, a senior vice president and a director, is a senior vice president and trustee of BRT Realty Trust and president of the managing general partner of Gould Investors L.P.
- Jeffrey A. Gould, a senior vice president and a director, is president, chief executive officer and a trustee of BRT Realty Trust and a senior vice president of the managing general partner of Gould Investors L.P.
- David W. Kalish, Simeon Brinberg, Mark H. Lundy and Israel Rosenzweig, each of whom is an executive officer of our company, are also executive officers of BRT Realty Trust and of the managing general partner of Gould Investors L.P. Arthur Hurand, one of our directors, is a trustee of BRT Realty Trust.

Our company and related entities, including Gould Investors L.P. and BRT Realty Trust, occupy common office space and share the use of certain personnel. During the year ended December 31, 2002 and the six months ended June 30, 2003, we were allocated, pursuant to a shared services agreement entered into among our company, Gould Investors L.P., BRT Realty Trust and other entities, \$717,000 (including \$125,000 attributable to time spent on our public offering completed

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in May 2002) and \$440,000, respectively, of common general and administrative expenses, including rent, telecommunication services, computer services, bookkeeping, secretarial and other clerical services and legal and accounting services. These amounts include an aggregate of \$422,000 and \$187,000, respectively, allocated to us for services (primarily legal and accounting), performed by seven executive officers who are not engaged by us on a full time basis, including \$109,000 and \$37,000, respectively, allocated to us for services rendered by Mark H. Lundy. In addition, during the year ended December 31, 2002 and the six months ended June 30, 2003, we paid \$27,300 and \$0, respectively, to the law firm of Brinberg & Lundy, a partnership in which Messrs. Brinberg and Lundy are partners, for services rendered by Mark H. Lundy in connection with our involvement in joint ventures. The allocation of common general and administrative expenses is computed on a quarterly basis and is based on the estimated time devoted by executive, administrative and clerical personnel to the affairs of each participating entity. The services of secretarial personnel generally are allocated on the same basis as that of the executive to whom each secretary is assigned.

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Majestic Property Management Corp., an entity which is 100% owned by Fredric H. Gould and for which certain of our executive officers are officers, acts as managing agent, mortgage broker, leasing and sales broker and construction supervisor for our company, related entities (including Gould Investors L.P. and BRT Realty Trust) and unrelated entities. During the year ended December 31, 2002 and the six months ended June 30, 2003, we paid to Majestic Property Management Corp. an aggregate of \$64,500 and \$472,500, respectively, as follows:

- brokerage fees of \$33,500 and \$156,000, respectively, relating to mortgages in the principal amount of \$3.35 million and \$15.6 million placed on one and four of our properties, respectively;
- leasing commissions of \$16,000 and \$309,000, respectively; and
- management fees of \$15,000 and \$7,500, respectively relating to properties that we own.

Fees paid to Majestic Property Management Corp. are approved each year by our board of directors, including a majority of the independent directors, and are based on the fees which would be charged by unaffiliated persons for comparable services in the geographic area in which the properties for which the fees paid are located.

A management fee equal to 1% of the rent paid to our movie theater joint ventures by its tenants is paid to Majestic Property Management Corp. under management agreements negotiated by Majestic Property Management Corp. with our joint ventures and joint venture partners. The total management fee for the year ended December 31, 2002 and the six months ended June 30, 2003 was \$48,000 and \$55,000, respectively. In addition, in accordance with agreements negotiated by Majestic Property Management Corp. with our movie theater joint ventures, a brokerage fee of \$144,500 and \$186,000, respectively, relating to mortgages in the principal amount of \$28.9 million and \$23.3 million was paid to Majestic Property Management Corp. by our movie theater joint ventures.

Fredric H. Gould received compensation during the year ended December 31, 2002 and the six months ended June 30, 2003 of \$221,000 and \$144,000 from Majestic Property Management Corp. Jeffrey A. Gould, Matthew J. Gould, Israel Rosenzweig, Simeon Brinberg, David W. Kalish and Mark H. Lundy, executive officers of our company, received fees from Majestic Property Management Corp. during the year ended December 31, 2002 and the six months ended June 30, 2003 of \$166,000, \$154,000, \$166,000, \$32,000, \$32,000, and \$58,000, respectively,

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and \$98,000, \$98,000, \$98,000, \$28,000, \$40,000 and \$57,000, respectively.

Jeffrey Fishman, our president and chief executive officer, devotes substantially all of his time to the affairs of our company. Mr. Fishman also provides consulting services to several service oriented companies owned by Fredric H. Gould. During the year ended December 31, 2002 and the six months ended June 30, 2003, Mr. Fishman received consulting fees of \$209,000 and \$151,000, respectively, from these service oriented entities for services rendered, of which \$51,000 and \$0, respectively, was paid by Majestic Property Management Corp. The officers referred to in the immediately preceding paragraph received consulting fees from the service oriented companies owned by Fredric H. Gould. None of these entities other than Majestic Property Management Corp. provides services to us.

During December 1999 and January and February of 2000, we made three loans aggregating \$240,000 to Mr. Fishman. These loans were made for the express purpose of providing funds to Mr. Fishman for his purchase of shares of our common stock in the open market and were agreed to by us in connection with the negotiations pertaining to Mr. Fishman's employment by us as president. He was elected president and chief operating officer on December 6, 1999 and was designated chief executive officer effective January 1, 2002. No advances were made under the loan during 2002. The largest amount outstanding under the loan to Mr. Fishman during 2002 was \$167,112. The loan was repaid in full during 2003.

Mr. Fishman's wife owned a 5% equity interest in a limited liability company in which we owned a 95% interest. The limited liability company owns a 66,000 square foot office building located in Brooklyn, New York. Mrs. Fishman acquired her interest in this limited liability company prior to the time Mr. Fishman became our employee. On September 9, 2003, our board of directors, including all independent

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directors, approved our purchase of the 5% equity interest owned by Mrs. Fishman in this limited liability company. We paid Mrs. Fishman \$159,200 in connection with this transaction.

DESCRIPTION OF SECURITIES

GENERAL

Our charter provides that we may issue up to 27,300,000 shares of capital stock, consisting of 25,000,000 shares of common stock, par value \$1.00 per share, and 2,300,000 shares of preferred stock, par value \$1.00 per share. As of October 1, 2003, 5,759,122 shares of common stock (including 26,350 shares awarded under restricted stock grants subject to vesting conditions) and 648,058 shares of redeemable convertible preferred stock were outstanding.

COMMON STOCK

Subject to the preferential rights of any other shares or series of capital stock, holders of shares of our common stock are entitled to receive distributions on such shares if, as and when authorized and declared by our board of directors out of assets legally available and to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding-up after payment of, or adequate provision for, all known debts and liabilities. Holders of shares of our preferred stock are entitled to receive, when and as declared by the board of directors, cumulative cash distributions at the annual rate of \$1.60 per share in preference to dividends on our common stock.

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Each outstanding share of our common stock entitles the holder to one vote and each outstanding share of our preferred stock entitles the holder to one-half vote on all matters submitted to a vote of stockholders, including the election of directors. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding shares of our common stock and our preferred stock, voting as one class, can elect all of the directors then standing for election and the holders of the remaining shares of our common stock and our preferred stock will not be able to elect any directors. Holders of shares of common stock have no preference, conversion, sinking fund, redemption, exchange or preemptive rights to subscribe for any of our securities.

Our board of directors may refuse to transfer or issue shares of our common stock to any person whose acquisition of such shares would, in the opinion of our board of directors, result in our disqualification as a REIT. In addition, any transfer of our common stock that results in our disqualification as a REIT will be considered void from the initial date of transfer.

Pursuant to the Maryland General Corporation Law (the "MGCL"), a corporation generally cannot (except under and in compliance with specifically enumerated provisions of the MGCL) dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our charter provides for approval of any such action by a majority of the votes entitled to be cast in the matter, except that an amendment to our charter changing the rights, privileges or preferences of any class or series of outstanding stock must be approved by not less than two-thirds of the outstanding shares of such class or series of stock. Also, certain charter amendments affecting our preferred stock require the approval of the holders of at least two-thirds of our preferred stock as more fully described under "-- Amendment to Our Charter" below.

PREFERRED STOCK

DIVIDEND RIGHTS

The holders of our preferred stock are entitled to receive, when and as declared by our board of directors, cumulative cash dividends at the annual rate of \$1.60 per share, payable quarterly on January 1,

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April 1, July 1 and October 1. Dividends on our preferred stock are cumulative and have a preference over dividends on our common stock and any other of our junior stock that may be outstanding from time to time.

VOTING RIGHTS

The holders of our preferred stock are entitled to one-half vote per share on any matters to be voted upon by our stockholders, including the election of directors. The holders of our preferred stock and our common stock vote as one class. In addition, the holders of our preferred stock will have the right to elect two directors as a class in the event of a default in the payment of preferred stock dividends in an amount equivalent to eight consecutive quarter-annual payments. Without the approval of the holders of at least two-thirds of the outstanding shares of our preferred stock, additional shares of our preferred stock cannot be issued and our charter and by-laws cannot be

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amended or repealed to change the rights, privileges or preferences of our preferred stock, or to authorize or create any class of stock having a preference as to dividends or assets over our preferred stock. Without approval of the holders of at least a majority of the outstanding shares of our preferred stock, we cannot create an additional class of preferred stock with preferences equal to our preferred stock.

LIQUIDATION RIGHTS

Holders of our preferred stock have a preference of \$16.50 per share plus accrued and unpaid dividends in case of either our voluntary or involuntary liquidation or dissolution. No distribution ahead of the preferred stock will be permitted on our common stock or any other junior stock that we may issue.

REDEMPTION

Provided that there is no arrearage in the payment of dividends on our preferred stock, the preferred stock will be redeemable upon notice, at our option, at a price of \$16.50 per share. No sinking fund is required.

CONVERSION RIGHTS

Each share of our preferred stock is convertible at any time, at the option of the holder thereof, into 0.825 of a share of common stock upon surrender of a share of preferred stock. The conversion right is subject to adjustment in certain events, including subdivisions or combinations of our common stock, declaration of stock dividends, issuance of rights to subscribe for our stock or other securities, change of shares of our common stock into shares of any other class or classes of stock, mergers and consolidations. Upon conversion, no adjustment will be made for cumulative dividends except that any unpaid dividends will constitute our debt to the converting stockholder. No fractional shares will be issued upon conversion, but in lieu thereof, we will pay the then market value of any such fraction in cash.

RESTRICTIONS ON OWNERSHIP AND TRANSFER

Our board of directors may refuse to transfer or issue shares of our preferred stock to any person whose acquisition of such shares would, in the opinion of our board of directors, result in our disqualification as a REIT. In addition, any transfer of preferred stock that results in our disqualification as a REIT, will be void from the initial date of transfer.

CLASSIFICATION OF OUR BOARD OF DIRECTORS, VACANCIES AND REMOVAL OF DIRECTORS

Our charter provides that the board of directors is divided into three classes. Directors of each class serve for terms of three years each, with the terms of each class beginning in different years. We currently have nine directors, with each class consisting of three directors.

At each annual meeting of our stockholders, successors of the class of directors whose term expires at that meeting will be elected for a three-year term and the directors in the other two classes will continue

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in office. A classified board may delay, defer or prevent a change in control or other transaction that might involve a premium over the then prevailing market price for our common stock or other attributes that our stockholders may consider desirable. In addition, a classified board could prevent stockholders who do not agree with the policies of our board of directors from replacing a majority of the board of directors for two years, except in the event of removal

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for cause.

Our by-laws provide that any vacancy on our board may be filled by action of a majority of the entire board. A director elected by the board to fill a vacancy will hold office until the next annual meeting of stockholders or until his successor is elected and qualified. Our charter provides that our stockholders may only remove an incumbent director for cause upon an affirmative vote of the majority of all of the outstanding shares entitled to vote thereon.

INDEMNIFICATION

Our charter obligates us to indemnify our directors and officers to the maximum extent permitted by Maryland law. The MGCL permits a corporation to indemnify its present and former directors and officers against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be a party by reason of their service in those or other capacities, unless it is established that (1) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith, or (b) was the result of active and deliberate dishonesty, or (2) the director or officer actually received an improper personal benefit in money, property or services, or (3) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

LIMITATION OF LIABILITY

The MGCL permits the charter of a Maryland corporation to include a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages, except to the extent that (1) it is proved that the person actually received an improper benefit or profit in money, property or services, or (2) a judgment or other final adjudication is entered in a proceeding based on a finding that the person's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. Our charter provides for elimination of the liability of our directors and officers to us or our stockholders for money damages to the maximum extent permitted by Maryland law from time to time.

MARYLAND BUSINESS COMBINATION ACT

Pursuant to article X of our charter, we have expressly elected not to be subject to, or governed by, the MGCL's requirements for "business combinations" between a Maryland corporation and "interested stockholders".

MARYLAND CONTROL SHARE ACQUISITION ACT

Maryland law provides that "control shares" of a Maryland corporation acquired in a "control share acquisition" have no voting rights except to the extent approved by a stockholder vote. Two-thirds of the shares eligible to vote (excluding all interested shares) must vote in favor of granting the "control shares" voting rights. "Control shares" are voting shares which, if aggregated with all other shares previously acquired by the acquiring person, or in respect of which the acquiring person is able to exercise or direct the exercise of voting power, other than by revocable proxy, would entitle the acquiring person to exercise voting power of at least 10% of the voting power in electing directors.

Control shares do not include shares of stock the acquiring person is entitled to vote as a result of having previously obtained stockholder approval. A "control share acquisition" means the acquisition of control shares, subject to certain exceptions.

If a person who has made (or proposes to make) a control share acquisition satisfies certain conditions (including agreeing to pay expenses), that person may compel our board of directors to call a special meeting of stockholders to be held within 50 days to consider the voting rights of the shares. If that person makes no request for a meeting, we have the option to present the question at any stockholders' meeting.

If voting rights are not approved at a meeting of stockholders, we may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value. We will determine the fair value of the shares, without regard to voting rights, as of the date of either:

- the last control share acquisition by the acquiring person; or
- any meeting where stockholders considered and did not approve voting rights of the control shares.

If voting rights for control shares are approved at a stockholders' meeting and the acquiror becomes entitled to vote a majority of the shares of stock entitled to vote, all other stockholders may exercise appraisal rights. This means that you would be able to cause us to redeem your stock for fair value. Under the MGCL, the fair value may not be less than the highest price per share paid in the control share acquisition. Furthermore, certain limitations otherwise applicable to the exercise of appraisal rights would not apply in the context of a control share acquisition.

The control share acquisition statute would not apply to shares acquired in a merger, consolidation or share exchange if we were a party to the transaction.

Our by-laws exempt any acquisition by Gould Investors L.P. of our equity securities from the provisions of the control share acquisition statute. This section of our by-laws may not be amended or repealed without the written consent of Gould Investors L.P. or approval of the holders of at least two-thirds of the outstanding shares of our capital stock.

The control share acquisition statute could have the effect of discouraging offers to acquire us and of increasing the difficulty of consummating any such offers, even if our acquisition would be in our stockholders' best interests.

AMENDMENT TO OUR CHARTER

Our charter may be amended by the vote of a majority of the shares entitled to vote, except that no amendment changing the rights, privileges or preferences of any class or series of outstanding stock will be valid unless such amendment is authorized by not less than two-thirds of the outstanding shares of such class or series of stock. Without the approval of the holders of at least two-thirds of the outstanding shares of our preferred stock, additional shares of our preferred stock cannot be issued and our charter cannot be amended or repealed to change the rights, privileges or preferences of our preferred stock, or to authorize or create any class of stock having a preference as to dividends or assets over our preferred stock. Without approval of the holders of at least a majority of the outstanding shares of our preferred stock, we cannot create an additional class of preferred stock with preferences equal to our preferred stock.

AMENDMENT TO OUR BY-LAWS

Our board of directors has the power to alter, modify or repeal any of our by-laws and to make new by-laws, except that our board may not alter, modify or

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repeal (i) any by-laws made by stockholders, (ii) section 11 of article II of our by-laws governing the Gould Investors L.P. exemption from the control share acquisition statute, (iii) section 17 of article III of our by-laws that governs our investment policies and restrictions, or (iv) section 18 of article III of our by-laws that governs management arrangements. In addition, our stockholders have the power to alter, modify or repeal any of our by-laws and to make new by-laws by majority vote; however at least two-thirds of the holders of outstanding shares of our preferred stock must vote in favor of any amendment which changes the rights, privileges or preferences of our preferred stock, and the vote of at least two-thirds of the holders of our outstanding shares of capital stock

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is needed to amend or repeal the Gould Investors L.P. exemption from the control share acquisition statute.

TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust Company is the transfer agent and registrar for our stock.

UNDERWRITING

Friedman, Billings, Ramsey & Co., Inc., Ferris, Baker Watts, Incorporated and Stifel, Nicolaus & Company, Incorporated are acting as representatives of the underwriters of this offering. Subject to the terms and conditions contained in the underwriting agreement, we have agreed to sell to each underwriter, and each underwriter has agreed to purchase from us, the number of shares set forth opposite its name below. The underwriting agreement provides that the obligation of the underwriter to pay for and accept delivery of our common stock is subject to approval of certain legal matters by counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of our common stock offered hereby, other than those covered by the over-allotment option described below, if any such shares are taken.

UNDERWRITERS	NUMBER OF SHARES
-----	-----
Friedman, Billings, Ramsey & Co., Inc.	
Ferris, Baker Watts, Incorporated.....	
Stifel, Nicolaus & Company, Incorporated.....	
Total.....	

The following table shows the per share and total underwriting discount we will pay to the underwriters. The amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 487,500 additional shares of common stock to cover over-allotments.

	NO EXERCISE	FULL EXERCISE
	-----	-----
Per Share (1).....	\$	\$
Total (1).....	\$	\$

(1) Reflects the sale of up to _____ shares to Gould Investors L.P., net of the underwriting discount. If none of these shares are purchased by Gould Investors L.P. and they are instead sold to the public, the total underwriting discount will be \$ _____ and \$ _____, without and with the exercise of the over-allotment option in full.

Each of our executive officers, directors and principal stockholders, including Gould Investors L.P., has agreed with the underwriters, for a period of 90 days after the date of this prospectus supplement, subject to certain exceptions, not to sell any shares of common stock, or any securities convertible into or exchangeable for shares of common stock, owned by them, without the prior written consent of the underwriters. However, the underwriters may, in their sole discretion and at any time without notice, release all or any portion of the securities subject to these agreements.

The underwriters propose to offer our common stock directly to the public at \$ _____ per share and to certain dealers at this price less a concession not in excess of \$ _____ per share. The underwriters may allow and the dealers may realow, a concession not in excess of \$ _____ per share to certain dealers.

We expect to incur expenses of approximately \$ _____ in connection with this offering.

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We have granted the underwriters an option, exercisable for 30 days after the date of this prospectus supplement, to purchase up to 487,500 additional shares of common stock to cover over-allotments, if any, at the public offering price less the underwriting discount described on the cover page of this prospectus supplement. If the underwriters exercise this option, the underwriters will have a firm commitment, subject to certain conditions, to purchase all of the shares covered by the option.

At our request, the underwriters have reserved up to _____ shares of our common stock for sale to Gould Investors L.P., one of our affiliates, at the public offering price, net of the underwriting discount. The number of shares available for sale to the general public will be reduced to the extent Gould Investors L.P. purchases such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public at the public offering price on the same basis as the other shares offered hereby.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect thereof.

In connection with the offering, the underwriters are permitted to engage in certain transactions that stabilize, maintain or otherwise affect the market price of our common stock. These transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of our common stock. The underwriters may create a short position in our common stock in connection with this offering by selling more than they are committed to purchase from us, and in such case, the underwriters may reduce that short position by purchasing our shares in the open market to cover all or a portion of such short position. The underwriters may also cover all or a portion of such short position, up to 487,500 shares, by exercising the underwriters' over-allotment option referred to above. In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of those purchases. Neither we nor the

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underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor the underwriters make any representation that the underwriters will engage in those transactions or that those transactions, once commenced, will not be discontinued without notice.

The underwriters or their respective affiliates may provide us with investment banking, financial advisory, or commercial banking services in the future, for which they may receive customary compensation.

LEGAL MATTERS

The validity of the common stock offered pursuant to this prospectus will be passed upon by McCarter & English, LLP. In addition, the description of federal income tax consequences in "Certain Federal Income Tax Considerations" is based on the opinion of McCarter & English, LLP. Certain legal matters in connection with this offering will be passed upon for the underwriters by Winston & Strawn LLP.

EXPERTS

The consolidated financial statements of One Liberty Properties, Inc. and subsidiaries (collectively, the "Company") appearing in the Company's Annual Report (Form 10-K) for the year ended December 31, 2002, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

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PROSPECTUS

ONE LIBERTY PROPERTIES, INC.

COMMON STOCK

\$200,000,000

We may sell, from time to time, shares of our common stock, par value \$1.00 per share, in one or more offerings up to a total dollar amount of \$200,000,000.

When we decide to sell shares, we will provide you with the specific terms of the sales in one or more supplements to this prospectus. Before you decide to invest, you should carefully read this prospectus, any prospectus supplement and information incorporated by reference in this prospectus and in any such prospectus supplement.

Our common stock is listed for trading on the American Stock Exchange under the trading symbol "OLP."

These securities may be sold directly by us, through dealers or agents designated from time to time, or to or through underwriters or may be sold directly by us for consideration consisting of goods and property, including real property, or through a combination of these methods. See "Plan of Distribution" in this prospectus. We may also describe the plan of distribution for any particular offering of these securities in any applicable prospectus supplement. If any agents, underwriters or dealers are involved in the sale of any securities in respect of which this prospectus is being delivered, we will disclose their names and the nature of our arrangements with them in a

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prospectus supplement. The net proceeds we expect to receive from any such sale will also be included in a prospectus supplement.

This prospectus may not be used to offer or sell any securities unless it is accompanied by a prospectus supplement.

INVESTING IN OUR COMMON STOCK INVOLVES CERTAIN RISKS. YOU SHOULD READ THE ENTIRE PROSPECTUS AND ANY ACCOMPANYING PROSPECTUS SUPPLEMENT CAREFULLY BEFORE YOU MAKE YOUR INVESTMENT DECISION. SEE "RISK FACTORS" BEGINNING ON PAGE 2.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is October 2, 2003

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC"), utilizing a "shelf" registration process, which allows us to sell common stock from time to time in one or more offerings up to an aggregate public offering price of \$200,000,000.

This prospectus provides you with a general description of the securities we may offer. Each time we sell any securities under this prospectus, we will provide a prospectus supplement that will contain specific information about the terms of that offering. Prospectus supplements may also add, update or change the information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described below under the heading "Where You Can Find More Information."

You should rely only on the information contained or incorporated by reference in this prospectus and any prospectus supplement or amendment. We have not authorized any other person to provide you with different information. We will not make an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the cover page.

In this prospectus, references to "Company," "we," "us," "our," "registrant" and "OLP" refer to One Liberty Properties, Inc. The phrase "this prospectus" refers to this prospectus and any applicable prospectus supplement, unless the context otherwise requires. References to "securities" refer to the common stock offered by this prospectus.

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WHERE YOU CAN FIND MORE INFORMATION

This prospectus incorporates by reference important business and financial information about us that is not otherwise included in this prospectus. The following documents filed by us with the SEC, Commission File No. 001-09279, are incorporated by reference in this prospectus and shall be deemed to be a part of this prospectus:

1. Annual Report on Form 10-K for the fiscal year ended December 31, 2002, filed on March 27, 2003;
 2. Quarterly Report on Form 10-Q for the three months ended March 31, 2003, filed on May 13, 2003;
 3. Quarterly Report on Form 10-Q for the three months ended June 30, 2003, filed on August 12, 2003;
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4. Current Report on Form 8-K/A filed on January 16, 2003, amending a Current Report on Form 8-K filed on December 26, 2002;
 5. Current Report on Form 8-K filed on March 25, 2003, as amended by a Current Report on Form 8-K/A filed on March 26, 2003;
 6. Current Report on Form 8-K filed on August 7, 2003, as amended by a Current Report on Form 8-K/A filed on September 11, 2003; and
 7. The "Description of Capital Stock" section of our registration statement on Form 8-A filed on September 18, 1989.

Current Reports on Form 8-K furnished under Item 9 of Form 8-K and under Item 12 of Form 8-K are not incorporated by reference in this prospectus.

All documents and reports filed by us with the SEC (other than Current Reports on Form 8-K furnished pursuant to Item 9 or Item 12 of Form 8-K, unless otherwise indicated therein) pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), after the date of this prospectus and prior to the termination of this offering shall be deemed incorporated by reference in this prospectus and shall be deemed to be a part of this prospectus from the date of filing of such documents and reports. Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any subsequently filed document or report that also is or is deemed to be incorporated by reference in this prospectus modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, upon written or oral request of such person, a copy of any or all of the documents incorporated by reference in this prospectus other than exhibits, unless such exhibits specifically are incorporated by reference into such documents or this prospectus.

Requests for such documents should be addressed in writing or by telephone to:

Mark H. Lundy

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One Liberty Properties, Inc.
60 Cutter Mill Road
Great Neck, New York 11021
(516) 466-3100

We are subject to the information reporting requirements of the Exchange Act and accordingly file annual, quarterly and special reports, proxy statements and other information with the SEC. Members of the public may read and copy any materials we file with the SEC at the SEC's Public Reference Room located at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site at <http://www.sec.gov> that contains materials we file electronically with the SEC.

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SUMMARY

We are a self-administered and self-managed real estate investment trust. We acquire, own and manage a geographically diversified portfolio of retail, industrial, office, movie theater and other properties, a substantial portion of which are under long-term leases. Substantially all of our leases are "net leases," under which the tenant is responsible for real estate taxes, insurance and ordinary maintenance and repairs.

We were incorporated under the laws of the State of Maryland on December 20, 1982. Our principal executive offices are located at 60 Cutter Mill Road, Great Neck, New York 11021 and our telephone number is (516) 466-3100. Our website is www.onelibertyproperties.com. The information contained on our website is not part of this prospectus and you should not rely on it in deciding whether to invest in our common stock.

RECENT DEVELOPMENTS

On July 15, 2003, we entered into an agreement to purchase 50% of the interest in one of our movie theater joint ventures held by Greenwood Properties Corp., an affiliate of the real estate equity group of Deutsche Bank AG. MTC Investors LLC, our co-venturer with Greenwood Properties, has agreed to purchase the remaining 50% interest of Greenwood Properties in the joint venture. The aggregate purchase price for Greenwood Properties' interest is \$13,925,000. This transaction is scheduled to close on October 1, 2003. Upon completion of the transaction, we and MTC Investors LLC will each own a 50% interest in our two movie theater joint ventures.

On July 24, 2003, we acquired a 50% tenancy in common interest in a production studio facility located in Los Angeles, California that is leased to Playboy Entertainment Group, Inc. Andrita GERP LLC, which is owned by a group of private investors, acquired the remaining 50% interest in the property. The aggregate consideration for the purchase of the property, which was paid in cash, was approximately \$21,500,000. We paid cash consideration of approximately \$10,750,000 for our interest. We also provided short term financing to Andrita in the amount of \$7,000,000 in connection with this transaction.

On September 9, 2003, our board of directors, including all independent directors, approved our purchase of the 5% equity interest in Elpans LLC held by the wife of Jeffrey Fishman, our president and chief executive officer. We paid Mrs. Fishman \$159,200 in connection with this transaction. As a result of the purchase, we own 100% of Elpans LLC, which owns our property in Brooklyn, NY. Elpans LLC was formed, and Mrs. Fishman acquired her interest in Elpans LLC, prior to the time Mr. Fishman became our employee.

RISK FACTORS

In addition to the information contained in this prospectus, in the prospectus supplements, and in the documents incorporated by reference into this prospectus, you should carefully consider the following information before making an investment decision. If any of the following risks actually occur, our financial condition and our results of operations could be materially and adversely affected. Additional risks and uncertainties not presently known to us may also impair our business operations.

RISKS RELATED TO OUR COMPANY

THE FINANCIAL FAILURE OF OUR TENANTS WOULD BE LIKELY TO CAUSE SIGNIFICANT REDUCTIONS IN OUR REVENUES AND OUR EQUITY IN EARNINGS OF UNCONSOLIDATED JOINT VENTURES AND IN THE VALUE OF OUR REAL ESTATE PORTFOLIO.

Substantially all of our revenues are derived from rental income generated by our properties, and 83.7% of our properties, based on 2003 contractual rental income, are leased to single tenants. Accordingly, the financial failure or other default of a tenant in non-payment of rent or property-related expenses or the termination of a lease could cause a significant reduction in our revenues. Additionally, approximately 51.8% and 53.2% of our total revenues for the years ended December 31, 2002 and December 31, 2001, respectively, were derived from retail tenants and approximately 39.5% of our 2003 contractual rental income will be derived from retail tenants. In addition, significant revenues will be realized in 2003 by our two movie theater joint ventures. Weakening of economic conditions in the retail or theater industries could result in the financial failure, or other default, of a significant number of our tenants. Two of our former retail tenants filed for protection under the federal bankruptcy laws. With respect to one of these properties, the former tenant ceased operating at the property in February 2003 and that property, containing approximately 43,200 square feet of space, has remained vacant since that date. With respect to the other property, the tenant entered into a sublease with an unrelated third party which has continued to occupy the property and pay its monthly rent to us. It is possible that other tenants could file for protection under federal bankruptcy laws or state insolvency proceedings or could face similar difficulties in the future. In the event of a default by a tenant, we may experience delays in enforcing our rights as landlord and sustain loss of revenues and substantial costs in protecting our investment. We may also face liabilities arising from the tenant's actions or omissions that would reduce our revenues and the value of our portfolio. Also, if we are unable to re-rent any property when the existing lease terminates, for an extended period of time, we would receive no revenues from such property and could experience a decline in the value of the property.

A SIGNIFICANT PORTION OF OUR REVENUES IS DERIVED FROM FOUR TENANTS. THE DEFAULT, FINANCIAL DISTRESS OR FAILURE OF ANY OF THESE TENANTS COULD SIGNIFICANTLY REDUCE OUR REVENUES.

L-3 Communications Corp. and Barnes & Noble, Inc. (a tenant at three separate properties) accounted for approximately 11.1% and 9.3%, respectively, of our total revenues for the year ended December 31, 2002 and account for 7.0% and 6.3%, respectively, of our 2003 contractual rental income. Contractual income for 2003 includes rental income that will be accrued in the year ending December 31, 2003 from all properties owned by us as of the date of this prospectus, including our pro rata share of the rental income which will be accrued by our joint ventures. GE Medical Systems Information Technologies, Inc., a tenant at one of our properties, accounts for 9.4% of our 2003 contractual rental income and Regal Cinemas, Inc., a tenant at four theaters

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owned by our movie theater joint ventures, accounts for 8.3% of the 2003 contractual rental income. The default, financial distress or bankruptcy of any of these tenants could cause interruptions in the receipt or the loss of a significant amount of revenues and result in the vacancy of the property occupied by the defaulting tenant, which would significantly reduce our revenues and net income until the property is re-rented, and could decrease the ultimate sale value of the property.

THE INABILITY TO REPAY OUR INDEBTEDNESS COULD REDUCE CASH AVAILABLE FOR DISTRIBUTIONS AND CAUSE LOSSES.

As of June 30, 2003, we had outstanding approximately \$82.6 million in long-term mortgage indebtedness, all of which is non-recourse (subject to standard carve-outs). As of June 30, 2003, our ratio

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of debt (including the \$3.0 million outstanding under our line of credit) to total assets was approximately 48%. In addition, at June 30, 2003, our movie theater joint ventures have outstanding approximately \$60.0 million in long-term mortgage indebtedness secured by nine megaplex theaters. The risks associated with our debt include the risk that our cash flow will be insufficient to meet required payments of principal and interest. Further, if a property or properties are mortgaged to collateralize payment of indebtedness and we are unable to make mortgage payments on the secured indebtedness, the lender could foreclose upon the property or properties resulting in a loss of revenues to us and a decline in the value of our portfolio. Even with respect to non-recourse indebtedness, the lender may have the right to recover deficiencies from us under certain circumstances that could result in a reduction in the amount of cash available to meet expenses and to make distributions and in a deterioration of our financial condition.

IF WE ARE UNABLE TO REFINANCE OUR BORROWINGS AT MATURITY AT FAVORABLE RATES OR OTHERWISE RAISE FUNDS, OUR NET INCOME MAY DECLINE OR WE MAY BE FORCED TO SELL PROPERTIES ON DISADVANTAGEOUS TERMS, WHICH WOULD RESULT IN THE LOSS OF REVENUES AND IN A DECLINE IN THE VALUE OF OUR PORTFOLIO.

Only a small portion of the principal of our mortgage i