

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

ONE LIBERTY PROPERTIES INC
Form 8-K
October 11, 2006

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) October 5, 2006

ONE LIBERTY PROPERTIES, INC.

(Exact name of Registrant as specified in charter)

Maryland	001-09279	13-3147497

(State or other jurisdiction of incorporation)	(Commission file No.)	(IRS Employer I.D. No.)

60 Cutter Mill Road, Suite 303, Great Neck, New York 11021

(Address of principal executive offices) (Zip code)

516-466-3100

Registrant's telephone number, including area code

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

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

=====

Item 2.01. Completion of Acquisition or Disposition of Assets.

On October 5, 2006 eight entities wholly-owned by two joint ventures of the registrant (the registrant holds a 50% equity interest in each joint venture) and a wholly-owned subsidiary of the registrant consummated, in one

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

transaction with a single purchaser, the sale of nine real properties. Each property is improved with a movie theater. The aggregate sales price of \$151,885,000 was paid in cash at the closing, of which \$136,658,000 is attributable to the eight properties owned by entities wholly-owned by the two joint ventures, and \$15,227,000 to the one property owned by registrant's wholly-owned subsidiary. The registrant estimates that the joint ventures will realize a gain on sale, after expenses, fees and brokerage commissions, of approximately \$49,315,000 (of which 50%, or approximately \$24,657,000, will be attributable to the registrant). Registrant will also realize a gain, after expenses, fees and brokerage commissions, of approximately \$3,678,000 on the one property sold by its wholly-owned subsidiary. The joint ventures paid a prepayment premium of \$9,683,000 (of which 50%, or approximately \$4,842,000 will be attributable to the registrant) on the outstanding mortgages secured by the properties which were sold. The prepayment premiums will be reported as interest expense for financial reporting purposes and are not reflected as an expense or fees in calculating the gains reported above.

The registrant anticipates that it will defer the taxable gain of approximately \$3,800,000 on the one property sold by its wholly-owned subsidiary through a tax deferred exchange under Section 1031 of the Internal Revenue Code using the sales proceeds to acquire one or more replacement properties. There can be no assurance that the registrant will be able to locate suitable replacement properties to effectuate such tax deferred exchange.

The two joint ventures will pay a broker's commission in connection with the sale of the eight movie theaters in an amount estimated to be \$1,367,000 to Majestic Property Management Corp. (a company wholly-owned by the registrant's Chairman of the Board and Chief Executive Officer and in which certain of registrant's officers are officers), 50% of which will be borne by the registrant and 50% by the joint venture partner. The commission is included as an expense in calculating the gain reported above. Included in the expenses related to the sale of the property by the registrant's wholly-owned subsidiary is a broker's commission estimated to be \$152,000 to be paid to Majestic Property Management Corp., which is included as an expense in calculating the gain reported above.

The sale was effectuated pursuant to a Contract of Sale reported by the registrant in a Current Report on Form 8-K filed with the Securities and Exchange Commission on June 16, 2006. The purchaser is ECM Diversified Income and Growth Fund, LLC, which is unrelated to the registrant.

On September 14, 2006, the registrant reported on a Current Report on Form 8-K the consummation of the sale by a 50% owned joint venture of a movie theater property located in Brooklyn, New York for a consideration of \$16,000,000. After closing expenses and brokerage commissions to an unrelated third party, the joint venture will recognize a gain of approximately \$6,588,000, of which \$3,294,000 will be attributable to the registrant. The joint venture paid a premium of \$831,000 (of which \$415,000 will be attributable to the registrant) in connection with the prepayment of the mortgage secured by this property, which will be reported as interest expense for financial reporting purposes and is not reflected as an expense or fees in calculating the gains reported above.

The amounts estimated or approximated in this Current Report on Form 8-K are based upon information currently available and is subject to change based upon further analysis, including final calculation of expenses and closing fees and other adjustments that may be required.

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

- (a) Financial Statements of Businesses Acquired.
Not applicable.
- (b) Pro Forma Financial Information.
(i) Pro Forma Consolidated Balance Sheet (Unaudited)
as of June 30, 2006.
(ii) Pro Forma Consolidated Income Statement (Unaudited)
for the year ended December 31, 2005.
(iii) Pro Forma Consolidated Income Statement (Unaudited)
for the six months ended June 30, 2006.
(iv) Notes to Pro Forma Consolidated Balance Sheet and Income
Statements (Unaudited).
- (c) Shell Company Transactions.
Not applicable.
- (d) Exhibits.
99.1 Press release of registrant dated October 5, 2006.

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

ONE LIBERTY PROPERTIES, INC.

Date: October 11, 2006

By: /s/ Simeon Brinberg

Simeon Brinberg
Senior Vice President

One Liberty Properties, Inc.
Pro Forma Consolidated Financial Statements
(Unaudited)

On September 13, 2006, a joint venture in which One Liberty Properties, Inc. (the "Company") holds a 50% equity interest, sold its Brooklyn, New York theater to a third party. On October 5, 2006, the Company sold one theater and the Company's two 50% owned theater joint ventures sold eight theaters to a single purchaser, a different third party than the one to whom the Brooklyn, New York property was sold. After the sales, the two joint ventures do not own any

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

operating theaters. A wholly-owned subsidiary of the Company continues to own one movie theater in its portfolio.

The unaudited pro forma consolidated balance sheet of the Company as of June 30, 2006, has been prepared as if the Company's sale of all ten theater properties (the "Properties") had been consummated on June 30, 2006. The unaudited pro forma consolidated statements of income for the year ended December 31, 2005 and the six months ended June 30, 2006 are presented as if the Company's sale of the Properties had occurred on January 1, 2005 and the effect was carried forward through June 30, 2006.

The pro forma consolidated financial statements do not purport to represent what the Company's financial position or results of operations would have been assuming the completion of the Company's sale of the Properties had occurred on January 1, 2005, nor do they purport to project the Company's financial position or results of operations at any future date or for any future period. The pro forma consolidated financial statements should be read in conjunction with the Company's 2005 annual report on Form 10-K and the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2006.

One Liberty Properties, Inc.
 Pro Forma Consolidated Balance Sheet (Unaudited)
 As of June 30, 2006
 (Amounts in thousands)

	The Company Historical (A)	Pro Forma Adjusted Nine Movie Theaters (B) (C)	Bro
	-----	-----	-----
Assets			
Real estate investments, at cost:			
Land	\$ 62,829	\$ -	\$
Buildings	266,306	-	
	-----	-----	
	329,135	-	
Less accumulated depreciation	24,664	-	
	-----	-----	
	304,471	-	
Investment in unconsolidated joint ventures	27,311	(18,879) (D)	
Cash and cash equivalents	7,433	44,100 (D)	
Unbilled rent receivable	7,447	(142) (C)	
Property held for sale	11,097	(11,097) (C)	
Escrow, deposits and other receivables	1,530	-	
Investment in BRT Realty Trust (related party)	771	-	
Deferred financing costs	3,059	(78) (C)	
Other assets	1,345	-	
Unamortized intangible lease assets	4,337	(36) (C)	
	-----	-----	
	\$ 368,801	\$ 13,868	
	=====	=====	

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

Liabilities and stockholders' equity		
Mortgages payable	\$ 198,020	\$ (6,716) (D)
Line of credit	2,000	(2,000) (D)
Dividends payable	3,277	-
Accrued expenses and other liabilities	4,047	-
Unamortized intangible lease liabilities	5,632	-
	-----	-----
Total liabilities	212,976	(8,716)
	-----	-----
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock	-	-
Common stock	9,789	-
Paid-in capital	133,957	-
Accumulated other comprehensive income	833	-
Accumulated undistributed net income	11,246	22,584 (E)
	-----	-----
Total stockholders' equity	155,825	22,584
	-----	-----
	\$ 368,801	\$ 13,868
	=====	=====

See accompanying notes.

One Liberty Properties, Inc.
Pro Forma Consolidated Income Statement (Unaudited)
For the Year Ended December 31, 2005
(Amounts in thousands, except per share data)

	The Company Historical (A)	Nine Movie Theaters	Brooklyn, Movie Theater
	-----	-----	-----
Revenues:			
Rental income	\$ 28,445	\$ (1,213) (B)	\$
	-----	-----	-----

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

Operating expenses:			
Depreciation and amortization	5,664	(232) (B)	
General and administrative	4,140	-	
Real estate expenses	352	(8) (B)	
Leasehold rent	308	-	
	-----	-----	-----
	10,464	(240)	
	-----	-----	-----
Operating income	17,981	(973)	
Other income and expenses:			
Equity in earnings (loss) of unconsolidated joint ventures	2,102	(2,292) (C)	(57)
Interest and other income	314	-	
Interest:			
Expense	(10,192)	708 (B)	
Amortization of deferred financing costs	(732)	6 (B)	
Gain on sale of air rights	10,248	-	
	-----	-----	-----
Income from continuing operations	\$ 19,721	\$ (2,551)	\$ (57)
	=====	=====	=====
Income from continuing operations per common share			
basic and diluted: (E)	\$2.00		
	=====		

See accompanying notes.

One Liberty Properties, Inc.
Pro Forma Consolidated Income Statement (Unaudited)
For the Six Months Ended June 30, 2006
(Amounts in thousands, except per share data)

Pro Forma Adjustments

The Company Historical (A)	Nine Movie Theaters (B)	Brooklyn, NY Movie Theater
-----	-----	-----

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

Revenues:			
Rental income	\$ 15,843	\$ -	\$ -
	-----	-----	-----
Operating expenses:			
Depreciation and amortization	3,263	-	-
General and administrative	2,687	-	-
Real estate expenses	135	-	-
Leasehold rent	154	-	-
	-----	-----	-----
	6,239	-	-
	-----	-----	-----
Operating income	9,604	-	-
Other income and expenses:			
Equity in earnings of unconsolidated joint ventures	1,678	(1,226) (C)	(235)
Interest and other income	260	-	-
Interest:			
Expense	(5,907)	36 (D)	-
Amortization of deferred financing costs	(290)	-	-
Gain on sale of option to purchase property	227	-	-
	-----	-----	-----
Income from continuing operations	\$ 5,572	\$ (1,190)	\$ (235)
	=====	=====	=====
Income from continuing operations per common share			
basic and diluted: (F)	\$.56		
	=====		

See accompanying notes.

One Liberty Properties, Inc.
Notes to Pro Forma Consolidated Financial Statements
(Unaudited)

1. Notes to Pro Forma Consolidated Balance Sheet as of June 30, 2006

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

(A) To reflect the unaudited consolidated balance sheet of One Liberty Properties, Inc. (the "Company") as of June 30, 2006, as reported on the Company's Quarterly Report on Form 10-Q.

(B) To reflect the sale of eight movie theaters owned by entities wholly-owned by two joint ventures of the Company, in which the Company holds a 50% equity interest. After the sale, one of the joint ventures will not own any assets and the other joint venture will own one parcel of vacant land and marketable securities. The Company still owns an investment in four other unconsolidated joint ventures which each own one property.

(C) To reflect the sale of the Company's movie theater located in Chula Vista, California, which was held for sale at June 30, 2006 and the corresponding other assets relating thereto.

(D) To reflect the cash proceeds from the sale of the Company's wholly-owned movie theater ("Chula Vista, California Theater") and the sale of the eight movie theater properties owned by the joint ventures ("Joint Venture Theaters"). (Amounts in thousands.)

	Chula Vista, California Theater -----
Sales price	\$ 15,227
Repayment of mortgage	(6,716)
Broker's commission (1)	(152)
Other transactional fees	(44)
Prepayment premium and fees	(10)
Pay off line of credit	(2,000)

Remaining cash proceeds	6,305
Company's anticipated share of proceeds from Joint Venture Theaters, including its share of excess cash held at the joint ventures	37,795 -----
Net cash proceeds	\$ 44,100 =====
Company's anticipated equity in net earnings on sale of theaters	
Reduction in investment in unconsolidated joint ventures	

(1) Estimated broker's commission of \$1,519,000 (1% of the gross sales price) to be paid to a company wholly-owned by the Chairman of the Board of Directors and Chief Executive Officer and in which certain executive offices of the Company are officers.

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

(E) To reflect the anticipated net earnings and equity in net earnings resulting from the sale of all nine movie theaters. (Amounts in thousands.)

Joint Venture Theaters:

Sales price	\$ 136
Broker's commission	(1)
Other transactional fees	
Basis of assets sold	(85)

Total gain before prepayment premium and fees	49
Prepayment premium and fees	(9)

Net	39
Company's equity share	

	19
Adjustment to remaining basis in investment in unconsolidated joint venture	

Anticipated equity in net earnings - Joint Venture Theaters	18
Anticipated net earnings - Chula Vista, California Theater	3

Anticipated net earnings and equity in net earnings on sale of theaters	\$ 22
	=====

(1) Chula Vista, California Theater:

Sales price	\$ 15
Broker's commission	
Other transactional fees	
Basis of assets sold	(11)

Total gain before prepayment premium and fees	3
Prepayment premium and fees	

Anticipated net earnings on sale of theater	\$ 3
	=====

(2) Estimated broker's commission of \$1,519,000 (1% of the gross sales price) to be paid to a company wholly-owned by the Chairman of the Board of Directors and Chief Executive Officer and in which certain executive offices of the Company are officers.

(3) To reflect the adjustment for the difference between the

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

carrying amount of the Company's investment in one joint venture and the underlying equity in net assets of such joint venture.

(4) To be reflected in Company's fourth fiscal quarter.

(F) To reflect the sale of the Brooklyn, New York movie theater ("Brooklyn, New York Theater") owned by one of the Company's 50% owned joint ventures.

(G) To reflect the cash proceeds from the sale of the Brooklyn, New York movie theater. (Amounts in thousands.)

Brooklyn, New York Theater:		

Sales price	\$ 16,000	
Repayment of mortgage	(5,135)	
Broker's commission	(400)	(1)
Other transactional fees	(484)	
Prepayment premium and fees	(831)	

Remaining cash proceeds - Brooklyn, New York Theater	\$ 9,150	
=====		
Company's share of proceeds	\$ 4,000	
Company's anticipated equity in net earnings on sale of theater	2,879	(2) (H)

Reduction in investment in unconsolidated joint venture	\$ 1,121	
=====		

(1) Paid to an unrelated third party.

(2) To be reflected in Company's third fiscal quarter.

(H) To reflect the anticipated equity in net earnings resulting from the sale of the Brooklyn, New York movie theater. (Amounts in thousands.)

Brooklyn, New York Theater:		

Sales price		\$ 16
Broker's commission		
Other transactional fees		
Basis of assets sold		(8

Total gain before prepayment premium		6
Prepayment premium		

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

Net
Company's equity share

Anticipated equity in net earnings on sale of theater

(1) Paid to an unrelated third party.

(2) To be reflected in Company's third fiscal quarter.

2. Notes to Pro Forma Consolidated Income Statement for the Year Ended December 31, 2005

(A) To reflect the consolidated historical income statement of the Company for the year ended December 31, 2005, as reported on the Company's Form 10-K.

(B) To reflect the removal of the results of operations for the Company's movie theater property in Chula Vista, California, as if it was sold on January 1, 2005. In addition, to adjust for interest expense which would be avoided as a result of the sale had the sale occurred on January 1, 2005.

(C) To reflect the removal of the Company's equity share of the income derived from the eight movie theaters sold by two of the Company's joint ventures as if they were sold on January 1, 2005.

(D) To reflect the removal of the Company's equity share of income derived from the Brooklyn, New York movie theater sold by one of the Company's joint ventures as if it was sold on January 1, 2005.

(E) Basic net income per common share is calculated based on approximately 9,838,000 weighted average common shares outstanding and diluted net income per common share is calculated based on approximately 9,843,000 weighted average common shares and common share equivalents outstanding.

3. Notes to Pro Forma Consolidated Income Statement for the Six Months Ended June 30, 2006

(A) To reflect the consolidated historical income statement of the Company for the six months ended June 30, 2006, as reported on the Company's Quarterly Report on Form 10-Q.

(B) There are no adjustments for the results of operations for the Company's movie theater in Chula Vista, California since its operations were categorized as discontinued operations on the Company's Form 10-Q for the six months ended June 30, 2006.

(C) To reflect the removal of the Company's equity share of the income derived from the eight movie theaters sold by two of the Company's joint ventures as if they were sold on January 1, 2005.

(D) To adjust for interest expense which would be avoided as a result of the sale had the sale occurred on January 1, 2005.

(E) To reflect the removal of the Company's equity share of income derived from the Brooklyn, New York movie theater sold by one of the Company's joint ventures as if it was sold on January 1, 2005.

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

(F) Basic net income per common share is calculated based on approximately 9,912,000 weighted average common shares outstanding and diluted net income per common share is calculated based on approximately 9,916,000 weighted average common shares and common share equivalents outstanding.

EXHIBIT 99.1

ONE LIBERTY PROPERTIES, INC.
60 Cutter Mill Road - Suite 303
Great Neck, New York 11021
www.onelibertyproperties.com

Telephone 516.466.3100
Telecopier 516.466.3132

ONE LIBERTY JOINT VENTURES AND ONE LIBERTY SELL MOVIE THEATER PROPERTIES

Great Neck, New York - October 5, 2006 - One Liberty Properties, Inc. (NYSE:OLP) announced that eight entities (each wholly-owned by one of two separate joint ventures in which One Liberty holds a 50% equity interest), and a separate, wholly-owned subsidiary of One Liberty, closed today on the sale of nine movie theater properties in a single transaction to one purchaser. The aggregate purchase price was \$151.9 million (\$15.2 million of which was allocated to One Liberty's wholly-owned property and the balance of \$136.7 million to the joint ventures' properties) and was paid in cash. One Liberty estimates that the sale with respect to its wholly-owned property will result in a gain, net of closing expenses and brokerage fees, of approximately \$3.6 million and One Liberty's net gain with respect to the sale of the joint ventures' properties is approximately \$24.5 million (a gain to the joint venture of approximately \$49 million, net of closing expenses and brokerage fees). In September 2006, a joint venture in which One Liberty has a 50% equity interest sold to another purchaser its Brooklyn, New York movie theater for \$16 million, resulting in a gain, after closing expenses and brokerage fees to One Liberty, of approximately \$3.25 million (a net gain to the joint venture of approximately \$6.5 million). In order to consummate these transactions, the joint ventures paid \$10.5 million in prepayment premiums to their mortgage lenders, including a premium related to the Brooklyn theater. The prepayment premium will be reflected as interest expense. With the completion of the sale of these movie theaters, the Company has sold its interest in all but one of the movie theaters in its portfolio, which is owned by a One Liberty wholly-owned subsidiary. The estimated amounts indicated above are based upon information currently available to Management and may be subject to change upon further analysis, including final calculation of expenses and closing fees and other adjustments that may subsequently be required.

One Liberty anticipates that the gain of \$3.6 million in connection with the sale of the wholly-owned property will be deferred for income tax purposes through a 1031 tax-deferred exchange, using the sale proceeds to acquire one or more replacement properties. However, it can make no assurance that it will be able to locate suitable replacement properties to effectuate such tax-deferred exchange.

Edgar Filing: ONE LIBERTY PROPERTIES INC - Form 8-K

Patrick J. Callan, Jr., President of One Liberty, commented "this sale bears out One Liberty's investment strategy of focusing on quality properties that are well located." One Liberty is a New York-based REIT that specializes in the acquisition and ownership of a diverse portfolio of real estate properties under long term net leases. One Liberty's leases generally provide for contractual rent increases with all operating expenses and most or all other property related expenses paid by the tenant. For more information on One Liberty, please visit our website at www.onelibertyproperties.com.

Caution Concerning Forward-Looking Statements: Materials included in this filing may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to be materially different from historical results or from any future results expressed or implied by such forward-looking statements. Statements that include the words "may," "will," "would," "could," "should," "believes," "estimates," "projects," "potential," "expects," "plans," "anticipates," "intends," "continues," "forecast," "designed," "goal," or the negative of those words or other comparable words should be considered uncertain and forward-looking.

Contact: Mark Lundy - 516.466.3100